

## Follow the Money! Ownership & Financial Transparency should be a Media Policy Standard



*The Council and the Commission of the European Union have so far steered clear of initiating new regulations in response to the High Level Group's report and other recent calls for action on media freedom and plurality. Nevertheless, Media scholar **Kristina Irion** of the University of Amsterdam and the Central European University argues that the Union could already do much more to improve the situation in counties of the Western Balkan region by making ownership and financial transparency in the media sector a condition of the accession process.*

On paper, media policy in Western Balkan countries complies with the standards set by the Council of Europe and the EU aquis. However, a **cross-national comparison** of case studies from Albania, Bosnia and Herzegovina, Kosovo, Macedonia (FYROM) and Serbia that I conducted with my colleague Tarik Jusić showed that media systems in these countries have the form, but often lack the substance of democratic media institutions. In particular, we find a worrying tendency for media, politics, and business to form an iron triangle- a self-enforcing power structure serving local, albeit sometimes competing, elites. In such a context, politics and businesses deputize mass media to advance their partisan interests and, with some notable exceptions, mass media ties in with politics and businesses for revenues.

Media in Western Balkan countries face particularly challenging economic conditions that seem to favour this residual overlapping of media, politics, and business. Local media markets are very small but oversaturated so that business models also rest on cross-subsidization from media owners' other lines of business and access to state resources. In the region, the public sector – including state-owned companies – is one of the most significant sources of funding for media that can be exchanged for media services or as subsidies. Public funds are often not transparently allocated, public procurement of media services is messy, and both are possibly directed towards government-friendly media. Needless to say that this is not an exclusively Western Balkan phenomenon, but a pattern found in other countries as well, for instance **in Hungary**.

### The lack of financial and ownership data

For the independence of the media and its wider democratic functions, such financial undercurrents are a matter of serious concern. Yet, economic indicators that would measure local media markets are not gathered systematically in these countries, thus obfuscating media revenues. Neither do the governments publish data that would hold them accountable for the selective transfers to local media outlets or distribution of government sponsored advertising. This lack of transparency makes it impossible to establish how local media are financing their operations or to expose the rampant cross-subsidization to media outlets.

In all the countries studied, we found problems with fuzzy ownership, where owners' identity, financial stakes and political affiliations are not transparent. As **Mark Thompson** has summarized earlier "the public in most of these countries cannot obtain a detailed and comprehensive picture of who owns all media outlets." Attempts to introduce transparency of media ownership in Serbia, for example, were met with fierce resistance by private media. In Macedonia the real owners of some television stations are active politicians, but what is mandated by law as rudimentary transparency obligations can be satisfied by publicizing just the name of the company operating the channel.



Non-transparent media ownership and cross-subsidization are subtle means to influence the editorial line of media outlets beyond the reach of constitutional and legal safeguards of media independence.

## The Lack of Strong European Standards

The international community could have encouraged media transparency laws during its decades-long involvement in media institution building in the region. Especially in a transition context, the failure to promote transparency in media governance is so far a crucial omission of European engineered media assistance.

The reason for this blind spot is easy to pinpoint: neither the standards of the Council of Europe nor the EU acquis in the media sector provide for the introduction of such far-reaching transparency requirements. There are only nonbinding instruments to promote transparency in the media, for example the 1994 [Recommendation on Measures to Promote Media Transparency](#) by the Council of Europe or the 2008 [Resolution on Concentration and Pluralism in the Media in the European Union](#) by the European Parliament. Even recent bottom-up initiatives, namely the [Pan-European Forum on Media Pluralism and New Media](#) and the ongoing [European Citizens' Initiative for Media Pluralism](#), demand media ownership transparency, but do not argue for financial transparency.

The EU accession process, which is the major driving force of media reforms in the Western Balkan region, therefore often does not set the right priorities. Today these countries have adopted media legislation pursuant to EU's [Audiovisual Media Services Directive](#) from 2008, which addresses advanced regulatory issues of media convergence but not transparency. The EU can do better in the context of the [Stabilization and Association Process](#) that governs EU's external relations with the Western Balkans. It certainly has a strong case to require national governments to disclose all state transfers to media as well as fair and transparent public procurement of media services by public authorities and state-owned companies. Unless the accession country can be considered a consolidated democracy, the [Copenhagen criteria](#) that guide the EU accession procedure could also be pledged in support of media ownership transparency.

## Make Transparency Rules Standard

While transparency is not a magic ward against which all problems and challenges in democratic media transformation can be solved, it is an essential building block that enables local and international scrutiny. Moreover, if local policy-makers, but also international media assistance, are not informed about local media markets, how can it be possible to devise optimal and evidence-based policies?

Last but not least, research on Western Balkan media systems frequently meets the limitations posed by the unavailability of data, which prevents all of us from developing a more nuanced understanding of the challenges at hand. As long as governments and businesses in this region consider media as a vehicle for their own ends, local stakeholders are not likely to advance financial and ownership transparency unless they are compelled to do so. It is high time to use the accession process to demand ownership and financial transparency from mass media companies and ensure full accountability for how governments fund and procure in these media markets.

*This article gives the views of the author, and does not represent the position of the LSE Media Policy Project blog, nor of the London School of Economics.*



