

MEDIA SUSTAINABILITY INDEX

2008

**The Development
of Sustainable
Independent Media
in Europe and Eurasia**



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The Development of Sustainable Independent Media in Europe and Eurasia

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RUSSIA

The year 2007 was a time of preparation for the Duma elections in December and the presidential election in March 2008. Both were presented as a vote for or against President Vladimir Putin, whose United Russia party triumphed in the Duma elections, and whose handpicked successor would go on to win the presidency, appointing Putin to the position of prime minister and effectively restoring him to power.

The media were one of the key levers of power the state sought to control in the run-up to the elections. The government began plotting its moves as early as 2006, strengthening control over national print and broadcast media. During 2007, observers saw the media as an instrument of government influence: political opposition practically disappeared from television screens and newspaper pages.

While the grip over the media tightened, the economic situation in Russia continued to improve. High oil and gas prices brought substantial revenues to the government and helped fund ambitious social programs in housing, health care and education. The economy continued to grow, helping the media sector grow through expansion of the advertising market.

The panelists for this year's MSI were concerned that the current political atmosphere in Russia resurrected Soviet traditions of propaganda. They noted that in addition to the political pressure on media, journalism schools still using old Soviet curricula turn out students ready to adopt this approach. Meanwhile, advertising and revenue growth are unrelated to journalism quality and promote a false perception of success among media outlets. This drive for advertising rubles, combined with the political climate, mean that editorial decisions are often driven by ratings and readership, divorced from any deeper understanding of the needs and preferences of the audience.

In this climate, the panelists noted that media professionals are finding themselves without a clear-cut identity or mission. "We do not have a common understanding of what we are. On the one hand, we are media businesses; on the other, instruments of influence; and on yet another, an administrative and political resource," said one panelist.

Against this backdrop, scores showed a largely insignificant increase from the previous year. With an overall average of 1.78, up from 1.67, it remains an unsustainable, mixed system. In line with the MSI scores from recent years, Objectives 4 and 5, business management and supporting institutions, were the leading scorers, coming in just shy of 2.00. Objective 3, plurality of news sources, scored higher than last year: a 1.82 up from 1.37. However, objectives 1 and 2, free speech and professional journalism, remained the lowest, with little change from last year.

RUSSIA AT A GLANCE

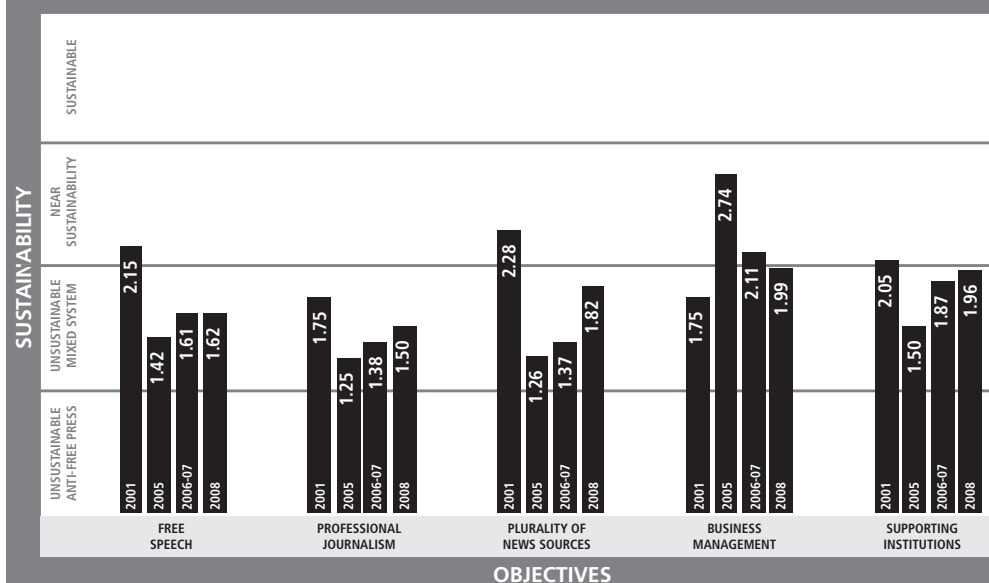
GENERAL

- > **Population:** 142,200,000 (Goskomstat, 2007)
- > **Capital city:** Moscow
- > **Ethnic groups (% of population):** Russian 79.8%, Tatar 3.8%, Ukrainian 2.0%, Bashkir 1.2%, Chuvashi 1.1%. Chechen 1.1%, Armenian 0.8% (Goskomstat)
- > **Religions (% of population):** Orthodox 86.5%, Muslim 10%, Armenian-Grygoryans 0.8%, Pagan 0.5%, Catholic 0.35%, Lutheran 0.3%, Buddhist 0.25%, Jewish 0.15% (2002 Census)
- > **Languages (% of population):** Russian 98% (Goskomstat)
- > **GNI (2006-Atlas):** \$822.4 billion (World Bank Development Indicators, 2007)
- > **GNI per capita (2006-PPP):** \$11,630 (World Bank Development Indicators, 2007)
- > **Literacy rate:** 99% (UNICEF)
- > **President or top authority:** President Vladimir Putin (since May 7, 2000)

MEDIA-SPECIFIC

- > **Number of active print outlets, radio stations, television stations:** Print: 58,184; Radio: N/A; Television stations: N/A (Federal Agency of Print and Mass Media, 2007)
- > **Newspaper circulation statistics:** over 20 million total copies (Federal Agency of Print and Mass Media, 2007)
- > **Broadcast ratings:** top three: Channel One, Russia, NTV (Comcon, 2007)
- > **News agencies:** ITAR-TASS (state), RIA-Novosti (state), Interfax (private)
- > **Annual advertising revenue in media sector:** \$6.7 billion
- > **Internet usage:** 25,689,000 (2006 est., CIA World Factbook)

MEDIA SUSTAINABILITY INDEX: RUSSIA



Unsustainable, Anti-Free Press (0-1):

Country does not meet or only minimally meets objectives. Government and laws actively hinder free media development, professionalism is low, and media-industry activity is minimal.

Unsustainable Mixed System (1-2):

Country minimally meets objectives, with segments of the legal system and government opposed to a free media system. Evident progress in free-press advocacy, increased professionalism, and new media businesses may be too recent to judge sustainability.

Near Sustainability (2-3):

Country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. Advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable.

Sustainable (3-4):

Country has media that are considered generally professional, free, and sustainable, or to be approaching these objectives. Systems supporting independent media have survived multiple governments, economic fluctuations, and changes in public opinion or social conventions.

OBJECTIVE 1: FREEDOM OF SPEECH

Russia Objective Score: 1.62

The score for free speech remained relatively unchanged from the previous year. The common theme that emerged in the panelist discussion was the gap between the actual laws and regulations related to free speech and their implementation and enforcement. As Vladimir Livshits of the National Association of Television and Radio Broadcasters put it, “We have to admit that the strictness of Russian laws is compensated by complete non-compliance with them.” Another concern was that both society and media professionals regard media as an instrument of political influence rather than public service, and this is reflected in the enforcement (or non-enforcement) of laws.

Although panelists scored most of the indicators close to the average, there were some notable exceptions. On the high side, indicators 8 and 9, media access to international news and free entry into the journalism profession, both scored more than point higher than the average. However, Indicator 4, crimes against journalists, scored nearly a point less.

Free speech in Russia is technically guaranteed and protected by the constitution and a number of laws and regulatory norms. The law on media adopted in 1991 is in line with international democratic standards. There is a special clause in the criminal code that institutes prosecution of individuals who obstruct the work of journalists. “In terms of media-related legislation, Russia is a rather free and democratic country. The other thing is that the practice of applying this legislation does not always comply with its letter and spirit,” commented Gennady Kudy, head of the Print Media Department of the Federal Agency for Press and Mass Communications.

The panelists attributed the poor enforcement to the fact that Russian society as a whole, as well as the media community, do not value freedom of speech and are not ready to protect it. According to an October 2007 survey by the Public Opinion Foundation, only two percent of Russians regard the freedom to receive and disseminate information by any lawful means as one of their most important constitutional rights. The results showed a very practical tilt to the constitutional rights to health care (53 percent), personal security (41 percent), and housing (39 percent) as of highest value. The right to receive and disseminate information was more valued by residents of Moscow and other large cities (five percent and four percent, respectively) and by Internet users (six percent).

The media community is not ready to protect free speech because this freedom is new for Russia, according to

Nadezhda Azhgikhina of the Russian Union of Journalists. “We do not have a tradition of free speech,” Azhgikhina said. “We had censorship for almost 300 years, except for several months from the spring till fall of 1917. In 1991, censorship was legally abolished for the first time...We need time to get used to this.”

Broadcast licensing is competitive. There is a Federal Competition Commission made of federal officials, independent experts, and regional representatives who are members of local legislatures. The application process is clear and open, but the selection criteria are unclear, according to the panel.

All Russian citizens and legal entities have the right to start their own media outlets. Print publications with a circulation of less than 999 copies are not required to register with the state authorities. The government does not directly hinder market entry for print media but it is restricted by very high “entry fees” disguised as payment for marketing services imposed by distributors. In the broadcast media sector, the entrance of new players is restricted at present by the shortage of frequencies.

According to data of the Russian Union of Journalists, more than 200 journalists have been murdered since 1993. Only in about 10 percent of these cases were the murderers identified and prosecuted. Oleg Panfilov of the Center for Journalism in Extreme Situations noted, “The majority of cases of murders of journalists are not related to their professional activities... but the murders that are related to journalists’ professional

LEGAL AND SOCIAL NORMS PROTECT AND PROMOTE FREE SPEECH AND ACCESS TO PUBLIC INFORMATION.

FREE-SPEECH INDICATORS:

- > Legal and 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 offended parties 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.

“This is a way to put moral pressure. The court case takes a lot of effort and money from the media outlet. Those who lodge the case against journalists have no responsibility, they do not have to pay anything,” added Nadezhda Azhgikhina of the Russian Union of Journalists.

activities that happened over the last 15 years have not been properly investigated. The only exception is the case of the murder of Larisa Yudina (chief editor of the newspaper *Sovetskaya Kalmykia*). The court sentenced her murderers, but made no effort to find those who ordered her murder.”

Russian society is quite indifferent to crimes against journalists according to the panel. “Society is sure that journalists are corrupt—part of them is bought by authorities, another part by some dark and scary forces. Why protect journalists if they got their money and they were aware what game they were getting into?” said Lilia Molodetskaya of the Alliance of Independent Regional Publishers, summarizing the attitude of the Russian public.

The panelists felt there are no public service media in Russia, but rather state media. While state media do not have any legalized advantages, they often get better access to information from state sources than do private media.

In Russia, libel remains in the criminal code. According to Oleg Panfilov, the criminal code is used actively against journalists. They are prosecuted not only for libel, but also under clauses on insult of public officials and insult of judges. Every year, about 50 cases are brought and in most of these, the plaintiffs are state officials.

The Russian civil code also has a clause against defamation that is widely used by public officials against the media. “We register more than 5,000 civil cases brought against journalists for defamation every year. Some of these cases have obvious political reasons, when plaintiffs use a civil process to close a newspaper. And the court usually takes the side of state officials,” said Panfilov.

“This is a way to put moral pressure. The court case takes a lot of effort and money from the media outlet. Those who lodge the case against journalists have no responsibility, they do not have to pay anything,” added Nadezhda Azhgikhina of the Russian Union of Journalists.

Molodetskaya expressed concern that this anti-defamation article provides equal protection to individuals and legal entities. Companies use it to lodge complaints in arbitration courts against media for damages to their business reputation.

Public officials are required by law to provide information to the media. Media outlets must send a request for information to a state agency, and officials have a fixed amount of time to reply. The problem is that this reply may contain no useful information, and officials can not be held accountable for the shortcoming. As a means of creating at least public (if not legal) accountability, the independent newspaper *Novaya Gazeta* publishes these replies.

Some state agencies hire public relations companies to handle their relations with media, making access to information even more difficult. For example, according to Andrei Allakhverdov of the Foundation for Independent Radio Broadcasting, the Ministry of Science has a contract with the public relations company Mikhailov and Partners. If journalists wish to get any information from the Ministry, they must contact this agency, which acts as the intermediary. As a result, acquiring the necessary commentary within a reasonable timeframe becomes impossible. At the same time, this public relations company actively organizes press conferences and tours for journalists on its own terms.

“It is impossible to get some kinds of information, especially about budgets, according to Azhgikhina. “It is impossible to find out how much money was spent in a certain region in a certain city to repair a road; a journalist will never be given this information. In some cases, journalists who managed to get into meetings where budget issues were discussed were physically carried out with the assistance of the police.”

Tamerlan Aliev, the editor on chief of *Chechen Society*, added that in the North Caucasus, acquiring even official information is difficult. “Independent newspapers cannot get information in the press service of the Ministry of Interior of the Chechen Republic. If our journalist goes there, he is told ‘Let your editor contact us, we will talk to him.’” That too leads nowhere.

Given the wide availability of the Internet, access to international news and news sources is restricted mostly by knowledge of foreign languages rather than by law. Entry to the journalism profession is free and unrestricted. There are no specific credentials—educational or practical—required. Some see this as unfortunate. According to panelist Vladimir Livshits, “In my opinion, [entry] should be restricted by the understanding of the social responsibility and importance of this profession.”

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Russia Objective Score: 1.50

Many MSI panelists were concerned that media are again becoming an instrument of propaganda and not upholding the values and principles of the journalism profession. "The political atmosphere always affects the development of journalism," said panelist Oleg Panfilov. "During Yeltsin's time, the public atmosphere was relatively pro-freedom, and this inspired journalists to launch Echo of Moscow, NTV, the publishing house Kommersant, etc. As soon as the political atmosphere changed seven years ago, a completely different journalism began to emerge. Traditions of Soviet propaganda are being restored."

The panelists found few changes from last year, as the indicator rose only slightly and placed Russian journalism in the lower half of scores for the Europe and Eurasia region. Most of the indicators hovered near the overall average, with a few exceptions. Indicator 7, modern equipment and facilities, scored a point higher than the average. Indicators 3 and 6, self-censorship and balance of news and entertainment, scored a half-point or more below the average.

Russia has a long tradition of journalism as service to the state. The notion of journalism as a public watchdog and corresponding professional standards are relatively new in this country and are not yet rooted within the media community. As Livshits noted, "We do not have professional self-identification. And the classical notion of media as an intermediary between civil society, state and business is almost non-existent: we lean either to authorities or to business...Unfortunately, success is understood only as financial and commercial success. In mass media people do not read now, they count."

The public perception of the journalistic profession is also rather controversial. A survey conducted by the Public Opinion Foundation in June 2007 asked respondents to describe a modern Russian journalist. Only 13 percent perceived journalists as fair, objective, and independent professionals. Nine percent said a journalist is a person who collects and communicates information. Eight percent of respondents portrayed journalists as corrupt. Seven percent thought of journalists as arrogant sensation-seekers.

Another concern voiced by MSI panelists was that information provided by media was getting more and more simplistic and protocol-oriented. "Everybody knows where the president went, where he goes for vacation, how he spends time, whom he meets with. Serious analysis of the political situation or decisions made on the higher level exist, but only

Many MSI panelists were concerned that media are again becoming an instrument of propaganda and not upholding the values and principles of the journalism profession. "The political atmosphere always affects the development of journalism," said panelist Oleg Panfilov.

in specialized political media and the broad audience does not receive this information," said Azhikhina.

There are very few, if any, examples of fair, objective, and well-sourced reporting. Veronika Dmitrieva of Media Development Loan Fund said that even the radio station Echo of Moscow, the only broadcast media that gives information rather than engages in propaganda, is not truly objective. Compensating for the political engagement of other media, Echo of Moscow tends to be oppositional rather than objective. Andrei Allakhverdov of the Foundation for Independent Radio Broadcasting expressed concern that the principle to cover both sides of the story is not followed in most media.

The decline of the quality of journalism may be a result of more experienced journalists leaving the profession, noted Molodetskaya. Many journalists who entered the in the 1990s left the media and took jobs at state and corporate public relations departments. They were driven by higher salaries in the public relations sector as well as increasing censorship and pressure on journalists and editors by media

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).

Livshits voiced concern that “news and information programs also became entertainment. Infotainment is everywhere. There is no fair, objective, and honest news; news is now interesting.”

owners. These experienced journalists were replaced by young people new to the profession, with little practical training from the existing schools of journalism (which still follow Soviet-style curricula).

Russia has several codes of journalism ethics, e.g., the Moscow Charter of Journalism. But like the legal provisions protecting freedom of speech, ethical standards stay on paper. “Most journalists treat ethical standards very liberally, said Panfilov. “I believe that ethical standards can hardly work in a country where the laws do not work. Ethics is one’s consciousness. And once the laws are commonly violated, it is difficult to call to the conscience of people who break the laws.” He said that believes that only one media outlet in Russia follows ethical standards: Echo of Moscow. All journalists joining the station are required to sign the Moscow Charter of Journalism.

Maria Eismont, head of the Media Development Department of the New Eurasia Foundation, expressed concern that many journalists separated professionalism and ethics. Having technical skills is seen as more important than adhering to ethical principles in Russia. “People who sometimes skillfully do unethical things are considered to be professionals,” she said.

Panelists rated self-censorship as a serious issue. “Self-censorship is everywhere. It is self-censorship that defines the tone of coverage of most important events and topics,” said Nadezhda Azhgikhina. Media owners who also have non-media businesses often exercise censorship to avoid problems with authorities. Andrei Allakhverdov recalled a story from the spring of 2007: Journalists of Russian Radio were told by the owners that they should not mention the names of the opposition politicians Kasyanov, Kasparov, Ryzhkov, and Limonov on the air, and that 50 percent of the news had to be positive.

In general, Russian media covers all key events and issues. But according to Petr Polonitsky of the Glasnost Defense Foundation, in all media outlets, some topics and persons are taboo. Local media typically do not cover national news; that is perceived as the prerogative of national media.

There are considerable differences in the level of salaries in media sector. In general, salaries for television professionals

are higher than for the radio and print sectors. National media outlets pay their staff better than local outlets, and salaries (and cost of living) in Moscow and major cities are higher than those in the rest of the country. “On average, the salaries are now high enough so that people are free,” said Azhgikhina.

Many panelists believed that pay levels and corruption are unrelated, however. “Taking money for provision of favorable coverage is not considered to be shameful,” noted Eismont.

All panelists agreed that entertainment programming is eclipsing news and information programming. Livshits voiced concern that “news and information programs also became entertainment. Infotainment is everywhere. There is no fair, objective, and honest news; news is now interesting.”

Most media outlets have sufficient facilities and technical equipment. National media and media in big cities have better equipment than small media in the regions. “There are people who still write by hand. There is one computer in the newsroom. And they submit their text to a person who puts it into the computer. Access to the Internet, newspaper Internet sites, and blogs are, for many journalists [in the regions], science fiction,” noted Tamerlan Aliev.

Niche reporting and programming does exist, but its quality is not very high. “Regional economic publications do not see a difference between advertorial and editorial materials, and rarely understand that business media can not be made only of advertorial,” said Eismont.

The state of investigative reporting is poor. Even major media outlets do not have investigative departments. And journalists, especially in the local media, do not have the professional skills or the moral or financial incentives to do investigative reporting. Such reporting is risky and takes a significant amount time, and journalists are paid better for advertorials. Petr Polonitsky of the Glasnost Defense Foundation added that only larger media could afford “the luxury” of niche reporters; small local newspapers often have just three of four reporters covering all beats.

OBJECTIVE 3: PLURALITY OF NEWS SOURCES

Russia Objective Score: 1.82

Russia has more than 72,000 registered media, with 60,000 being print publications. Most media outlets are privately owned. There are numerous state-owned media, but none that the panelists characterized as public service outlets. Substantial foreign media is accessible through the Internet, satellite, and print publications, with restrictions due to cost and language for many citizens. However, as with all MSI

scores for Russia, this objective remains below a 2, despite an increase over last year, and is classified as an unsustainable, mixed system. There are no government or societal tendencies towards improving citizens' access to news that is independent and professional.

Noteworthy indicator scores include Indicator 2, citizen access to news, which finished a bit more than half a point ahead of the average; and indicators 3 and 6, state media reflect the political spectrum and transparency of ownership.

Access to media sources varies tremendously in a country as large as Russia. People in the rural areas are usually able to watch only one or two of the national state channels: Channel One and Russia. Rural residents usually cannot afford newspaper subscriptions. Sofia Dubinskaya, executive director of the Association of Regional Editors, told a story that provided a good illustration of the situation in the rural areas. The founder of the newspaper *Vyatsky Krai*, published in the city of Vyatka, the capital city of the Kirov region in Central Russia, stopped into a library in a local village. There he found collections of two national tabloids: *SPI-info* and *Zhizn'*, and no other newspapers. The local librarian explained that newspaper subscriptions were too expensive for the library, and they were getting only two tabloids because the local people paid to read them.

The bigger the city, the better the access and the greater the number of news sources available. For example, the cost of Internet access in Moscow is lower than anywhere else in the country. According to the latest data of the Public Opinion Foundation, 55 percent of Moscow adult residents regularly use the Internet. For the rest of the country, this

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number ranges from 18 to 30 percent. Urban residents have better access to cable television, as well as a greater choice of television and radio channels and print publications. Gennady Kudy noted that major cities have more and more informational newspapers distributed free of charge. Major media outlets actively go online and start providing mobile information services. Panelists identified the vast growth of blogs and their popularity as one of hallmarks of 2007.

Therefore, in large cities, people do have many news sources and can check one against another. But "despite this abundance of news sources, people actually use very few," lamented Eismont. One can look on the Internet—now there are translations of foreign publications online. Still, everybody watches television channels One and Russia. It is surprising that people do not feel any need for an alternative source of information; that they have no desire, even at some critical moment, to try to look for something else."

Tamerlan Aliev of *Chechen Society* added that the newspaper audience was very conservative. People tend to be loyal to particular newspapers and rarely read other publications.

While the Internet is widely available, there are instances when access to sites is blocked. For example, in November 2007, ISPs blocked access to the site *Ingushetia.ru* that is in opposition to the president of Ingushetia, a region in the North Caucasus. Aliev said that he tried to access the site from his newsroom, but could not. He noted that access to sites is usually blocked at the time of breaking news events.

State media, especially national television channels, do not present the views of the political spectrum existing in the country. The existing opposition is largely ignored. Irina Petrovskaya, columnist of the national newspaper *Izvestia*, wrote recently that people call news programs on state channels "everything about him and a little bit about weather." According to Livshits, "There is no difference between state and private television companies in terms of programming policy. At state channels, there are more entertainment programs and entertainment news than at private ones."

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.

“TV channels recognize broadcast ratings, but they do not recognize any other data,” said Livshits. “TNS Gallup Media measures about 20 parameters, including people’s attitude towards what they saw. Nobody buys this information.”

On the positive side, panelists noted the high quality of programming of the state channel, Culture, and the launch of a children’s channel, Bibigon.

Russia has three major news agencies: the state-run ITAR-TASS and RIA Novosti and independent Interfax. They provide news to media outlets by subscription. There are also news agencies (e.g., Lenta.ru and Rosbalt) that distribute news for free online. Smaller media outlets, especially in the regions, cannot afford to subscribe to the news service of major agencies and instead use Internet sources, often without checking the veracity of the information. There are examples when local media outlets, newspapers, or radio stations collect their own news and post the stories on its site, and other local media then use that news—often without mentioning the source.

Many private broadcast media produce their own news. Many local television and radio stations actually produce only local news and get the rest of the content from national networks. There are no community broadcast media in Russia.

According to Eismont, people in small cities know who actually owns local media. Otherwise, panelists said that they do not consider the ownership of media to be particularly transparent. In this regard, they noted, the media business is not different from other businesses in Russia, where the real owners are hidden behind various layers of ownership.

At present, media outlets often prefer to cover social issues to avoid political ones. Social issues are often presented through the prism of an individual story; e.g. a person suffering from the bad services of a housing agency. The government has recently launched several programs aiming to improve housing, education, and health care in the country. And as “the government today is the principal newsmaker,” as Petr Polonitsky put it, there is more coverage of these issues.

Newspapers in minority languages exist, but in the opinion of some panelists, these newspapers exist only due to the support of the authorities willing to preserve such languages. “In Chechnya, there is one newspaper in the Chechen language. It comes out in print only because the government wants it. Without state funding, this newspaper would not survive,” said Aliev.

OBJECTIVE 4: BUSINESS MANAGEMENT

Russia Objective Score: 1.99

This indicator received the highest score again in 2007, although it was down slightly from last year, indicating that the Russian media sector does better with the business of media than with its content or legal framework. No indicator stood out as being greatly higher or lower than the average.

The advertising market in Russia is growing rapidly, helping media increase revenues. According to the estimates of the Association of Communicative Agencies of Russia, in 2007 advertising sales increased by an average of 17.5 percent. In the newspaper sector, the growth was even higher: 26.5 percent. This growth turns some media outlets into profit-generating businesses, even in small local markets. Many media outlets invest their profits into print facilities, e.g., the publishing house Komsomolskaya Pravda announced plans to build eight printing facilities in the regions.

At the same time, this revenue growth may have negative consequences, according to the panelists. The quality of media content and the profits of a media outlet are unrelated in Russia. According to Eismont, “Media outlets get the inaccurate perception that they are successful because they make money. And making money distracts them from thinking about the quality of content. Now money plays a negative role: it causes stagnation. Managers do not want to grow, to learn.”

Some panelists said that despite the rapid growth of the advertising market, few Russian media outlets are truly profitable businesses. In the local markets, only leading newspapers are profitable. Many media outlets lose money, so they seek other sources of revenue. “I think that today, media outlets are more an instrument of political influence rather than business, said Georgy Serpionov, editor of *Nash Rayon* in Rostov-on-Don. “And they can make money as an instrument of influence by selling their loyalty.”

The law prohibits authorities from subsidizing media, but there is a common practice of making contracts for “the provision of information services.” According to Lilia Molodetskaya, a media outlet that gets money from the authorities undertakes to provide them a certain amount of space or airtime. The media outlet then has little or no editorial control over how the authorities use this space or airtime.

Aliev said that the advertising market in the North Caucasus is still very small. Some local companies are afraid to place advertising in media that are not loyal to authorities, and media outlets look for other ways to make money. For

example, some operate small printing facilities and use that revenue to run their newspapers.

Panelists agreed that distribution is the major bottleneck for the development of print media in Russia. The subscription business in Russia is almost monopolized by the federal postal service. According to Sofia Dubinskaya of ARS Press, this agency keeps nearly 60 percent of subscription revenue as payment for delivery. Retail distribution networks and supermarkets charge media outlets high entry and presence fees and make them buy back unsold copies, reducing their abilities to market. Gennady Kudy believes that distribution does not work properly because newspaper prices are too low. The profit margin in the distribution business is very small, so distributors are unable to invest in new technologies and are forced to look for other sources of revenue, e.g., entry fees for media outlets that are disguised as payment for marketing services.

Broadcast ratings, readership figures, and Internet statistics are considered reliable and are frequently produced. The situation with specific circulation figures is less transparent. Many media outlets believe that rating and readership figures are the only marketing research data that they need in order to tailor the product to the needs and interests of the audience. As a result, the variety of programming on television declines.

"TV channels recognize broadcast ratings, but they do not recognize any other data," said Livshits. "TNS Gallup Media measures about 20 parameters, including people's attitude towards what they saw. Nobody buys this information. Federal channels are hooked on the numbers of viewers. They do not want to know how people feel about their

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.

Azhgikhina argued that the Russian media has no separation of powers, and the system of checks and balances is made of trade and professional associations and therefore does not function properly. Many owners of media outlets are chief editors at the same time.

programming. Nobody recognizes quality sociological research. We have ratings mania and ratings economics."

The situation in print media is similar, with many newspapers justifying the avoidance of hard news by the preferences and interests of their audiences derived not from sociological surveys but from readership statistics.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Russia Objective Score: 1.96

This objective remained relatively unchanged from last year. Like the other objectives, this objective points to a system that, while not supportive of press freedoms, is also not totally anti-free press. In the realm of supporting institutions, numerous organizations are designed to support the professional and business interests of independent media and journalists, but they remain relatively weak, perhaps mirroring the weakness of the sector as a whole. Only Indicator 4, academic journalism programs, scored noticeably different from the average, at about three-quarters of a point lower.

Azhgikhina argued that the Russian media has no separation of powers, and the system of checks and balances is made of trade and professional associations and therefore does not function properly. Many owners of media outlets are chief editors at the same time. In many cases, chief editors of local media outlets are heads of local chapters of the Russian Union of Journalists.

There are instances when editors and journalists are members of political parties and even run for public offices. For example, MSI panelist Tamerlan Aliev, the editor-in-chief of the newspaper *Chechen Society*, was a candidate from Soyz Pravyh Sil, a right-wing opposition party, in the recent elections to the state Duma.

A number of associations represent the interests of media owners, managers, and journalists. The Guild of Press Publishers, Alliance of Independent Regional Publishers,

“There are no private printing facilities in the North Caucasus, and state ones are strictly controlled by the government, Aliev said. “It is not a problem at all to strangle any newspaper.”

National Association of Television and Radio Broadcasters, Association of Regional Editors, and Russian Union of Journalists are among the best known organizations. Organizations also represent specific sectors of the media profession: The Agency for Investigative Reporting, the Guild of Court Reporters, the Agency of Legal and Court Information, the Union of Media Lawyers, and many others.

Kudy said that the associations are gradually maturing and providing better services for their members. For example, they now offer more educational services within the framework of industrial events. In 2007, the Guild of Press Publishers launched its own magazine for its members. Ten major Moscow-based publishing houses joined forces, made an ultimatum to one of the major supermarket networks, and managed to get improved retail conditions for their publications.

Russia has NGOs that support free speech and independent media. Some work on the national level, including the Glasnost Defense Foundation, the New Eurasia Foundation, and the Foundation for Independent Radio Broadcasting. Other NGOs work on the regional scale, e.g., the Central Chernozemie Center for the Support of Media. Oleg Panfilov of Glasnost Defense Foundation lamented that solidarity in the media community is low. Often only NGOs make efforts

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 in private hands, apolitical, and unrestricted.
- > Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.

to protect the rights of media, with little support from the public or journalists themselves.

Panelists noted the increased government pressure on NGOs working in the media sector. The Educated Media Foundation (formerly Internews Russia), one of the respected NGOs providing support to Russian media, was closed in 2007 as a result of government pressure. Actions against media NGOs paralleled a general crackdown on NGOs, particularly those with foreign funding and that are involved in what are perceived to be political areas such as media, political parties, elections, and human rights. All panelists agreed that the situation with journalism education remains very bad. Panfilov said that all 236 departments and divisions of journalism in Russia should be closed, emphasizing their poor quality. They still follow old Soviet curricula and tend towards propaganda rather than journalism. Many teachers have non-journalism degrees and have never worked as journalists. Students are not getting practical training and as such enter the market needing substantial training by their media outlets, although many go into non-media jobs.

In the past, short-term journalism and media training was offered through programs supported by international donor organizations. As these donors reduced their support to Russia, fewer training opportunities are available. Media outlets themselves are starting to invest in staff training, beginning with training of sales managers. The newspaper *Moy Rayon* launched its own school of reporters and school of sales managers.

Privately-owned and state-owned printing facilities are throughout Russia. In most regions, private print houses successfully compete with state-owned houses, and access to printing facilities is not restricted. The situation is different in the North Caucasus, however. “There are no private printing facilities in the North Caucasus, and state ones are strictly controlled by the government, Aliev said. “It is not a problem at all to strangle any newspaper. The staff of printing facilities often exercises censorship and refuses to publish newspapers if some materials seem suspicious. Distributors also exercise censorship.”

Television transmitters are operated by a special government agency. The federal postal service is a major operator of the subscription business in Russia. Other channels of media distribution are mostly private, but they are not immune to the general political atmosphere in the country. For example, access to the oppositional site Ingushetia.ru for residents of Ingushetia republic was blocked by two local private Internet providers.

List of Panel Participants

Tamerlan Aliev, chief editor, *Chechen Society* Newspaper, Grozny

Andrei Allakhverdov, chief editor, Foundation for Independent Radio Broadcasting, Moscow

Nadezhda Azhgikhina, secretary, Russian Union of Journalists, Moscow

Veronika Dmitrieva, regional director for Russia and CIS, Media Development Loan Fund, Moscow

Sofia Dubinskaya, executive director, Association of Regional Editors, Moscow

Maria Eismont, head of the media development department, the New Eurasia Foundation, Moscow

Gennady Kudy, head of the print media department, Federal Agency for Press and Mass Communications, Moscow

Grigory Kunis, publisher, *Moy Rayon* Newspaper, St. Petersburg and Moscow

Vladimir Livshits, head of the information and analytical center, National Association of TV and Radio Broadcasters, Moscow

Lilia Molodetskaya, executive director, Alliance of Independent Regional Publishers, Moscow

Oleg Panfilov, director, Center for Journalism in Extreme Situations, Moscow

Petr Polonitsky, head of the reporters network, Glasnost Defense Foundation, Moscow

Georgy Serpionov, editor, *Nash Rayon* Newspaper Network, Rostov-on-Don

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