

INDICATOR 2: MEDIA PLURALISM AND DIVERSITY, A LEVEL ECONOMIC PLAYING FIELD, AND TRANSPARENCY OF OWNERSHIP

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SUMMARY

The second category of indicators of media development refers to the main features of market activity of media systems. The implicit approach is from the position of liberal pluralist media policy, because it is expected that the state, in order to achieve pluralism of the media "fixes" inadequate market activity in the media sector through regulatory measures. Media pluralism and diversity in such a media policy is at the same time the main value and purpose of regulation in the media system. In this area, the division between liberal pluralism and neo-liberalism, which are the two main visions of arranging the media system today, is the most clearly visible. These differences are most clearly evident in the restrictions regarding concentration in media industries in order to ensure the protection of media pluralism and diversity as key democratic values. These divisions are seen in the Croatian media policy discourse as well, so advocates of neoliberalism in Croatia as well seek the abolition of restrictions on mergers and takeovers of media companies in connection with efforts to protect against monopolies, the prohibition of public television to broadcast advertising and any program outside of documentaries and the news, and the prevention of the development of public television towards specialized digital channels. Neo-liberal expectation is that the market alone will take care of media diversity because the consumers/customers will choose what interests them. Thus the public interest in the media (as the collective interests of different social groups, which provides regulation) becomes the individual interest of consumers. Croatian media policy is still mainly based on the values and solutions of liberal pluralism, which is seen as a fundamental public interest and is protected by limiting the concentration and ownership of media (negative protection), through promotion measures (Fund for Pluralism in the Electronic Media, media support for national minorities), and through program expectations in the electronic media which include commercial television. In this (the normative part), Croatia is fully within all the relevant recommendations of the Council of Europe and the European Union. However, we still see elements of neo-liberalism in media policy, which is perhaps inevitable in a global context in which this has become the dominant framework, such as is only the regulation and co-regulation in the media (which allows the industry to make the rules, which are obviously in their interest and in the pursuit of profit, and not in the public interest), but most in the industry (especially television, which is also our most regulated in relation to the print media that are subject to regulation only in the case of mergers and acquisitions of companies). Although self-regulation and co-regulation are in many respects useful in achieving freedom and independence of the media (media statutes), especially when journalists are involved; more and more it comes down to agreements between the regulators and publishers/industry. Also, this will not be harmful if the regulatory bodies are concerned with achieving the public interest (digression: is this even defined in Croatia outside of a few paragraphs of media law and basic constitutional liberties?).

Categories of media pluralism and diversity in the context of media economics through UNESCO indicators include five main areas through which we can analyze how the media is regulated and its effects: (a) Media concentration, national strategy (*policy*) and the realization of pluralism and diversity of media, (b) A mixed media system that includes public, commercial and non-profit community media (*community media*), (c) Issuance of licenses for

broadcasting and methods for frequency spectrum allocation for radio and television broadcasting, (d) Fiscal policy and business regulation in the media, (e) Advertising.

International standards that are relevant for this indicator were primarily developed by the Council of Europe. Although the question of pluralism and diversity of media is increasingly gaining in importance even in the European Union, there is no common European regulation that would harmonize the issues of protection of pluralism or prevention of concentration in the media market, so member states diverge in the ways that they regulate this area.

In Croatia, media legislation and related legislation (the Media Act, the Electronic Media Act, the Protection of Competition Act, and the Right to Information Act) that regulate the total market activity of the media were completed in early 2000 and were supplemented in recent years. Both the Electronic Media Act (ZEM) and the Media Act (ZM) govern issues of transparency of ownership, circulation of data on the media and audiences, as well as limiting the concentration of media (with many more restrictions than required by the Protection of Market Competition Act, which also applies). Prohibited are diagonal (cross-media) concentrations between the press and broadcasting (with exceptions for small circulations), concentration of over 40% of the market for informative newspapers and concessions on more than one channel/radio broadcaster or television channel (or exceptionally two, but not in adjacent areas) . There are still many problems in the application of these laws – although most publishers make their ownership structure public in the Official Gazette, not all do. Although most media provide information about revenue, circulation and audiences to the Croatian Chamber of Commerce, these data are not (easily or at all) available to the general public. Although the Council for Electronic Media finally (since 2008) has a regulation on the criteria for the award of stimulus funds from the Fund for the Plurality of Production in the Local Electronic Media, the criteria are confusing and difficult to translate into a point system. In the previous year, 130 radio stations 15 television stations received stimulus from the fund. Once again, the report of the Council for Electronic Media (VEM) did not include any report on actual results produced by the stimulus program in the past timeframe (except at an anecdotal level). It really makes it seem that the Fund, despite great intentions, is only way of redistributing the subscriptions that citizens pay for public radio and television to the commercial media – amounting to more than 28 million kuna in 2007.

There is a high degree of concentration in the television market in Croatia: in 2008 the three strongest channels (HTV 1, RTL and Nova TV) together had 74.9% of the market audience and over 90% of the advertising market. The newspaper market is also highly concentrated – the C 3 share in editions is 63.7% for 2008. The market for new media is also highly concentrated: in internet access HT is in the dominant position with around 80% market share. Public television significantly contributes to the diversity of what is offered in television programs because it broadcasts a number of different genres and more of those programs with "high social value" than do commercial TV stations with national concession.

Local media in Croatia complement the offerings of national programs, although there are few non-profit media. Recently, on a normative level and through the efforts of civil organizations, conditions are being created for the faster development of these forms of media.

As the majority of frequencies for analogue radio and TV broadcasting in Croatia are divided, the distribution of frequencies, impartiality and transparency of the competent regulatory authorities has to be analyzed in the digital sphere. The public does not yet know how the

digital cake in television and radio broadcasting will be divided in Croatia, although there is a national strategy and activities in this direction (see abstract 5).

Although in 2007 the VAT on newspapers was reduced from 22% to 10%, publishers sought a zero rate this past year. The 1997 change of the Electronic Media Act (ZEM) introduced the obligation of state administration bodies to have 15% of their total annual amount spent on advertising be in the programs of regional and local electronic media, and that media must notify the Council for Electronic Media (VEM). Today there are no restrictions on media business operations (as was the case in the 1990s).