

## The Lessons from Latvia

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### SUMMARY

*The Latvian experience in the past decade shows the impact of economic and political change on the media sector. While the market economy brought opportunity and free enterprise, it also brought the impact of economic disasters on the media. Political changes enabled the abolishment of censorship and state control, but the transition brought new pressures from other types of powers. The future of media development must include the new media, and new people entering the media field, and not only journalists but trained professional business managers as well.*

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I come from a country in which a little over ten years ago all the media were owned by the state and controlled by the Communist Party. During our Singing Revolution in the late eighties, journalists became the driving forces in the battle leading to the regaining of our independence in 1991.

We did not have a war, but we did have experience of the press house occupation by the Soviet troupes, the printing of papers almost underground and of distributing them on the barricades. But this is history now. What have the last ten years brought for the media in Latvia? Independence brought freedom from censorship, and it brought freedom from restrictions and great expectations. New possibilities for the free media gave tremendous enthusiasm to journalists to write about any topic without giving much thought to the responsibility that the free press imposes on journalists in the form of the professional code of conduct and ethics.

It was also clear that in many cases journalists simply lacked the skills to handle freedom. Apart from professional conduct, the economic viability of the media was of

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immediate concern. The prevailing view was that the newspapers must be privatised by the staff members placing, with great expectations for potential dividends and share ownership but with no idea of how to run the market economy functions. But the reality turned out not to be so romantic.

Newsprint prices increased ten times. Distribution and printing was the state monopoly. Advertising revenue was almost non-existent, except from classifieds. And local management had little knowledge of marketing and business practices. Inflation was soaring and difficult to cope with. The general pattern was that editors in chief became directors or publishers and had to assume all the responsibilities for business decisions. At this point in time, the media business began to be attractive for foreign investors and international media organisations. International organisations were interested in the dissemination of principles of democracy and free press, realising the potential power of the media in any country. Their involvement took the form of seminars, conferences and training courses. International investors saw the possibility of profit in developing new print products, introducing Western media models. Foreign investors also recognised the potential in developing the advertising market in the print media. This market was underdeveloped at that time, but had a great potential, as we can see now.

During the last years the economy of the country had its ups and downs. Businesses experienced the collapse of many banks in Latvia, and that had an effect on the whole economy. Several years later, the Russian currency crisis marked a step back in development. Economic failure, the inability of media management to adjust to the current circumstances led many media businesses to bankruptcy, forced many others to merge and change ownership. The most flexible companies survived.

Summarising the achievements of those ten years, I can say that most of the goals set out at independence have been achieved. What is the situation today? Is the press free and democratic in Latvia? Well, yes. The media are not any longer owned by the government. There is no censorship. Are the print media economically viable? Well, yes. The press is privately owned, bringing profit to many local and foreign companies. The size of the profit another question. But, there is an interesting trend. The number of newspaper titles increased from 1995 to 1997 and then decreased. Starting in 1997, when we had the highest number of titles of newspapers in Latvia, the circulation went down, and then up again, but with fewer titles of newspapers and magazines. Why is it so?

The year 1995 brought the bank crisis, as I mentioned earlier. 1998 was the year of the Russian crisis. I am not sure that the circulation can go up much more. Equally, we cannot increase the number of titles of publications very much. At least, you can see the trend.

Back to the economically viable print media business. What happened was that the state monopoly of printing and distribution was broken when foreign owners came in. Actually, you will meet one of them and he will tell you how it really was.

This was the crucial point for the Latvian media to break the state monopoly in printing and distribution.

Do the media meet professional standards? I would say – yes. We have professional reporting and newspapers look great. There are two universities teaching journalism, and education, we have an excellent business school. The graduates of this business school are really newcomers to the media world. There is a mid career training centre which I run and we provide programmes not only for the local media, but also for other countries. But in reality not everything is as fine and bright as it looks on the surface.

The reality of today is heavy with challenges. I would say that we have gone from one ditch to another. There is no state policy on the media at all. Also, we don't have any anti-trust regulation for the media. As a result, right now we have two big privately owned media companies clubbing each other, and there is no third front open yet.

Access to public information is still difficult. We have the press law and even the law on access to information, but it doesn't work.

But I think that the biggest problem is that we do not have the functioning code of ethics that would be really close to the media economy as well. It defines also the environment where we are working in. We have the code of ethics on paper; we don't have press council (as the good one existing in Estonia). Insufficient self-regulation structures to provide forum for discussion on professional journalism issues. And the last one of the challenges that I would like to talk about is the media alliance to the political and business groups.

A World Bank report about the corruption in transition countries published a few months ago reports that in Latvia, for example, state capture that is on a very high level. The report is saying the same about Croatia. I think this is something to do with the media as well. If the media are officially saying that they are independent, but somehow this connections with the business and political world is so close we can see what is happening. Again an example from the Estonia. In Estonia the situation is much better according to this World Bank report.

However, I'm quite optimistic about the future. I think the future is quite promising, although we face the threat of losing our reader owing to the appeal of the Internet culture for the younger generation. We have to see what to do in this situation, but I think we already have some good solutions.

For the modern print media, the solution would be the convergence of the media. We are looking for a new generation of journalists and we hope that they will be able to cope with new skills, with new journalistic approaches, etc.

We are very close to information society in Latvia, and I think this is our future. Only we can decide what we to do with that. And, of course, strong business management and marketing, is another future prospect.

And, what can we learn? In Croatia, you can learn from your own mistakes, but it is better learn from our mistakes.

Foreign aid in journalism training and media development is absolutely vital in the early stage of independence. It is vital later as well, unfortunately, which international organisations do not quite recognise. All of them are now turned to your countries. But learning from our experience, you must identify your real needs, not just someone

coming and telling you – you need this and that, and having a pleasant conference about freedom, and so on. I think what we failed to recognise, following a fairly successful start, was that skills training is really important.

Not all foreign solutions are adoptable. Foreign experts have not got all the answers to all your questions. But the most important point is that foreign aid leads to nowhere unless the local self-regulation is established in the form of professional unions and discussion forums.

### **Economy and transition**

The print media is a business like any other business. That is what we learned the hard way during the eastern years. And no survival is possible without strong business management. Journalists are not the best business managers. Mrs. McMane introduced me as a journalist. Fortunately for me, I was not a journalist at the beginning, I had a little different education, and now I can see the difference between what journalists can do and what business managers can do. I would strongly advise you to look for people who could be good managers; creative people are sometimes too chaotic and they need to be trained well.

About the future: We are absolutely sure that the future lies in customer-driven modern solutions, with the effect of new technologies, with new journalistic approaches and with new skills for journalists.

The last message to Croatia: Use other people's experience, their mistakes, and, of course use other people's money and advice. Listen, learn and communicate. That is sometimes a problem in our country. We come from the North, not so good in that, but we are learning as well. And be open. But at the same time be a bit sceptical, be yourself and do not sacrifice your values, culture, and mentality in order to please foreign donors or investors. And if Latvia can be of any help – you're welcome. We don't have money but maybe we can share our experience and, again and again, our mistakes.

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**Anita Khere**

### **Pouke iz Latvije**

#### **SAŽETAK**

Latvijsko iskustvo u proteklom desetljeću pokazuje utjecaj ekonomskih i političkih promjena na medijski sektor. Dok je tržišna ekonomija otvorila različite prilike i omogućila privatno poduzetništvo, donijela je također i ekonomske pogibelji za medije. Političke promjene omogućile su ukidanje cenzure i političke kontrole, ali je tranzicija donijela druge vrste pritisaka kroz drugačije oblike moći. Budućnost razvoja medija mora uključiti nove medije, te osim novinara ulazak novih ljudi kao što su na primjer menadžeri i drugi osposobljeni stručnjaci za to područje.