

The Business of Ethics, the Ethics of Business

Moldova

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I. Executive Summary

The Republic of Moldova has different economic and social norms from its neighbours. Its particularities are a precarious economy, slow development of the media and the economy in general, and the mass emigration of its young people.

Small circulation and ratings force the media in Moldova to operate outside the usual laws of supply and demand. The advertising market is weak, and the general poverty of the population makes life difficult for journalists. Fifteen years after liberalisation, the government and the state-owned companies still exercise significant control over the media market, generating some unusual business models. Private media nourished by public money, as well as papers set up by politicians or state institutions such as the church are just a few examples.

For the purposes of this research, these hybrid organisations are divided into several categories: state-owned outlets (or public media),¹ privatised outlets significantly financed by public money; institutional media subordinate to state institutions such as ministries, government departments or the church; media financed by political parties; and private outlets trying to survive without state aid.

The private media must compete not only with formerly communist institutions, but also with a set of apparently private businesses, which in reality still depend on the goodwill of authorities. Such co-existence deeply affects market competition. Major state interference and a lack of professional skills on the part of media owners force businesses to develop in a “shadow economy”.

Media outlets are often considered by officials as propaganda tools, easy to control in an unfriendly economic climate. As a result, managers often keep two sets of books. Some enterprises report consistent operating losses without going bankrupt. There is no public access to their finances, and official statistics do not refer separately to the media industry. The only legal obligation that print media have regarding transparency of ownership is to indicate their founders and circulation on the masthead.

Ad spending is less than most media outlets need to survive. Nevertheless, new publications, as well as TV and radio networks, continue to appear, and their managers seem to ignore these harsh realities. One conclusion can be drawn: most media operate on bases other than profitability and competitiveness. In a special category are outlets that benefit more or less from public money² and do not seem concerned with competition. The government controls newspaper distribution and printing houses, which have not been privatised. The picture is similar with electronic media, as the government owns Moldova’s transmitters. Therefore, it also controls prices and services.

Editorial and commercial responsibilities are often combined. Most media owners control editorial policies. Very few outlets have internal codes of professional behaviour, and the codes which do exist deal mainly with the relationship between the staff and the editor-in-chief, manager or owner. Often, this is the same person. The so-called “three in one” position negates the principle of separate editorial and managerial responsibilities. A lack of income to pay three people for three different positions is sometimes used as an excuse for this practice. Vasile Spinei, former MP and co-author of the Law on Access to

¹ The state holds its controlling position in a set of outlets such as Moldpres News Agency, which is fully financed from the public budget. Moldpres also publishes *Monitorul Oficial (Official Gazette)*.

² Their number is to considerably increase as the authorities have recently declared their intention of taking up the Soviet practice of publishing district newspapers.

Information, believes that media legislation should be backed up by internal rules: “I believe that the media industry should have the chance to perform in a regulated business framework and according to deontological provisions of the codes and regulations,” Spinei said.³

It seems obvious that more money is required, not only to raise professional standards in the newsroom, but also to increase the protection of journalists from external pressures. Respondents to research questions said it was difficult to practice honest journalism when their outlets lack the financial resources to defend themselves against frequent, drawn-out lawsuits, which sometimes seem lost before they begin. They are reluctant to publish critical pieces for fear of lawsuits that could bankrupt them.

II. Context

Estimates of Moldova’s population vary. According to the most credible sources, the number of inhabitants is about 3.5 million (not counting Transnistria – the breakaway region). Of this number, roughly 70 percent speak Romanian, 25 percent Russian (Ukrainians, Bulgarians, Russians) and some five percent speak other languages. More than 55 percent of people live in the countryside.⁴ Of the total population, 600,000 to one million regularly leave to work abroad, at least according to the most recent available figures, many of which are up to 30 years out of date.⁵

The media scene is sharply divided along linguistic and political lines. The most popular newspapers, *Nezavisimaya Moldova* (in Russian) and *Moldova Suverana* (in Romanian), have a clear pro-government stance and dedicate most of their space to favorable pieces on the authorities. Two of the main parties, the Communist Party and the opposition PPDC (*Partidul Popular Democrat Crestin*), have founded their own newspapers: the former owns *Comunistul* and the latter *Flux*, one of the highest-circulated non-state newspapers (over 20,000 copies). Of the nationwide publications, 70 percent are in Romanian and 30 percent are in Russian, although their combined circulation is nearly equally divided among the two main language groups.

The most popular Moldovan newspapers and news agencies are organised as limited responsibility companies (SRL, the equivalent of Ltd in English), and are often founded by the editorial staff. They are often sponsored by private businesspeople or political parties, although this is not usually acknowledged publicly. Due to the weak advertising market and widespread poverty,⁶ few media outlets are able to operate to market rules. “Media outlets seem to fall by the wayside of official statistics and the economy in general,” according to the book *Media Landscape of South East Europe*.⁷ “This, however, can be explained by the fact that a negligible number of media outlets – both print and broadcasting – make any money at all out of their operations.”

Local supplements of the Moscow-based papers *Komsomolskaia pravda*, *Argumenty i fakty* and *Trud* enjoy a high readership and have the largest circulation and advertising

³ Interview with Vasile Spinei, former MP, president of *Access-Info Center*, Chisinau, 17 November 2003.

⁴ **United Nations Population Fund’s** website, See <<http://www.unfpa.org/countryfocus/moldova/development.htm>> and Department of Statistics of the Republic of Moldova, *Census for 2004*, <<http://www.statistica.md/recensamint/>> (accessed 28 September 2005).

⁵ **United Nations Population Fund’s** website, as cited.

⁶ Moldova remains one of the poorest countries in Europe despite recent progress from its small economic base. See: *The World Factbook 2005*, <<http://www.cia.gov/cia/publications/factbook/print/md.html>> (accessed 28 September 2005).

⁷ Access-Sofia Foundation, *Media Landscape of South East Europe*, Sofia, 2003, p. 111.

income. The print media market is dominated⁸ by these publications, which are mostly run as Moldovan-Russian joint ventures.⁹ Niche weeklies publish few ads. *Logos Press* and *Makler* are leaders among this group. This research focuses on the most influential outlets and is based on three criteria: their influence in terms of readers or viewers, their reputation and credibility and their audience profiles. Included from the broadcast media are *Teleradio Moldova*, *Pro TV* (a Moldovan-Romanian joint venture) and *Pervyi Canal v Moldove*, the leading TV networks. Despite the high number of authorised local radio stations, ISO, only three cover 50 percent to 100 percent of the nation's territory.

The ten media outlets selected for this study are:

1. *Flux*: a newspaper published four times a week. Its masthead shows a weekly circulation of 61,615. It belongs to GP Flux Press Group, which also owns the Flux press agency and the Prag 3 printing house.

2. *B&F Profit*: a magazine on economics and finance printed both in Romanian and Russian. It is owned by Infotag News Agency SA and is reported to be a profitable analytical and advertising magazine.

3. *Jurnal de Chisinau*: an independent newspaper published twice a week. It reports a circulation of 4,050.

4. *Timpul de Dimineata*: an independent weekly with a circulation of 23,592. According to a recent IMAS survey,¹⁰ both *Timpul* and *Jurnal de Chisinau* are among the top four print outlets in Moldova.

5. *Basa-Press Agency*: founded in 1992 as the first non-state news agency, it has a strong economic focus but also covers political and social issues.

6. *Moldavskie Vedomosti*: a Russian-language newspaper published twice a week with 7,500 copies.

7. *Kommersant Plus*: a Russian-language weekly. It is the new title of *Kommersant Moldovy*, as the result of a court decision in November 2001.

8. *Natura* magazine: edited by Alecu Renita, a former Member of Parliament, and head of the Ecological Movement in Moldova. With a circulation of over 9,000, *Natura* is believed to be a profitable magazine.

9. *Unghiul* weekly: a regional (city of Ungheni) newspaper owned, edited and managed by a journalist. *Unghiul* is considered a typical business model for local outlets in Moldova.

10. The radio station *Vocea Basarabiei*: located in Nisporeni (70 km northwest of Chisinau), it is one of the most influential media in the region and is part of the Euronova Holding.

III. Competition framework

Apart from the benefits of the co-existence of commercial and public outlets,¹¹ (a wide content diversity), the competition framework is far from fair. An example is the contradiction

⁸ Strictly counting circulation and advertising.

⁹ For example, *Komsomolskaia Pravda v Moldove*, with a circulation of more than 51,000, is controlled by Russian (65 percent) and Moldovan (two with 17.5 percent each) shareholders.

¹⁰ IREX, *Media Sustainability Index 2004*, See < www.irex.org/msi/2004/MSI-2004-Moldova.pdf > (accessed 29 July 2005).

¹¹ This media category has become increasingly visible since the public company *Teleradio Moldova* was charged into the Public Audiovisual Institution and as a result of the recent denationalisation (change of statutes), in June 2005, of the two public daily newspapers *Moldova Suverana* and *Nezavisimaia Moldova*.

between the provisions of the law on restricting monopolies (the Antitrust Law),¹² and the state monopoly on the distribution and printing media market.

While the law says in its preamble that “it regulates the organisational and legal framework of competition development, provides measures for preventing, restricting and forbidding monopolies,” its first article contradicts this desideratum. The article says:

The Law does not apply to activities of entrepreneurial entities and regulatory authorities, the economic activity of which according to the legislation represents state monopolies.¹³

Under this article, the state legalised its monopoly of media distribution, leaving it free to dominate the market. The prices imposed on print distribution by the state-owned *Posta Moldovei* and *Moldpresa* cover 40 percent of a newspaper’s costs. Meanwhile, the development of private distribution networks is stalled by slow circulation growth. Against this background, it is difficult to discern any equitable market competition. The state-subsidised media stifle independent outlets. Apart from the distribution system, the government controls other key elements of the media market. *Casa Presei* (Press House), which houses half of the existing newspapers and magazines, is controlled by the state.¹⁴ This control is discriminatory. Fees charged for office rental depend on the publication asking for “a favor.” For instance, *Moldova Suverana* and *Nezavisimaia Moldova* newspapers have obtained substantial discounts, both before and after their denationalisation. Though almost one-third of only one the rooms in *Casa Presei* is rented to non-media businesses, some newspapers were refused access to the building and must pay increasing prices on the private real estate market. They naturally look for solutions to reduce costs. For instance, *Timpul* newspaper rented offices in the suburbs. One outlet, *Infotag* Agency, had the resources to invest in an office building, *Infotag* Agency. The owners of the agency invested in a modern building which has started to become profitable.¹⁵ The state also owns the *Universul* printing house¹⁶ and the *Radiocomunicatii* enterprise, the only legal entity available for the fixed radio transmission network, which carries all broadcast programmes.

Through the tools described above, the government controls two major elements of the media: office space and dissemination, both for print and radio. The ease with which authorities guide the already meagre advertising stream towards certain media is noted by several sources. “Media revenues generally continue to depend on political and other non-economic factors. Businesses and advertisers avoid the media suspected of supporting the opposition,” says the *IREX Media Sustainability Index 2004*.¹⁷ Government inspections also mean that some businesses do not advertise in Moldovan media in order to avoid the attention of tax authorities. The policy of guiding advertising towards the Russian-language media¹⁸ is also unfair. Valeriu Saharneanu, president of the Journalists’ Union of Moldova,

¹² Law on Competitiveness and Limitation of Monopolistic Activities 906-XII of 29 February 1992, hereinafter the Antitrust Law.

¹³ The Antitrust Law, art. 1, as cited.

¹⁴ Because of the rigidity of the Law on Privatisation, as well as the inflexibility of the majority of newspaper directors, *Casa Presei* (Media House) could not be privatised. The newspapers that are still housed in this building are paying for their space.

¹⁵ Interview with Alexandr Tanas, cofounder of the *Infotag* News Agency, director of *B&F Profit* magazine. Chisinau, 10 June 2005.

¹⁶ *Universul* is the former *Partizdat*, the Soviet-era *Party Publishing House*, which along with similar enterprises throughout Moldova remained state property by law.

¹⁷ *IREX, Media Sustainability Index 2004*, as cited.

¹⁸ The classification of Moldovan media according to linguistic criteria seems to be one of the most sensitive issues. “The media market in Moldova is divided into media sub-markets of Romanian and Russian languages,” writes T. Caraus, in *Media Ownership and Its Impact on Media Independence and Pluralism*, Peace Institute, Institute for Contemporary Social and Political Studies, Ljubljana, Slovenia, 2004.

believes that a fairer advertising distribution would be possible if the law gave priority to Romanian-language media, since Romanian is the majority language.¹⁹ “Otherwise, the local print and broadcasting media look more like a bluff than a serious activity. There is no demand for local information in Moldova, and the state, through its legislation, does not encourage the media to function impartially,” Saharneanu said. He singled out “three extensions of power”:

- The Broadcasting Coordinating Council (BCC) with “a discriminating license policy and a biased frequency distribution”;

- Public Television, which is granted “maximum territorial cover in exchange for an editorial policy subject to government control.”

- The absolute control of the opposition media through the Ministry of Interior and Service of Intelligence and Security (SIS).

Normally, the existence of public or state media is incompatible with the idea of an adequate competitive environment, said Ion Bunduchi, executive director of the Association of Electronic Media in Moldova (APEL). Media outlets that spend public money are in a privileged position in comparison to commercial ones, and soon society will give priority to the latter, Bunduchi believes. For the time being, the print media is regulated by laws that do not include regulations on commercial and market forces.²⁰ The electronic media are regulated by the Audiovisual Law,²¹ whereas the members of the regulatory body, the Broadcasting Coordinating Council (BCC), are political appointees.²² In 1994, the Press Law 243-XII/1994 was adopted²³ and has been amended eight times. Multiple changes have been made without a clear overall concept.²⁴ Most of the modifications have concerned property issues. Chapter 12 of the Press Law (Financing) has been subject to four amendments. Two amendments concerned state subsidies for publications funded²⁵ by public authorities, and two focused on the introduction of foreign capital in the Moldovan press. The first amendment, in 1995, allowed foreign support for the press.²⁶ The second, in 2001, forbade the governments of other states to support the Moldovan press, except in “cases where bilateral agreements between the two governments are signed.” Carried by a communist majority in Parliament, its intention was probably to stop the financial support that some media critical of the government received from Romania.²⁷ As a result, not only Bucharest, but also the governments of the United States of America, France, Holland and Greece had to pull back from programmes supporting the Moldovan press.

¹⁹ Interview with Valeriu Saharneanu, president of the Journalists’ Union of Moldova, Chisinau, 25 June 2005.

²⁰ Moldovan legislation does not include, for instance, the term “concentration”. The only more-or-less clear example of concentration regulation is the provisions stipulated in Art. 5 of the Audiovisual Law, under which an individual can hold more than 50 percent of the statutory capital in only one audiovisual company, and not more than 20 percent of the statutory capital in other companies.

²¹ Law Nr. 603-XIII/1995 on Audiovisual, *Monitorul Oficial*, 3 October 1995.

²² Under Article 31 of the Audiovisual Law, the BCC is comprised of nine members, assigned by:

- a) Parliament (three members, including one audiovisual specialist);
- b) the president of the Republic of Moldova (three members, including one audiovisual specialist);
- c) the government (three members, including one specialist in telecommunications).

²³ Law no. 243-XII/1994 on the Press, *Monitorul Oficial*, 26 October 1994.

²⁴ T. Caraus, in *Media Ownership and Its Impact on Media Independence and Pluralism*, Peace Institute, Institute for Contemporary Social and Political Studies, Ljubljana, Slovenia, 2004, p. 323.

²⁵ Both the Media Law and the Audiovisual Law use the word “founder” (“co-founders”) instead of the word “owner”.

²⁶ Law nr. 313-XV/ 28.06.2001 on amending the Media Law.

²⁷ Funds on behalf of the Romanian government to support Romanians living abroad.

IV. Ownership and its impact on media professionalism and independence

In spring 1989 in Chisinau, newspapers with a nationalist-reform content such as *Desteptarea* and *Glasul* emerged through the efforts of people who had proclaimed themselves supporters of Gorbachev's perestroika movement. Therefore, some titles were launched with dubious legality before the Declaration of Independence of the Republic of Moldova. Later on in the 1990s, at the beginning of market liberalisation, new titles emerged. Besides the old and numerous institutional and formerly Soviet Communist Party publications, the newspapers *Tara* (publication of the Popular Front of Moldova), *Sfatul Tarii* (founded by the Parliament of the Republic of Moldova) and *Observatorul de Chisinau* (publication of the Party of Reforms) were launched with the mission of informing and democratising society. It should be emphasized that, during this period, their content was determined by journalists with revolutionary ideas. Their financial troubles were not so serious at the time because of low production costs. The readers of the new periodicals, numbering in the hundreds of thousands,²⁸ were mostly former subscribers to three or four local papers and some "central" newspapers published in Moscow.²⁹

Fifteen years after the transition, Moldovan media ownership can be grouped into two types: state and private. Financing appears paradoxical: some private media operate with public funds, and some state media are subordinate to an institution such as the established church, a circumstance reflected in its content. There are also "private" media financed by politicians or parties.

Transparency in the ownership of electronic and print media is regulated by the audiovisual and media laws. The Audiovisual Law defines the types of broadcast media and how they may be founded. Even after multiple amendments, cross-ownership has not been addressed, since lawmakers prefer to work behind the scenes in such cases. In any case, cross-ownership, in the most commonly accepted meaning, remains in legal limbo.³⁰ Transparency of ownership in print media is limited to the requirement of indicating the name of the founder;³¹ in the case of electronic media, it is a matter of filing paperwork with the BCC to obtain a broadcast license.

The relationship between ownership and freedom of the media is not explicit in the laws and official regulations. Both the Press Law (Article 1) and the Audiovisual Law (Article 3) refer to this matter only in general terms. Theoretically, freedom of expression vis-à-vis ownership should be ensured by statute and regulation. In reality, it is not.

Most owners hold key editorial positions. Usually media outlets are founded (sometimes partially) by those who also dictate editorial policy. In these cases, "press freedom" does not fit the generally accepted definition.³² Only three of the ten media outlets researched here have documents dealing with the issue, and those offer only brief glimpses of the relationship between owners and newsroom staff. News staffers are either not aware or neglect to request clear-cut guidelines, even within those institutions where they were influential in setting

²⁸ Currently a publication is considered influential if it publishes 10,000 copies or more.

²⁹ The media explosion took place against the background of the relative welfare of the majority of the population, at pre-liberalisation costs for paper and typographical services.

³⁰ A seed of cross-ownership regulation is contained in article 5, para. 4 of the Audiovisual Law, under which the structures carrying the signal (called telecommunication companies) and the communication network enterprises cannot be founders or co-owners of audiovisual institutions.

³¹ Founder does not mean owner, but the person who registered the media.

³² Meaning the relationship "owner-manager-editor".

goals for their organisation.

Radio broadcasting applications are generally brief, vague and couched in bureaucratese. Their content is essentially irrelevant. At any rate, it does not answer a basic question: what makes this applicant different from any other?

Internal codes of ethics or conduct are hastily developed and seldom revised. One of the analysed publications drew up a so-called internal code which reads more like a short story than a regulatory document. This code includes delarations of intent as well as style, and amounts to a nearly exact reproduction of pages from a journalism textbook. It lays out the newspaper's organisational chart, principles of salary payment, and includes witty phrases. There is no word on responsibilities or professional freedom for staff members.

V. The funding of the media business

Under the Media Law, periodicals and press agencies carry out their activity on the basis of financial self-administration.³³ The law defines the media as a regular business with all the inherent implications: no preferential treatment, no subsidies or tax exemptions.³⁴ As a rule, only titles for children of school and preschool age are subsidised by the state, and publications for children can be exempted from taxation. Since periodicals and the press agencies founded by the authorities are financed with public money, only the independent media³⁵ are treated like other businesses. Their funding comes from advertising, sales and subscriptions,³⁶ donations and sponsorships.

Generally, legislation does not prohibit charitable donations from abroad. However, cash donations must be deposited in the organisations' bank accounts, and all aid, either material or monetary, must be declared for tax purposes.³⁷ According to the Media Sustainability Index (MSI), most private media remain dependent on additional funding and therefore vulnerable to editorial interference.³⁸

The MSI stressed that Moldovan media remain largely unprofitable because of the very slow development of the advertising market, which is linked to overall economic problems and general poverty. Those interviewed for this study said media revenue fell generally into three categories: one-third from subscriptions and sales, one-third from advertising and one-third from contributions, often from unrevealed sources.³⁹ Estimates of overall income derived from advertising range from \$5 million to \$10 million.⁴⁰

Journalist Ion Bunduchi believes that the available ad revenue is enough to meet the needs of only two small radio and television stations. However, founders of new radio and television stations, as well as managers of new print media, seem to ignore the insufficiency. It also seems that advertisers are not interested in the ratings of their radio and television

³³ Press Law, art. 12, p.1

³⁴ The legislation states that while approving the yearly budget by Parliament, some periodicals and press agencies can be exempt from taxation partially or entirely (Press Law, Art. 12, p. 3).

³⁵ Obviously, the party media is subsidised from the party's own budget, the additional funds being welcomed by the founders.

³⁶ For the time being the matter of the subscriptions paid by radio and TV set owners is subject to public debate only.

³⁷ Failure to meet these requirements results in the cessation of periodicals' and press agencies' activity (Media Law, Art.12, p.4).

³⁸ IREX, *Media Sustainability Index 2004*, as cited.

³⁹ The Moldovan media offer some exceptions (*B&F Profit*, *Unghiul*, *Natura*, *SP*) when the revenue comes entirely or mostly from economic activities.

⁴⁰ Interview with the journalist Vlad Bercu, Chisinau, 5 July 2005.

partners. Little interest has been shown in surveys that would shed light on these figures. Given the small volume of revenue available, ad buying has become more a form of sponsorship than a business relationship.

Ad buyers and sellers usually agree on fees in an arbitrary manner, Bunduchi emphasised. In any case, the state controls the market through legislation and regulation. Under Article 28 of the Law on Advertising, the Department of Antimonopoly Activity monitors compliance with legislation in this field.⁴¹ The department oversees those involved in advertising and notifies enforcement agencies of any serious violations.

Most editorial offices have documents specifying rates per square centimeter or minutes on air. Promotional materials are labeled in most cases as “Advertising” or “C” for commercial. Nicolae Sanduleac, the owner, manager and chief publisher of *Unghiul*, said he charges for all content other than news. At *Unghiul*, advertising does not exceed 35 percent of the paper’s income, while sales and subscriptions represent 65 percent of the total. “There is no way I would accept subventions and sponsorships. By enjoying some short-term benefits, obtained through considerable effort, I would undermine the very idea of economic management and our good name with regard to social capital,” said Sanduleac.

The situation is rather unusual for media outlets entirely supported by political parties or the state, said Alexandr Tanas, editor-in-chief of *Banks & Financies Profit*. Hidden advertising is a means of tax evasion.⁴² Tanas believes that ad policy should be set by media outlets themselves. Legitimate advertisers won’t work with state-sponsored media, and that is why the ad revenue pool is so small, he maintains. Valeriu Saharneanu, director of Euronova Media Group Holding, said that a legal, media-friendly system of credits, taxes and protection is required at least during the initial stage of independent media development in Moldova. The state represses media through its enforcement bodies and influence on advertising, Saharneanu said.

Two advertising markets exist in Moldova: Russian and Moldovan. Some see the two as revenue for “the good guys” (government supporters) and “bad guys” (media critical of authority). There have been reported cases of “guided” advertising. During a heavy promotional campaign by Metro Cash and Carry, no ads were placed in the “critical” newspapers, said economic analyst Nadine Luchian. On the other hand, Ion Berlinski, editor-in-chief of the government-founded paper *Moldova Suverana*, said big advertisers practice “certain discrimination with regard to the official media institutions.”⁴³ Berlinski said he did not believe that “these important economic agents are politically partisan; it is more likely that the phenomenon depends upon their public relations service.” Focused on the environment, *Natura* magazine has found its “own way,” said MP Alecu Renita, its editor-in-chief. The secret lies in respect for the magazine’s 10,000 subscribers, he said. “We kept them, we know them, we are with them,” Renita added.

The Moldovan print media are also dependent on imported paper and ink. All printing costs are established in US dollars, and are therefore subject to market fluctuations. The general lack of transparency and restricted flow of information in Moldova hampers research into the real size of the ad market. Yet, although the media in Moldova are mostly unprofitable, some ventures have managed to become self-supporting after initial financial aid from the West. These include the news agency Basa-Press, the business newspaper *Ekonomicheskioie Obozrenie* and several local newspapers.

⁴¹ Law Nr. 1227-XIII on Advertising, Monitorul Oficial, 27 June 1997, article 28, para.1.

⁴² *Profit* newsroom estimates that the taxes and fees from advertising revenues go up to 60 percent of the total volume.

⁴³ Berlinski named *Union Fenosa*, electricity distributing company and *Voxtel* GSM operator in Moldova.

VI. Separation of editorial and business departments

On the whole, it is hard to see a genuine separation of editorial and business policies. Due to the small size of most media businesses, the editorial staff and business staff are often one and the same. Three positions are held by a single person, as is the case at *Jurnalul de Chisinau*, at the majority of the Moldovan press. Even if the editor-in-chief owns only some of the shares in a periodical or a radio station, he generally holds the positions of manager and chief of the editorial board. Nevertheless, there are some cases when internal documents define the relationship between the editorial and commercial, maintaining that better content translates into more growth. Such documents represent a step forward and away from the policies of the party-financed papers or those subsidised by the state, says Val Butnaru, owner, manager and editor-in-chief of *Jurnalul de Chisinau*. Dmitri Ciubasenco, holder of 50 percent of shares in the Russian *Moldavskie Vedomosti* newspaper, calls the owner/editor/manager position “newspaper-man”.⁴⁴ Ciubasenco says his business partner has never interfered in the newspaper’s editorial or management policy during its ten years of existence. Thus, the “newspaper-man” or the “radio-man” virtually rules such organisations. Journalists are afraid to speak openly about the influence of the ownership. “I do not know whether it is good or bad to find myself in the shadow of an editor who sets his ambition to write the editorial, negotiate with the advertising agents and sign the financial reports. There is not much of a choice for us. If I escape from a tyranny which I more or less know, there is a risk I’ll end up with another absolutely unknown one,” a well-known journalist said on condition of anonymity.⁴⁵ His opinion is echoed by other working journalists. A member of the editorial board at one weekly said, also on condition of anonymity: “We follow a certain leader as long as we can, but as soon as a tiny crack appears on the surface, we leave without too much trouble. It is as if you were caught in a stream that carries you as long as it can.”

Experts see the practice of recruiting journalists for management positions as a specific feature of the transition period. “It is not about fatalism, but more about the specific nature of a period that we go through on the way to media democratisation and its transformation into a business model,” said Petru Macovei, director of the Independent Press Association (API).⁴⁶ According to Macovei, this applies especially to media that have not yet been privatised. “Ideally, the media owner should be a good journalist, a connoisseur of his job requirements and of the deontology. Also ideally, the editorial policy for the editorial staff should be established in a contract that clearly sets out the obligations and responsibilities of the parties.” Macovei added that API monitors editorial content for political balance rather than economic transparency. From a market standpoint, three types of newspapers can be identified as “businesses” among API members:

-Profitable outlets with a growing circulation. These include *SP* newspaper in Balti, *Unghiul* in Ungheni and *Cuvantul* in Rezina.

-Newspapers with low profits. These titles enjoy assistance from the association in the form of advertising, training and expertise.

⁴⁴ *Capitala* magazine, Chisinau, October 2003.

⁴⁵ He asked for his name not to be made public.

⁴⁶ Interview with Petru Macovei, director of the Independent Press Association (API), Chisinau, 24 June 2005.

-The so-called “romantic” newspapers, managed by people who may be good journalists but are weak on management; they generally lack financial resources.⁴⁷

Protection of journalists’ freedom varies from one media outlet to another. The interests of the “newspaper-man” come, sooner or later, into collision with those of his employees. Usually the conflicts emerge over money. Journalists ask for decent salaries⁴⁸ as well as more flexibility, freedom on editorial policy and more support when facing litigation.

An ideal media owner is a person who runs a financially strong business, said journalist Natalia Silitchi. “We cannot practice free journalism when we do not possess sufficient financial power even to appear in court during the frequent and inequitable lawsuits dealing with honour and dignity offences. Usually these suits are lost from the very beginning, and for a media owner this means one thing: bankruptcy. Paradoxical as it may seem, our judiciary system, rightly criticised, ‘suggests’ to us another approach to media property, different from the current one,” Silitchi said.

The clearest separation of editorial policy from business appears, ironically, to exist in the state-owned or state-controlled media. *Moldova Suverana* and *Nezavisimaia Moldova* have rules defining separate roles for their editors-in-chief and their government founders. The separation hardly translates into editorial integrity. After denationalisation, both *Moldova Suverana* and *Nezavisimaia Moldova* continued their support of the government and the majority faction in Parliament.

An increasing number of observers see this sort of situation as a dead-end for Moldovan media. “We stepped the wrong way from the very beginning, when we missed the opportunity to privatise the newspapers’ property,” said Valeriu Saharneau, president of the Journalists’ Union of Moldova.

Documents regulating vertical and horizontal relations within newsrooms are absent in most media outlets. Most journalists are employed on the basis of verbal agreements and are fired in the same manner. “I suggest you leave starting tomorrow!” is the formula for canceling a contract,⁴⁹ said journalist Vlad Bercu.

Due to the stunted media market, professional competition does not exist. Newsrooms are full of underpaid journalists. Bylines are generally little-known names, with the exception of editors-in-chief. There are no investigations, no sensations, and no evaluation of journalists’ work, said Nadine Luchian, an economic columnist.

According to the report “*Prospects of creating an Audit Bureau of Circulations in Moldova*,”⁵⁰ the organisation of a typical editorial office in Chisinau is as follows:

Publishing/editorial department:

One manager/editor-in-chief

Two deputy editors

Four to six journalists

Two freelancers

One photographer⁵¹

⁴⁷ At this point Macovei indicated that he would very much like to see what he calls the “natural selection” of media managers.

⁴⁸ The minimum basket of goods is estimated at 1,200 Moldovan Lei or €82.

⁴⁹ All the collected contracts were a simple paper with the signatures of the employee and employer, having at most some indirect references to the provisions of the Labour Code.

⁵⁰ An Independent Journalism Center Report, Chisinau, 2005 pp. 205-214.

⁵¹ Only rarely called “photo reporter”, the photographer has never studied or been trained as a photojournalist. Even among news agency photo staff, there are no trained journalists. There are only photographers who can shoot a picture, but are rarely able to edit it or to write a professional caption.

Layout department:

- One designer⁵²
- One style editor⁵³
- One corrector⁵⁴
- One typist⁵⁵

Commercial department:

- One person in charge of marketing and distribution
- One advertising person
- One accounting⁵⁶ and finance person

Other activities:

- Two security men⁵⁷
- One driver⁵⁸

Thus 25-30 percent of the staff are not directly involved in news reporting. Only a few large publications are exceptions.

VII. Individual rights and editorial freedom

The Constitution of Moldova guarantees freedom of speech and the press in Article 32(1). The same article, however, also restricts these rights in paragraphs 2 and 3: freedom of expression may not harm the honour, dignity or rights of other people. Also of concern are provisions on criticism of the state, state symbols and defamation of senior government officials.⁵⁹ These provisions have allowed a multitude of lawsuits against journalists in the decade since independence. The Constitution also guarantees access to public information (Art 34, p. 4, p. 5) and prohibits censorship (Art. 33 p. 5). Nevertheless, practice differs from these principles. Interference in reporting and pressure on journalists are widespread, according to Freedom House's *Freedom of the Press Survey 2004*.⁶⁰ Freedom House downgraded Moldova's rating from "partly free" to "not free".

Most media are not financially sustainable and depend on sponsorship, which usually means the interference of political or business interests.

Generally, publications that represent various points of view are available. The situation is different when it comes to television. The most important national TV broadcaster, *Moldova 1*, is still under government control. The urban population, especially in Chisinau, has access

⁵² Often a key person in the Moldovan print media. Normally, he/she is a computer-skilled young man/woman, who has learned one or more Adobe applications for layout and image editing. He/she also edits photographs, headlines and captions. The designer is a highly paid but non-productive, in the journalistic sense, staff member. As the journalist's computer knowledge is not very good, only the designer can take care of web page updating, forums and online surveys. As there is no dedicated software among most Moldovan media, the same "key person" cracks or debugs the computer programmes installed from a variety of pirate copies and supervises the net and mail server.

⁵³ Here "style" means grammar and literature style only. Only a few agencies reported their own regular news style.

⁵⁴ Strictly - looking for misspellings in the headlines.

⁵⁵ Regularly, this position is held by a woman who was skilled in typewriting during the "pre-computer" era. She can copy and save hand-written documents on the PC. Usually she does not use the scanning software, spelling or other software tools.

⁵⁶ Two-way accounts means double-entry and normal book-keeping.

⁵⁷ Taking care of the building, furniture, and computers.

⁵⁸ Especially for the editor-in-chief, but also for the newsroom needs.

⁵⁹ Freedom House, *Freedom in the World*, 2003, See: <<http://www.freedomhouse.org/research/freeworld/2003/countryratings/moldova.htm>> (accessed 20 September 2005).

⁶⁰ Freedom House, See: <<http://www.freedomhouse.org/research/pressurvey.htm>>.

to TV stations that reflect different viewpoints. The situation is different in the countryside, where 55 percent of Moldovans live. Very often their only source of information is *Moldova I*, which is biased in favour of the government.⁶¹

Media independence in 2004 followed a negative trend set in 2001 with the arrival of the Communist Party in government, and pressure on journalists has increased steadily, according to *Nations in Transit 2005*.⁶² During this period, numerous local and international NGOs monitoring media independence highlighted cases of pressure, court cases, harassment, intimidation, threats and blackmail. Cornelia Cozonac, news editor of the state-run news agency *Moldpres*, was sacked after accusing the presidential press office of putting pressure on the agency. She lodged a formal complaint against *Moldpres* after her dismissal.

Several journalists were questioned by police at their offices or homes about their participation in an anti-censorship demonstration of about 50 people outside *TeleRadio Moldova's* offices. They were Gheorghe Budeanu (assistant editor of the weekly *Timpul*), Vasile Nastase (editor of the weekly *Glasul Natiunii*), Corina Fusu, Dinu Rusu and Angela Arama (all of *Teleradio Moldova*), Valentina Ursu (news editor of *Radio Moldova*) and Angela Sirbu (head of the Independent Journalism Center). Alina Anghel and Nicolae Roibu of the opposition weekly *Timpul* were each attacked by strangers. Both cases were related to journalistic investigations.

Security forces searched the offices of the weekly *Accente* in Chisinau on 9 October 2003 and seized photographic and computer equipment, preventing publication of the next day's issue. The same day, editor Sergiu Afanasiu and reporter Valeriu Manea were arrested. According to the Moscow-based Center for Journalism in Extreme Situations (CJES) they had allegedly demanded \$1,500 from a businessman in exchange for not publishing a story on him. They were released on bail two weeks later. The reporters claimed they had been victims of a police setup because of their investigative activities. Police confiscated the newspaper's computers and databases and kept them for several weeks.⁶³ The case caused a public outcry, but although it was widely reported, no mention was ever made of the publication's owner. *Accente's* "bribery crisis" was followed by two other scandals, after which the title was sold, and publication was suspended by the new owner without explanation.⁶⁴ The interests of the news staff and subscribers were never addressed. Subscriptions were not refunded. The case exemplifies the perilous situation of most Moldovan media. Though both the Media Law and the Labour Code set out responsibilities and provisions that should protect editorial freedom, the reality is usually far different. Even in cases where journalists attempt to protect themselves by pseudonyms, their identities are often disclosed because of "state considerations".⁶⁵

Given these circumstances, journalists can expect little protection from their own

⁶¹ According to official statistics, from the total population of 3,386,000 (Republic of Moldova, excluding Transnistria), 55 percent or 2,077,000 people live in the countryside. See: <http://www.statistica.md/statistics/dat/587/ro/Nr_prel_pop_lalian2005.doc>.

⁶² Freedom House, *Nations in transit 2005*, See: <<http://www.freedomhouse.org/research/nitransit/2005/addendum2005.pdf>> (accessed 29 July 2005).

⁶³ Center for Journalists in Extreme Situations, See: <http://www.cjes.ru/lenta/view_news.php?id=18466&year=2002&lang=eng> (accessed 29 September 2005).

⁶⁴ See the cases of Ileana Rusu and Aliona Avram, pseudonyms of the journalist-authors of some scandal investigations: <http://www.cjes.ru/bulletin/?bulletin_id=446&lang=eng>

⁶⁵ The numerous possibilities in this respect are hidden in vague legislation. Thus, according to the Law on State Secrets (Article 5), information can be referred to as a state secret for many reasons, including military, economic, foreign policy, scientific and technological. All these spheres usually represent the subjects of major public interest.

organisations. Most managers blame a lack of financial resources. Journalists rarely win lawsuits. When they lose, they are usually forced to pay the full damages themselves. Their only recourse is to appeal to the European Court of Human Rights in Strasbourg.⁶⁶

VIII. Media – a profit-oriented business with a responsibility to the public

An obvious question is whether it is possible to run a fair and honest media business in Moldova. Romanian-language dailies and weeklies with circulations below 10,000 copies are not considered attractive by advertisers. Generally, the ad buyers lack figures that would steer them to effective publications, said Vasile Rotaru, the director of a construction enterprise in Chisinau.

Editors argue that “audience” is more significant than circulation figures, since one copy may be read by several people. In the end, it does not matter very much whether circulation is under or over 10,000, said Nicolae Sanduleac, director of *Unghiul*. A study by the paper’s editorial staff concluded that one copy is read by ten to 12 people. Therefore, with a modest circulation of 9,000, the paper claims to cover almost all the adult population of the Ungheni region, which has over 100,000 inhabitants. “We follow the scheme of minimum resistance, which is the Russian publication *Makler* or the TV station *Moldova 1*, which have the lowest tariffs. The result shows up immediately. The viewers and those who buy only one publication – *Makler* – if they want to set up any kind of business, including a matrimonial one, call the next day,” he said. It is also true that there is no expert research in advertising effectiveness. Moldovans live in one of the few societies reading, watching and listening to the media of a totally different culture, one far distanced from their problems and interests, say professionals and local observers. There are three main reasons for this, according to Article 19’s *Politics And The Press* research.⁶⁷ First, Romanian-language newspapers have a smaller readership. This is primarily due to the policy of “Russification” undertaken during the Soviet era, when the Romanian language lost much of its prestige. This legacy remains, despite efforts to promote Moldovan culture and the Romanian language. Moreover, during the Soviet era, Romanian-language newspapers were poorer in quality. This reputation persists, so that even Romanian-speaking Moldavians may prefer Russian newspapers, television and radio.

Second, most businesspeople are Russian speakers, and they tend to place advertising with Russian-language newspapers regardless of their circulation. The Russian-language newspaper *Ofis*, for example, has a smaller circulation than *Jurnal de Chisinau*, but it has six times more advertising.

Third, Russian is understood by the whole population. The maximum reach of Romanian-language advertising is 70 percent of people, while Russian-language advertising can potentially reach 100 per cent. It is therefore financially advantageous to advertise in Russian, unless an advertiser is targeting a special group of Romanian speakers.

For reasons of profit, professionalism and ethics, it is important not to accept political party financing, said Alexandru Cantir, president of the Committee for Freedom of the Press:

“If the current media system became entirely legal (funds transparency, real costs, taxes paid in full and on time, no more double-entry accounting), it would die the next day. With the exception of a few newspapers and radio stations, of course. A conscience clause can be

⁶⁶ See the European Court of Human Rights judgment in the case of *Busuioc v. Moldova* on: <<http://www.echr.coe.int/Eng/Press/2004/Dec/ChamberjudgmentBusuiocvMoldova211204.htm>>.

⁶⁷ Article 19, *The State of Media Freedom in Belarus, Moldova and Ukraine*, October 2003 on <<http://www.article19.org/publications/global-issues/media.html>>.

implemented only after the strengthening of the economic and property range. We should not neglect the fact that all fears and convulsions are extremely visible to the reader or advertiser.”

The “black” economy is killing the media business, since illegal businesses do not need advertising. Facing a serious financial crisis, media are harassed by numerous lawsuits. Ion Berlinski, *Moldova Suverana*’s editor-in-chief, says:

“Under the present situation, which is totally chaotic, the media market cannot be protected and one can destroy it with empty hands. One or two criminal files on honour or offending somebody’s dignity can silence a newspaper. And in order to avoid the court we are more and more forced to exclude any critical article. Who will ask for or read such a quiet press?”

The local media does not reflect either the local or national identity. At the same time the law and the state do not stimulate impartial media reporting.⁶⁸ Media enterprises do not show any kind of interest in providing localised information. They believe that even the majority of the Romanian-speaking readers prefer to take their information from Russian print or electronic media. The national media is at risk of disappearing, especially without support from the state, unless the economic situation changes. Cover prices higher than one leu⁶⁹ prompt the average reader to remain in the dark, said Alecu Renita, former MP and head of the Ecological Movement in Moldova.

Those who wish to study media as a business lack access to financial reports. Without outside support, the number of media outlets would decline sharply. Few enterprises can sustain themselves on the modest local advertising market, and the market in turn suffers from a lack of investment.⁷⁰

IX. Conclusions

The leading problem of the Moldovan media is state control of the market and the impossibility of establishing a media business on a healthy commercial basis. Most outlets are not profitable, although none goes bankrupt, and the majority do not even try to make a profit. Experts agree that the unstable and unfriendly business environment causes serious obstacles to media development. Advertising demand is weak, and poverty is widespread; ordinary people cannot afford to buy newspapers, and television gains ever more influence. Despite appearances, the state maintains a virtual monopoly on the key elements of the media market, such as distribution, printing houses and office buildings. Attempts to revive the defunct Soviet district newspapers and partial control of the ad expenditure also reveal a high level of state intrusion.

These factors make media dependent on donors. In a market dominated by the state, private outlets struggle to become economically viable, and it is obvious that most of them survive without reaching large audiences or attracting much advertising. The status quo seems convenient to those outlets financed by the state or substantially subsidised by political parties or businesspeople.

Increasing media professionalism and independence is still seen by experts as a strategy of “small steps,” closely dependent on the evolution of the national business environment. Ethics in the media business are also viewed in relation to ethical behaviour within the economy as a whole. Experts consider the media a fragile business, surviving by unethical

⁶⁸ Interview with Valeriu Saharneau, president of the Journalists’ Union of Moldova, Chisinau, 25 June 2005.

⁶⁹ The Moldovan monetary unit, 1 Leu = 6 Eurocents.

⁷⁰ Interview with journalist Vlad Bercu, Chisinau, 5 July 2005

means. Ethical behaviour appears suicidal to some media owners. Moreover, while most of the managers speak highly of training and education, in practice the industry has not actually invested in them. Even when media organisations provide free training, media heads try to keep their journalists out of those programmes. While professional standards are perceived as desirable in the long run, the need for ethical standards is not even acknowledged at present. Although small, positive areas such as the awareness of a need for transparency and publication of internal codes can be seen as starting points in raising awareness and making media business ethics part of a public debate.

X. Recommendations

The government should privatise distribution and printing systems still controlled by the state. Until there is privatisation, printing and distribution services should be offered to all media at equitable rates based on market considerations; there should be no discrimination based on the content or ownership of the media.

Legislation aimed at stopping media subsidies on the basis of unfair criteria must be adopted and transparently implemented. The government should base any allocation of public money to media on precise and transparent criteria.

The Law on State Secrets should be amended to provide a far narrower and more precise definition of what may be classified as a secret.

Legislation needs to be amended in order to make media ownership financing transparent.

The government should amend the legislation on competition to ensure it is fair.

The government ought to promote legislation aimed at transforming the state media into a public media, serving the public interest.

Any legislation or amendment of laws affecting the media business should be adopted only after broad public consultation.

The government should regulate the process of obtaining broadcasting licenses and frequencies in a transparent manner and eliminate favouritism of any kind.

Article 12(4) of the Press Law, restricting funding by foreign governments, should be revoked in order to increase pluralism and diversity.

The authorities should cease from carrying out and discourage all forms of direct harassment of independent media and should renounce political pressure on independent media.

Media organisations must address the harassment of journalists publicly in order to discourage civil actions aimed at curtailing critical reporting.

The media industry should work closely with media organisations in order to provide training for journalists, editors and high-level management.

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