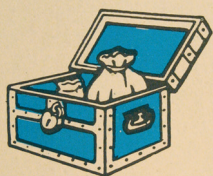


YOU CALL THIS A MEDIA MARKET?

The Role of the State in the Media Sector in Slovenia

KAD in SOD



DELO



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published by: PEACE INSTITUTE
edition: MEDIAWATCH <HTTP://MEDIAWATCH.MIROVNI-INSTITUT.SI>
editor: BRANKICA PETKOVIĆ

YOU CALL THIS A MEDIA MARKET?
The Role of the State in the Media Sector in Slovenia
authors: SANDRA B. HRVATIN, BRANKICA PETKOVIĆ
translation: OLGA VUKOVIĆ
design: ID STUDIO, *cover:* KARLO MEDJUGORAC
typography: GOUDY & GOUDY SANS, ITC
print: TISKARNA HREN
print-run: 250 copies, FIRST EDITION

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The publishing of this book was made possible by the Open Society Institute.

CIP - Kataložni zapis o publikaciji
Narodna in univerzitetna knjižnica, Ljubljana

316.774
659.37.4

BAŠIĆ-HRVATIN, SANDRA
YOU CALL THIS A MEDIA MARKET? : The Role of the State in the Media Sector
in Slovenia / Sandra B. Hrvatin, Brankica Petković ; [translation Olga Vuković]. -
Ljubljana : Peace Institute, 2000. - (Edition Mediawatch)

Prevod dela: In temu pravite medijski trg?

ISBN 978-961-6455-49-7

I. Petković, Brankica
237344768

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WHY HAVE WE CHOSEN TO EXPLORE THE ROLE OF THE STATE IN THE MEDIA SECTOR IN SLOVENIA?

Our decision to explore the State's role in the media sector in Slovenia was motivated by enduring conflicts between the media and the political sphere, with the change of government in 2004 only aggravating the situation.

Furthermore, the studies conducted as part of the Media Watch project, which is now in its tenth year, and particularly the analysis of the situation of the public service broadcaster Radiotelevizija Slovenija and media ownership, called for a more thorough examination that would take us to the sources of the powerful influence of the State and political elites on the Slovenian media.

We sought to determine whether the situation of the Slovenian media and journalists and the relationship between the State (the political sphere) and the media could be explained with the help of concepts such as political parallelism, political clientelism and political instrumentalization, as utilized by Daniel C. Hallin and Stylianos Papathanassopoulos in an article entitled »Political clientelism and the media: Southern Europe and Latin America in comparative perspective«, and by Daniel C. Hallin and Paolo Mancini in the book »Comparing Media Systems – Three Models of Media and Politics.«¹

The presence of political parallelism in the media can be established by exploring the extent and the nature of links between the media and political groups, and the extent to which the media system reflects the dominant political divisions within society. These find expression in media content, priority of political preferences when recruiting media employees, and in organizational links between the media and political groups.²

According to Hallin and Mancini, political parallelism is also manifested as the domination of advocacy journalism characterized by journalists acting more as commentators than reporters.

¹ Daniel C. Hallin and Stylianos Papathanassopoulos, »Political clientelism and the media: Southern Europe and Latin America in comparative perspective«, *Media, Culture & Society*, 24(2), 2002, pp. 175–95. Daniel C. Hallin and Paolo Mancini, *Comparing Media Systems – Three Models of Media and Politics*, Cambridge University Press, 2004, Cambridge.

² Daniel C. Hallin and Paolo Mancini, *Comparing Media Systems – Three Models of Media and Politics*, Cambridge University Press, 2004, Cambridge p. 28.

Comparison of the media systems in Europe and North America showed that a high level of political parallelism in the media is especially characteristic of Mediterranean states, so Hallin and Mancini called this set of circumstances the Mediterranean or polarized pluralist model. The other typical features of this model include the late introduction of press and commercial media freedom, a strong role for the State as owner, regulator, founder and co-funder of the media, and the politicization of the media with their instrumentalization in political conflicts also being frequent in the past.³

Political clientelism, as Hallin and Mancini explain, produces a special status for regulatory and supervisory institutions within the media field. These are politicized, exposed to various pressures and not independent. For example, when assigning the key posts within these institutions it is political loyalty rather than professional competence that decides the choice; media owners need political links to secure favorable treatment when competing for projects or running their businesses, so they use the media as a trump card when negotiating with other elites or to intervene in politics. Moreover, political intervention is frequently the sole motive for media ownership.⁴

In Hallin and Mancini's layout, professionalism of journalists stands at one pole with its opposites being political instrumentalization, clientelism and parallelism. However, such professionalism can gain ground only in circumstances that allow journalism to evolve into an autonomous activity independent from other social and political factors. Of key importance is that journalists serve the interest of the public instead of serving particular interests, that their work be guided by professional criteria instead of being driven by goals imposed from outside, and that they avoid identification with particular views. The Mediterranean or polarized pluralist model is, in the words of Hallin and Mancini, characterized by weak professionalism, the absence of a strict division line between political activism and journalism, limited autonomy of journalism and an open conflict when it comes to promotion of journalistic autonomy.

Our aim was to establish whether the Slovenian media system includes some features of the Mediterranean model as presented by Hallin and Mancini. To be able to do this, we examined state (and political) influence on the media

³ Ibid., pp. 67–68 and 73.

⁴ Ibid., p. 58.

sector using several indicators – media ownership, advertising, subsidies i.e. state aid to the media, allocation of broadcasting frequencies, the operation of supervisory bodies controlling the broadcasting field, the operation of the public service broadcaster RTV Slovenija, the situation of audiovisual culture and the links between the Roman Catholic Church and the State within the media field.

This required careful examination of archival documents and events that accompanied the transition to capitalism, particularly those dating from the period after Slovenia gained independence, with emphasis being placed on recent circumstances.

Problems with accessing information and documents, continual changes in the ownership structure and employee replacements throughout 2007 slowed down our research work. These shifts were presumably related to political reshuffle in the year preceding the parliamentary elections. The year 2007 also saw a number of conflicts over press freedom and journalistic autonomy in Slovenia.

As a result, our documenting of events and the study of past and present phenomena turned out to be a challenging and painstaking task, with mining coming to mind as the most appropriate metaphor. At times, a specific document or piece of information opened the door to a series of unsuspected data and explanations important for the understanding of the subject treated here. On still other occasions, we were deluded into taking a wrong direction, or an already firmly established platform collapsed under the weight of an unexpected event.

In this book we have attempted to present information and relationships as they presented themselves to us in the course of our study. Accessing information was frequently a laborious process. For example, the Slovenian Indemnification Fund (SOD) failed to respond to our request for information within the legally prescribed deadline. When we persisted, we were informed that SOD did not consider itself subject to the law on access to public information; one employee expressed his doubt that we had legal grounds for collecting this type of information and suspected ill will on our part. Eventually, we received only part of the information we requested. The Ministry of Culture cancelled the agreed interviews with the director of the Directorate for media and audiovisual culture. We were only allowed to submit questions in writing through a PR employee as a mediator. For several months the Ministry refused to forward to us

the results of a study which, according to the Mass Media Act, should have been used as the basis for the selection of projects to be co-funded. Throughout that period we did not know whether the study had actually been completed, whether it was publicly accessible, and whether projects had been selected using the study as a reference point.

The employees at various archives were more responsive, although we were mainly compelled to dig through unsorted piles of documents. The Post and Electronic Communications Agency (APEK) asked one of our researchers to sign a document stating that she assumed responsibility for potential revelation of information that was not of a public nature, although the office of the commissioner responsible for access to public information stated that this burden could not be transferred to a person requesting information. However, given that the documents are not processed or sorted, and that APEK probably lacks the human and financial resources needed to put in order the archive documentation, the only option we had was to sign the statement and examine the piles ourselves.

Despite these problems, we would like to express our thanks to Miha Kršelj of APEK, Biserka Remškar of the Archives of Slovenia who is in charge of the archive material of the Socialist Alliance of Workers, and to the employees responsible for the archives of the General Secretariat of the Government of Slovenia.

In connection with these difficulties with information access it seems appropriate to mention an illustrative event that occurred in the course of our study. The German publisher WAZ issued a public statement saying that it had decided not to participate in the renewed auction for the purchase of an ownership stake in the newspaper *Dnevnik*. This was WAZ's protest against incorrect conduct on the part of relevant services. It was clear from media reports that WAZ had explained the perceived incorrectness in a letter sent to KAD, a company whose share was offered at the auction, and to the Prime Minister. We requested access to this letter from both KAD and the Prime Minister's cabinet, which they were obliged to provide in accordance with the law on public information. Yet KAD informed us that access was not possible because the information involved was a business secret (WAZ later stated the same reason), while the Prime Minister's cabinet forwarded the letter.

Why have we chosen to explore the role of the State in the media sector in Slovenia?

In searching for relevant information, the authors of this study had two valuable collaborators, Lana Zdravković and Luna Jurančič Šribar.

MEDIA OWNERSHIP

In the book *Four Theories of the Press*, Siebert, Peterson and Schramm¹ begin their comparative analysis of media systems with a simple question: Why is the press as it is? The fundamental question underlying our analysis of the Slovenian media system is the same: Why are the Slovenian media as they are? In order to be able to answer this question, we will first try to clarify the following issues:

1. Which political, economic and legislative changes have influenced the situation and operation of the media since the 1990s? Or, to put it differently: how was the process of transition effected within the media field?
2. Which are the key components that can serve as the basis for identifying changes in a particular historical period?

Our study focuses on four aspects: state control over the operation of media companies (the influence of the state as an important media owner), support for the media, the integration and intertwining of the media and political power elites, and guaranteeing the credibility of media institutions.²

Today's debates about the influence of politics (and the government) on the operation of media organizations in Slovenia are much like those that were going on in the early 1990s. At that time, the then political elite took the final decisions about how the media would be transformed and how socially-owned property would be privatized. Analysis of the role of the State in the media sector presupposes a good insight into the leverage used by the political elites to exert influence on media operation and content, i.e. on editorial and journalistic autonomy. These methods include institutional and legal mechanisms, such as adopting a specific type of media legislation and a regulatory model that enables indirect or direct interference in the media, for example, by imposing restrictions on ownership concentration

¹ Siebert, Fred S., Theodore Peterson, in Wilbur Schramm. 1956. *Four Theories of the Press. The Authoritarian, Libertarian, Social Responsibility and Communist Concepts of What the Press Should Be and Do*. Urbana: University of Illinois Press.

² Based on Blumler, Jay G. and Michael Gurevitch. 1995. "Towards a Comparative Framework for Political Communication Research." In Blumler and Gurevitch (ed.) *The Crisis of Public Communication*. London: Routledge (pp. 59–72). A similar methodological framework for a comparative analysis of media systems has been put forward by Hallin and Mancini in *Comparing Media Systems*. In their opinion, the analysis should embrace four aspects: the development of media markets (primarily the high circulation media market), political parallelism (the level and nature of links between the media and political parties), the development of professionalism in journalism and the level of state intervention in the media system. Hallin, Daniel and Paolo Mancini. *Comparing Media Systems. Three Models of Media and Politics*. 2004. Cambridge: Cambridge University Press. (p.21)

and setting specific requirements for the acquisition of a broadcasting license.

Our basic premise is that, owing to the specific privatization model, the continual (and systematic) lack of media policy, and the synchronicity of political, economic and media elites (their synergic influence), the transition of Slovenian media is not yet over. In managing their media property, the political and economic elites (the political elites also have economic power and vice versa – the power of the economic elites stems from their political connections) mainly sought to accomplish their short-term political goals. In other words, for post-socialist media owners the media were a “political” i.e. “ideological” asset rather than a property with a market value. Being a media owner meant – and still means – having the power to intervene in the spheres of politics and the economy (as we will explain later, stakes in the media were often used as an effective “currency” that could buy interest in companies where the State was an important shareholder).

The view that now, with the “transition nearly completed,” state interference in the media is unacceptable, is naive and erroneous in several respects. In reality, the transition of the Slovenian media is only now entering its final stage. The State, which for long carefully guarded its media interests, has been recently selling these to politically acceptable buyers. The monopoly once held by the state-controlled funds is now shifting to state-related companies. A system of ostensibly dispersed media ownership, where the links between owners were very difficult to pinpoint, for a long time created the impression that media takeovers were not plausible. However, the current state of affairs within the Slovenian media (and the press in particular), with two owners controlling virtually the entire market for daily newspapers and having a large influence on the flow of advertising money and newspaper distribution, proves that the final result of the transition has been the total devastation of the media market. The State, which first nationalized the media by implementing a specific type of privatization strategy and then sold them to owners for whom publishing is only a side business, now tries to ensure the pluralism of the media using the taxpayers’ money. To break these monopolies, nothing short of effective regulation will do. However, regulatory mechanisms are provided by the State, and it would be naive to expect that it will impose self-restrictions. In fact, ever since 1994 when Slovenia obtained

its first media law, which was amended twice during subsequent years, it was precisely the provisions regulating the prevention of media concentration that were comprehensively revised based on past experience. And yet, despite detailed regulation, it is evident that there was no true desire to implement effectively these mechanisms in practice. Our thesis is that the monopoly over the media is a result of intertwined political and economic monopolies. The political elites have direct links with the economic elites, meaning that the struggle for political power is simultaneously a struggle for economic power. Given that the State was an important media owner, the goals behind media regulation were primarily political.

We begin our analysis with an overview of the media field in the 1980s. We then proceed to analyze the privatization of the largest media companies in Slovenia and the role of the state-controlled funds in the redistribution of media stakes. We will present the current ownership structure of the important Slovenian media and show how new owners influence editorial policies and the autonomy of journalists.

The conviction that prevailed in Slovenia was that the media were a kind of national asset that had to be protected from the influence of foreign capital. We will try to show that the thesis “Slovenian media to Slovenian owners” has been a mechanism for maintaining the synergy of (local) politics and the economy. If it is true that media policy during the 1990s was guided by the fear that the Slovenian media (and the daily newspapers, in particular) would end in the hands of foreign owners, how has Slovenia found itself in a situation where the three national commercial television channels are owned by foreign corporations, while 90% of daily newspapers and virtually half of radio channels are in the hands of just two owners? If the legislative body (the National Assembly) passed laws that were in the interest of Slovenian citizens, how is it possible that citizens no longer have a say in how the media should perform?

MEDIA IN THE HANDS OF SOCIETY – SOCIETY IN THE HANDS OF POLITICS

During the 1980s, the media landscape was defined as follows (at least on the institutional level): public media³

³ Until the passing of the 2001 Mass Media Act, the term used in media legislation was “javno glasilo.” This would translate as “public gazette,” or “public bulletin.”

were performing an activity of special social significance, generously co-funded by society from the State budget; the publishers (and founders) of the public media took care that this activity was carried out in accordance with the interests of society and politics (by granting their approval to the fundamental programming concept of a public media outlet and by appointing editors-in-chief); the media employees, in harmony with the nature of their activity, performed socio-political work. Although the political players asserted repeatedly that politics did not have a direct influence on the media, its indirect impact was extremely strong – all important conditions and mechanisms involved in the operation of the public media were practically determined and controlled by socio-political bodies (in particular the Socialist Association of Working People - SZDL). Towards the end of 1989, during the debate on the future reshaping of the media landscape, Viktor Žakelj, the then vice-president of the RK SZDL,⁴ speaking in an interview for the *Dnevnik* daily (September 11, 1989), stated the following: “In my opinion, we will have dependent media (*Komunist, Demokracija* and the like) and independent media. The latter could include *Delo, Dnevnik* and *Večer*, and they should remain aloof from narrow political interests, meaning aloof from political parties. The SZDL will support the media that present things in an unbiased manner. In addition, we do not interfere with the media now, either.”

In 1988, there were 785 print media (newspapers and journals) in Slovenia. Of these, three were dailies (*Delo, Dnevnik* and *Večer*), two were published twice a week, 29 were weeklies, 24 were published every fortnight, and 226 were monthlies (Statistical Yearbook, 1989). Regional and local print media were important supplements to the national dailies, and many were related to local radio stations.

During the 1980s, in accordance with the provisions of the law on the system of public information (1985),⁵ the prospective founders or publishers of public media were required to attach to their proposal the opinion of a pertinent SZDL organization. Other documents required included

In this text, we will use the term “public media” as opposed to the term that is in use now, i.e. “mass media.” According to the legislation that was in place during the 1980s, the public media had dual function: they were the voice of the public (through its founder role) and they performed the “activity in the interest of society,” meaning that they were spaces where important information was published. The term “mass media” as used in present legislation, points to their public accessibility and editorial shaping of content.

⁴ RK SZDL – The Republic Conference of the Socialist Association of Working People.

⁵ *Uradni list SFRJ*, 39/1985

the programming concept and an explanation of why the new media was needed, the definition of the position and the role of the new media in the system of public communication, the editorial concept, an estimate of readership/viewers/listeners, and the description of technical and human resources required. The relevant SZDL organization was obliged to advise the submitter of the proposal and the media registration body about its opinion on whether the new media was socially justified. The law did not anticipate the absence of consensus between the submitter of the proposal and the SZDL organization. The formal and legal aspects and the scope of the founder's role were equivalent to that of today's media owners. However, although the founder was in a way the "owner" of the media, that ownership right referred primarily to the "content" (ideological) component of the media rather than its "commercial" aspect. The founder could establish the media, determine its programming concept and editorial policy, and appoint the leading people of the company, but could neither sell nor buy media property on the market. One could say that the media market did not exist in the present sense of the word. Media products had their consumers, but consumers were also media "owners" by way of their representatives in the founder's bodies. The price of a media product (e.g. the sale price of a newspaper) was determined not by the market but by an agreement among the producers working in the newspaper industry, the founders (i.e. the representatives of society as a whole, which was the owner of the media outlet) and the State. The media companies determined the production price of the newspaper, which was usually much higher than its sales price, with the difference being covered by society (actually the State) through subsidies. In 1984, newspaper organizations received 3,208 billion dinars⁶ in state subsidies in total, which accounted for 13.6% of the revenues of the entire newspaper industry, or as much as 42.6% of the revenues of publishing organizations (i.e. excluding printing, sales and other activities). Nevertheless, the total amount of subsidies still fell short of covering the total loss.⁷

In 1988, the Executive Council of the Assembly of the Socialist Republic of Slovenia adopted an opinion on

6 The calculation of a comparable value in another currency is nearly impossible, owing to the rampant inflation characterizing this period.

7 Splichal, Slavko and France Vreg. 1986. *Množično komuniciranje in razvoj demokracije* (Mass Communication and the Development of Democracy). Ljubljana: Komunist (pp. 158–159).

legislative changes concerning the financial social assistance to the three Slovenian dailies. These were intended to “contribute to a greater observation of market laws, /.../, and to encourage newspaper organizations towards greater rationalization and more economical operation.” According to the proposed changes, social aid should have been targeted primarily at newsprint, meaning a component of the production price of daily newspapers that in the opinion of the Executive Council could be best objectivized.⁸

In its session held in May 1989, the board of signatories to the social agreement on the price of daily newspapers discussed the economic position of the daily *Delo* in 1988 and 1989. The report drawn up by the then executive board of the ČGP *Delo* stated that, unless it received additional social assistance, *Delo* was “heading towards billions in loss.” The executive board endeavored to “introduce an automatism in funds allocation.”⁹ The concluding part of the report contained a thesis that later became a “fixed” trait of the strategy for media development (although one never officially adopted), saying that the media were institutions serving the “national interest” and as such had to be protected against the excessive negative effect of the market.¹⁰

In October 1989, the Republic’s Committee for Information discussed the Proposal to introduce the law on the co-financing of the renovation and modernization of the technical equipment used in the production of the print media in the Republic of Slovenia. In an explanation of the proposed bill it was said that the “position of the print media in recent years has been deteriorating. (...) The publishing of the news media is a not-for-profit activity that does not enable reproduction,” so the mechanisms for ensuring their smooth operation should be provided by society.¹¹

The intention behind the proposed bill was to ensure a stable source of infrastructure co-funding during the five-year period (1989–1994). The investment amounted to

8 The Executive Council of the Assembly of the Socialist Republic of Slovenia, April 25, 1988. RK SZDL archive files, AS 537, box 490. We would like to express our gratitude to Ms Biserka Remškar for her help in searching the archive material.

9 The material for the 58th session of the Board of Signatories to the social agreement on the prices of daily newspapers, May 15, 1989. “The economic situation of the daily *Delo* in 1988 and 1989;” “Without additional social aid (without the republic budget revision as regards the subsidizing of Slovenian daily newspapers), the daily *Delo* is heading towards billions in loss” (p.16). RK SZDL archive files, AS 537, box 490.

10 “Now, when one can view the program of almost any large television station by just pressing one button and there is no technological obstacle to receiving newspapers at home by air, our society would make a fateful mistake if it neglected the development of its newspapers” (ibid, p.16).

11 The Republic’s Committee for Information. RK SZDL archive files, AS 537, box 490.

24.073 million USD, and the funds were to be provided from the republic's budget and the budgets of the towns of Ljubljana and Maribor. Our survey of the minutes of the meetings held during that period clearly shows that the founders of the three dailies differed in their views. The RK SZDL, the founder of *Delo*, held that "the redefinition of the purpose of the subsidy was unacceptable as long as roZD Delo believes that by the end of 1989 the organization will run into loss amounting to billions of dinars unless the subsidy is increased." The MK SZDL, the founder of the *Večer* daily, was of the opinion that "printing equipment in *Večer* was outdated and worn out, so the renovation of the printing equipment was more urgent than the issue of the smooth operation of the daily." A representative of the MK SZDL pointed out "that further delaying the procedure for the adoption of the law on the co-funding of the newspaper printing infrastructure in SR Slovenia is intolerable, as this could delay the law 3 to 4 years [because the term in office of the then Executive Council was drawing to a close]." In his opinion, "the assembly, too, will no longer agree to dailies receiving the social subsidy and the issues will be aggravated, because the number of those seeking social assistance will increase (owing to a changed information situation among other things), so the only realistic option is to pool resources for infrastructure." The MK SZDL Ljubljana, the founder of *Dnevnik*, agreed with the proposal that the funds allocated for subsidizing daily newspapers should be redirected to support the development. "In the current crisis situation, daily newspapers will also have to switch to operation based on economic principles – without allocations and subsidies," said the representative of the MK SZDL Ljubljana.

One of the conclusions in the debate on the changed purpose of state subsidies was that "information providing activity is an activity that has special social significance, so it cannot be left to market forces; the newspaper *Delo* is a daily of national significance providing political news, so its excessive commercialization would be politically disputable. Even the regular increase in the sale price of *Delo* has already seriously affected its circulation figures; the information that this year (1989) the number of copies sold decreased by 9% is alarming, and this trend continues. This information also confirms that the immediate introduction of a market price for the *Delo* daily would have a negative

impact on the business operation of the newspaper.”¹² As we will show later, the impact of the shift from subsidizing newspapers to subsidizing development programs, particularly subsidizing investment in printing facilities, was such that it completely shut out new players from the daily newspaper market. In fact, the three then existing dailies embarked on the transition to “market-based operation” (and encounter with potential competitors) each with its own printing facilities, distribution network and a firm position on the consumer and advertising market (subscription copies accounted for 70% to 80% of copies sold). Accordingly, during the early 1990s, there was very little maneuvering room left that would allow for the entry of new dailies.

The Agreement on programming, technical, economic and other cooperation between RTV Ljubljana and its founder, the RK SZDL, on the one hand, and the regional and local radio stations in Slovenia, on the other, signed in June 1989, contained precise definitions of cooperation relating to programming, business, personnel and technology.¹³ With this Agreement, regional and local radio stations (21 altogether in 1989) shaped the “second” public radio network, cooperating not only in the programming

¹² The minutes of the 61st session of the Board of Signatories to the social agreement concerning mutual relationships in negotiating prices among socio-political communities, the founders of daily newspapers and BOALS (Basic Organization of Associated Labor) participating in the production of daily newspapers. October 17, 1989, RK SZDL. The agenda included an initiative to eliminate or change the social agreement on mutual relationships in negotiating the price of daily newspapers that was in accordance with the proposed law, which envisaged the co-financing of the reform and modernization of the equipment used in the production of the print media in Slovenia. Accordingly, from November 1, 1989, the sale price of *Delo*, *Dnevnik* and *Večer* increased by approx. 66%. RK SZDL archive files, AS 537, box 873.

¹³ In addition to cooperation in programming, timing of broadcasts, technical cooperation and economic relationships, Article 25 of the Agreement also stipulated the monthly calculation of contributions by regional and local radio station based on the agreed criteria for assigning point values depending on the type of journalistic item. The Agreement was signed by: Zavod za kulturo – Radio Brežice (founder: OK SZDL Brežice), ČGP Delo – TOZD Novi tednik – Radio Celje (OK SZDL Celje), Lokalna radijska postaja Cerkno (OK SZDL Idrija), Lokalna radijska postaja “Triglav” Jesenice (OK SZDL Jesenice), Radio Novo mesto v ustanavljanju – Regionalna radijska postaja Dolenjske in Bele Krajine (skupščina občine Novo mesto), Regionalna radijska postaja “Radio Glas Ljubljane” (MK SZDL Ljubljana), Zavod za časopisno in radijsko dejavnost Murska Sobota. Samoupravna delovna enota Radio Murska Sobota (OK SZDL Murska Sobota), Delavska univerza Ormož – Enota lokalna radijska postaja Ormož (OK SZDL Ormož), Zavod za časopisno in radijsko dejavnost Radio-Tednik Ptuj, Lokalna radijska postaja Ptuj (OK SZDL Ptuj), Delavska univerza Radlje ob Dravi – enota lokalna radijska postaja Radlje ob Dravi (OK SZDL Radlje ob Dravi), Zavod za kulturo in prosveto Sevnica-Radio Sevnica (OK SZDL Sevnica), Koroški radio (OK SZDL Slovenj Gradec), Radio Šmarje pri Jelšah (OK SZDL Šmarje pri Jelšah), Regionalna radijska postaja Trbovlje (OK SZDL Trbovlje), Lokalna radijska postaja Radio Tržič (OK SZDL Tržič), Center za informiranje, propagando in založništvo – Enota Radio Velenje (OK SZDL Velenje), Lokalna radijska postaja Radio Žiri (OK SZDL Škofja Loka) and Radio Študent (UK ZSMS Ljubljana). RK SZDL archive, AS 537, box 873.

and technical sense but also participating in the distribution of license fees.

In the early 1990s, just before the political change, Slovenia had around 800 newspapers in total and 19 regional and local radio programs (excluding RTV Ljubljana's programs). All these media were "socially owned" and received generous subsidies out of the state budget ("social aid"). Add to this printing and publishing houses, and it is clear that prior to privatization Slovenian society possessed abundant "media capital," which the State wanted to seize. One of the main issues around which revolved the early discussions about media privatization was the question of who was the titular owner of socially-owned property, or property in general. "In almost all existing organizations involved in public information provision, it is the workers who manage and use the socially-owned means, which are certainly not the result of their work exclusively. (...) It is socially-owned property that should be managed by socio-political community as with any other social entity and in proportion to the funds invested."¹⁴ The above are some of the issues addressed in the discussion on legal-systemic and economic aspects of the development of public information provision in Slovenia in 1989. As we shall see below, privatization proved to be an issue that was more political than economic in its nature.

MEDIA PRIVATIZATION:

WHO ARE THE WINNERS AND WHO THE LOSERS?

In the early 1990s, before the final choice of privatization "model" was made, there had been several proposals in circulation. According to one of these, all property should have been transferred to the pension fund, which would manage it on the long term basis and so ensure the stability of the pension system. Another proposal suggested the purchase of company shares (including discounted shares) rather than their free distribution. The third model was the one proposed by Jeffrey Sachs to the then Demos government in Slovenia and to other post-socialist governments. According to Sachs's model of "swift privatization,"

¹⁴ SR Slovenija, The Republic's Committee For Information. "Pravno – sistemski in razvojno ekonomski vidiki javnega obveščanja v SR Sloveniji v prihodnje (teze za razpravo) (Legal-systemic and developmental-economic aspects of public information in SR Slovenia in the future (thesis for discussion), Ljubljana, November 1989 (pp. 26–27). SK SZDL archive files, AS 537, box 873.

all socially-owned property was to be transferred to state funds, which would then sell it to new owners. Slovenia eventually decided on a kind of mixed model, involving the transfer of shares to state funds plus internal buyout. The chosen model (at least viewed from a long-term perspective) combines all the worst traits of the other three proposed models. The application of this model to media privatization left many issues unresolved. The main dilemma was whether the media should be privatized according to the law on ownership transformation of companies (1992) or if media privatization should be regulated by a separate law. A group of MPs who participated in the preparation of the law on ownership transformation supported the view that media companies (excluding the public institution RTV Slovenia) should be treated on an equal footing with other companies in the process of privatization.¹⁵ Another issue that had to be resolved was whether capital investment by the State should be taken into account when privatizing the media (as it was in the case of other formerly state-owned companies). Had the answer been affirmative, media companies could have ended as state-owned companies, so the privatization of socially-owned media would have resulted in media nationalization. The (political) decision was to privatize the media through internal buyouts. This meant that the media remained in the hands of their employees. This was expected to ensure the media's independence from politics. "The rejection of that model by the opposition parties and the ensuing disintegration of the Demos government, which was set off by the very disputes over privatization legislation, rescued the media from the risk of nationalization. The 'lesser evil' was chosen, that is, the right of newspaper collectives to acquire the majority stake in media companies through an almost free-of-charge privatization method. As regards the editorial power structure, this meant that power shifted to the hands of those who at the

15 Article 2 of the Ownership Transformation Act (*Uradni list RS* 55/1992 p.3117) explicitly stated that the provisions of this law applied to the ownership transformation of companies and other legal persons involved in newspaper, radio, television, press agency and film-information activities, with the exception of activities defined and public services by law. In the amended law on ownership transformation (*Uradni list RS* 31/1993 p. 1699), Paragraph 3 of Article 2 was changed. The definition „information provision activity“ was supplemented with „and publishing activities“. A new sentence was added at the end of Paragraph 3, which read: "Irrespective of the provision of this Article, the means and property which according to the opening balance belong to the organizational units Nepujzsag and the Hungarian radio program as part of Podjetje za informiranje Murska Sobota are privatized in such a way that they are excluded and become the property of the Hungarian national minority."

time of privatization were in favorable positions, regardless of their political colors or political past. The political conflict began within the newspaper organizations themselves.”¹⁶ Clearly, this “conflict” within newspaper organizations was short-lived. New owners soon sold their shares to various investment companies, so after 2000 the number of internal owners was negligible.

The law on the ownership transformation of companies regulated the transformation of socially-owned companies to companies with known owners. Once the ownership transformation was completed, the company was entered into the court register (Article 8). Socially-owned capital was privatized by transferring ordinary shares to funds, according to the following model: 10% was transferred to the Pension and Disability Fund (today KAD), 10% to the Indemnification Fund (today SOD), and 20% to the Development Fund (Sklad za razvoj) that was to distribute these shares further among the authorized investment companies. Articles 24 and 25 of the law regulated the internal buyout, meaning the portion of a company’s value that was actually privatized. A company first made an internal buyout schedule and transferred capital to the ordinary shares fund. These shares could be bought at a 25% discount, and more than one-third of the employees had to take part in the internal buyout. During the following four years, the company was obliged to buy back from the fund at least one fourth of the shares annually at their nominal price. The company was not allowed to grant its employees loans or any warrants for the purchase of ordinary shares. The internal buyout could be effected by deducting payment from the salary or profit, or the employees could make individual payments in either cash or securities. The part that was not privatized in this way became the property of the Development Fund, which could sell these shares.

Privatization through the internal buyout also influenced the relationships between management boards (owners) and employees, i.e. between management boards and editors-in-chief. According to the 1994 Public Media Act,¹⁷ the publisher could appoint or dismiss an editor-in-chief after obtaining the opinion of the editorial board or the representatives of the editorial board (Article 30); the opinion

¹⁶ Šetinc Mile, “Mediji: vrt ali puščava?” (The Media – A Garden or A Desert?), *Dnevnik*, February 27, 1997.

¹⁷ *Uradni list RS*, 18/1994 str. 1024

of the editorial board was also required in the case of a radical change in the programming concept (Article 34). These two articles were expected to prevent future owners from influencing the media's programming policy.

To sum up, in 1995 the three state-controlled funds, KAD, SOD and the Development Fund held a 40% stake in the Slovenian media, with the majority owner (60%) being media employees, including former employees. Establishing when and at what price the three funds sold their stakes and who the buyers were is a difficult task. The data supplied by the KAD and SOD allow us to make indirect and partial conclusions only about the timing of sales transactions. We could not obtain information on the sale of media shares by the Development Fund. Table 1 shows KAD's and SOD's sales of their stakes in the media during the period 1995–2007. As is clear from these figures, KAD quickly sold its interest in local and regional radio stations. SOD, on the other hand, began to sell its “media property” only after 2000. It is interesting that both Funds retained their shares in daily newspapers and sold them during periods of favorable “political atmosphere.”

Given that the two state-controlled funds do not have accurate data on the media stakes they had in their portfolios, or on the worth of these stakes at the time of sale, we can only establish, although indirectly relying on the media register maintained by the Ministry of Culture, in which companies the State still has an interest. KAD has shares in *Radio Triglav* and *Radio Štajerski val*, while SOD has stakes in *Radio Triglav*, *Radio Štajerski val*, *Radio Brežice* and *Radio Celje*. Despite privatization, local political structures, as media owners, have strong influence on the local media. *Radio Odmev* is owned by the Idrija (50%) and Cerklje (50%) municipalities, while the municipality of Prlek is a 100% owner of *Radio Prlek*. The municipality of Trzin has a 21% stake in *Radio Gorenc*, and the municipality of Brežice a 10% stake in *Radio Brežice*. *Radio Sevnica* is 65% owned by Radio Brežice and the municipality of Sevnica, and *Radio Sora* is 32.7% owned by the municipality of Škofja Loka. *Vaš kanal* (TV Novo Mesto), which is also the publisher of *Vaš mesečnik*, is 61.58% owned by the municipality of Novo Mesto and

TABLE I: AN OVERVIEW OF KAD'S¹⁸

COMPANY SOLD	KAD	KAD
	SALES	BUYER
	DATE	
PODJETJE ZA INFORMIRANJE*	11. 1995	TRIGLAV PID OB MURI
ČZP VEČER	06. 1996	KBM INFOND – CENTER
PRIMORSKE NOVICE	06. 1996	KBM INFOND – CENTER
DELO	07. 2000	GORENJE, COGITO MAXIMARKET
RADIO GLAS LJUBLJANE	03. 1996	REGING
STUDIO D	04. 1996	VIZIJA, NOVO MESTO
RADIO TEDNIK**	02. 1996	KBM INFOND STOLP
RADIO KUM TRBOVLJE	07. 1996	MAKSIMA I
DOLENJSKI LIST	08. 1997	DOLENJSKI LIST, ANDREJ BARTELJ
GORENJSKI GLAS	10. 1998	NFD I
KOROŠKI RADIO	05. 1998	KMEČKI SKLAD (NOW KD GROUP)
RADIO TRIGLAV	10. 2006	RGL
DNEVNIK	02. 2007	DELO PRODAJA
RADIO SORA	05. 1998	KMEČKI SKLAD (NOW KD GROUP)
RADIO KRANJ	05. 1998	KMEČKI SKLAD (NOW KD GROUP)
RADIO POSAVJE	09. 1997	TRIGLAV PID ZA DOLENJSKO
DELO REVIEJE	10. 1995	KOMPAS SKLAD I
NAŠ ČAS***	04. 1996	PHYSICAL PERSONS
GOSPODARSKI VESTNIK	06. 1996	KBM – INFOND CENTER
RADIO GORENC	01. 2001	OBČINA TRŽIČ
RADIO ŠTAJERSKI VAL	06. 2002	ROMAN MOŠKOTEVC
ČZP ENOTNOST	04. 1996	PHYSICAL PERSONS
PRIMORSKI TISK	09. 1995	MODRA LINIJA
TV NOVO MESTO	06. 1995	ZLATI MEDALJON
	08. 1995	PHYSICAL PERSONS
URADNI LIST, RS		
ŠAVINJSKI OBČAN		
NT & RC****		
KRS ROTOVŽ		
KRS TABOR		
PAVLIHA		
RADIO BREŽICE		

Notes :

* Podjetje za informiranje is the publisher of the newspaper *Vestnik* and the broadcaster of *Murski val*.** Radio Tednik is the publisher of the newspaper *Štajerski tednik* and the broadcaster of *Radio Ptuj*.*** Naš Čas is the publisher of the newspaper *Naš čas* and the broadcaster of *Radio Velenje*.**** NT&RC is the publisher of the newspaper *Novi tednik* and the broadcaster of *Radio Celje*.

AND SOD'S¹⁹ SALE OF MEDIA STAKES 1995–2007

SOD		SOD
SALES DATE	PERCENT OF SHARE (%)	BUYER
15. 02. 2002	10.00	GEZA FARKAŠ
29. 04. 2002	8.06	DNEVNIK
03. 05. 2007	11.72	PIVOVARNA LAŠKO
	5.54	
20. 02. 1996	2.57	REGING
28. 12. 2004	9.23	RGL
16. 07. 2002	10.02	DELO
20. 01. 2005	9.38	STUDIO D
21. 07. 1997	10.00	DOLENJSKI LIST
10. 05. 2002	10.00	DELO
11. 08. 2004	10.00	INFONET MEDIA
13. 07. 2006	9.48	RGL
31. 05. 2002	8.01	DZS
15. 07. 2005	6.14	OTHER OWNERS
31. 07. 2003	10.00	RADIO KRANJ
06. 01. 2003	10.00	DELO TČR
03. 04. 1996	9.14	OTHER OWNERS
01. 04. 2005	8.19	NEVIS
12. 03. 2002	6.28	JANEZ ŠTIMEC
02. 12. 2002	10.01	ROMAN MOŠKOTEVC
04. 03. 1996	10.00	ČZP ENOTNOST
19. 02. 1996	10.00	PROBANKA DZU
18. 06. 2007	4.19	URADNI LIST, RS
30. 04. 1998	9.97	IVAN KROFLIČ
20. 01. 2004	10.01	SREČKO ŠROT
30. 09. 2005	0.16	MILAN ERŽEN
26. 09. 2005	0.01	KRS ROTOVŽ
08. 09. 1997	10.00	STUDIO 3S
29. 08. 2003	5.57	EDVARD ŠTRAUS

¹⁸ Data on the sales of KAD's interests were supplied by Vesna Razpotnik, the manager of the strategic communications department at KAD (February 14, 2007).

¹⁹ Data on the sale of SOD's interests were supplied by Matjaž Jauk, the deputy director of SOD (June 29, 2007). SOD supplied data on the percentages of interests sold, the dates of transactions and the buyers, while sales price was designated as a business secret. On April 18, 2007, the weekly *Mag* carried an article entitled "Rop's fingerprints," which contained information on the sale of SOD's interests at the time when SOD's management board was chaired by Anton Rop. This information includes the sales value of SOD's interests, designated by SOD as a business secret. According to *Mag*, by the end of 1996 SOD sold its interests in the following companies: Naš Čas (3.8 million tolar), ČZP Enotnost (600,000 tolar), Primorski tisk Koper (14.8 million tolar) and Televizija Novo mesto (509,000 tolar).

8.94% by the pharmaceutical company Krka, whose biggest shareholders are SOD (14.99%) and KAD (9.86%).²⁰

That the State as a media owner not only made an “exit” during the process of privatization, but also “entered” the media, is illustrated by the example of the Slovenian Press Agency (STA), which is 100% owned by the government of the RS. Towards the end of 1989, Dejan Verčič and Slava Partlič addressed to the SZDL an initiative for the establishment of a new press center.²¹ In 1990, during the preparations for independence, the Minister of Information in the then government began to seek potential founders of a new press agency. He made use of the above-mentioned proposal and the STA was established by the government of the RS and INI (a company founded by Franci Perčič, Dejan Verčič and Franci Zavrl). The Executive Council of the Assembly of the RS and the company INI signed an agreement on the establishment of a limited liability company with mixed ownership. The company was entered into the register on June 3, 1991. At the time of its establishment, the government of the RS was the holder of a two-thirds interest in the press agency, and INI of a one-third interest. Such an ownership structure was planned to be temporary; the plan was that the government would withdraw and would be replaced by the most important Slovenian media, which would manage the STA as their joint information service. This scheduled ownership transformation never happened. On the contrary, once the ownership transformation was completed, the government of the RS emerged as the sole owner of the press agency.²²

As we will show later, the chosen privatization model, which was intended to make the media employees the majority owner and in this way ensure the autonomy of the media, simply failed. The State, making use of its state-con-

20 <<http://www.krka.si/si/finance/delnicarij>> (accessed on August 3, 2007). The biggest shareholders on June 30, 2007

21 The Initiative to establish the Slovenian Press Center. RK SZDL archive files, AS 537, box 865. The initiative stated, among other things, that “state bodies are accountable to citizens, and journalists are accountable to the public. The timely provision of genuine information on public affairs is a pre-requisite of open society. Therefore, we put forward this initiative to the Executive Council of the Assembly of the Republic of Slovenia and the Chamber of Commerce of Slovenia to establish a non-governmental agency together with all interested economic and political entities in the Republic (...) The resources for the operation of the Slovenian Press Center should be provided by the Assembly of the SR of Slovenia from the budget; the Slovenian Press Center would sell part of its services on the market.”

22 In December 1994, in order to meet the provisions of the new Companies Act, the government and INI signed a new agreement concerning STA, which was entered in the register of companies in December 1995. In July 1995, INI, as the owner of STA, was replaced by Pristop. Pristop is the largest advertising agency, whose one-third owner is DZS, the largest owner of *Dnevnik*.

trolled funds and companies owned by these funds, never stopped trading in media shares, while the employees sold all the shares in their possession.

Obviously, during the process of media privatization a special kind of merging (a symbiotic relationship) of political (party) and economic power occurred. The political elites instrumentalized the State and its institutions in order to seize economic power and satisfy their economic interests. The (former) political elites became the economic elites. They saw the media not as an economic investment but as a political one, and the media stage as the center of a power struggle. The State ostensibly “descended from the throne” within the media sphere, while simultaneously surrendering control to the economic elite of which it was part. On the other hand, politics has never “descended from the throne” in the economic sphere. Accordingly, the ever-present fear that the media would be sold to foreign owners was in reality primarily the fear of losing economic power and influence over the media.

To illustrate the history of media privatization in Slovenia, we will now describe the ownership transformation of the daily newspapers (*Delo*, *Dnevnik*, *Večer* and *Primorske novice*). Within just 15 years, the former socially-owned property turned into a business that was worth hundreds of millions of euros. Who are the “winners” and who the “losers” in this transition story, and what was the role of the State?

Viewed from today’s perspective, the ownership structure of the two largest-circulation dailies, *Delo* and *Slovenske novice*, may seem unquestionable. However, the story about these two companies, which once had different owners, provides a good illustration of the main features of the media transition in Slovenia.

DELO – FROM “BILLIONS IN LOSS” TO “BILLIONS IN PROFIT”

“When we took it over, Delo did not perform any business function apart from marketing. It didn’t have a sales department or a printing works; the number of copies sold went down by 20,000 in one year. That’s almost 100,000 readers. Shortly before that, the company could not survive without two to three million German marks in subsidies, provided by the SZDL. When Delo was privatized, it was worth 10 million German marks. Today we can speak about 100 million euros. Everyone – the employees were a

60% owner - who had trust in *Delo*, made a good profit.” These are the words of Jure Apih, speaking in an interview for the *Mladina* weekly. Apih worked for *Delo* as a marketing manager, was the chairman of *Delo* from 2001 to 2004 and its biggest individual shareholder until 2006 (he had more than one percent of shares).²³

Between 1988, when the *Delo*’s board of directors concluded that newspaper publishing was a not-for-profit activity and that without generous social assistance the newspaper could not survive, and 2007, when the privatization of this newspaper was completed and trade in its shares was worth millions of euros, *Delo* underwent a typical transition story in which the biggest “losers” were its employees and former employees who in 1995 had in their hands 60% of *Delo* shares.

Speaking in the Italian newspaper *Corriere della Sera* in the early 1990s,²⁴ the then Prime Minister Lojze Peterle, commenting on the appointment of editors of Slovenian media, said: “I find it abnormal that the government would not have other newspapers besides *Demokracija*. At any rate, as regards *Delo*, the most important daily newspaper, we adopted the conclusion that the candidate could be selected by an in-company invitation for applications, but the Government must agree with the decision” (*Delo*, August 1, 1990). One week earlier, the same topic was addressed by Janez Jerovšek in *Demokracija* (July 14, 1990)²⁵: “Not one press company or editorial board in western parliamentary democracies can be independent, either from the owner or the government. But here we see endeavors to achieve this exceptional status [...]. the responsibility-bearing posts of editors in the national media may only be held by those individuals who can present first-rate references in the field of the media, culture or science. The control over this should be in the hands of Parliament.”

Such was the atmosphere, coupled with a fall in both readership and circulation (in the period from 1991 to 1992 *Delo*’s circulation decreased by 10,000 copies), that surrounded the beginning of the privatization of *Delo*. A survey made by the company management at the time showed

²³ Miha Štamcar, Aleksandar Mičić, *Mladina*, 30.6.2006.

²⁴ The section describing the privatization of *Delo* is based on the book by Sandra B. Hrvatinić and Marko Milosavljević. 2001. *Media Policy in Slovenia in the 1990s. Regulation, Privatization, Concentration and Commercialization of the Media*. Ljubljana: Mediawatch (pp. 18–24).

²⁵ Janez Jerovšek was the general manager of RTV Slovenija from 1990 to 1992. In 2005 he was appointed the chairman of the supervisory board of RTV Slovenija. He resigned in August 2006.

that 93% of Delo's employees supported the ownership transformation by which the employees would become the majority shareholder. The goals of the privatization, as they were explained to the future shareholders, were as follows: to preserve the autonomy and independence of the company, to achieve better business results and to ensure the highest possible standard of living and working conditions for the employees, which would be based on capital gains among other things. The company decided on the following privatization scheme: 40% of the social capital was allocated to the state funds, namely KAD (10%), SOD (10%) and the Development Fund (20%), while the employees were to become a 60% owner. The internal buyout scheme was as follows: 20% of the property was distributed among the employees, their close family members, former and retired employees in exchange for ownership certificates, 22% was to be sold through the internal buyout, and 18% was to be sold to *Delo* readers.

In 1993 the company Hit posed several public questions to the Delo's management board regarding alleged irregularities during the privatization process. Delo presumably founded a bypass company in order to exercise ownership control over *Slovenske novice*, in which capital injections by some leading people from Delo radically departed from those of other employees.²⁶

In an interview given to *Fokus* (9/10, July/August 1993), Danilo Slivnik,²⁷ the deputy editor-in-chief of *Delo* at the time, commented thus on the journalist's statement that *Novice* was a classic example of a by-pass company: "This is not true. *Slovenske novice*'s capital structure is completely transparent with 51% of capital private and 49% of it socially-owned, with this ratio later being changed to 60:40 in favor of the former through capital injections. The socially owned part will now be privatized. This is similar to what happened with Delo. Delo granted *Slovenske novice* a loan at an 8% interest rate. We take every precaution when it comes to the privatization process, since we know that

²⁶ *Slovenske novice*, časopisno založniško podjetje, d.d., was established on June 21, 1991 (the share capital was 16,935 million tolar). Among the founders were 147 employees of *čzp Delo*. The lowest capital investment was 10,000 tolar; four employees invested 100,000 tolar each: Jure Apih, Tit Doberšek, Tine Guzelj and Danilo Slivnik. *čzp Delo* had a 15% share in the founders' capital. Following the decision of the shareholders' meeting, the company *Slovenske novice* terminated its operation and was erased from the court register. The share capital and all assets were transferred to the founder *čzp Delo*.

²⁷ Danilo Slivnik was Delo's chairman from January 21, 2006 to October 22, 2007. From October 2005 to his appointment as the chairman, he was a member of the Delo management board.

many would readily impute irregularities to us".²⁸ The questions we sought to answer were which private and which socially-owned capital was used to establish *Slovenske novice*? How was socially-owned capital privatized? Who and under what terms received and later paid off the loan? And how were the ownership stakes eventually sold? Unfortunately, we could not get answers to these questions.

The proposal that Delo should become a parent company with five affiliated sister companies, which was based on the Enterprise Law, was publicly announced by the Reorganization Board of ČGP Delo. The parent company was to be formed out of several existing units (then called Basic Organizations of Associated Labor or BOALS), namely Delo, Naši razgledi, Revije, Prodaja, Stik, and a part of the joint administration service. The sister companies were to include Grafika, Novi Tednik (current name NT&RC), Globus, Gospodarski vestnik and Studio Marketing (*Interno Delo*, November 1989, Referendumu na pot/Towards the Referendum, December 1989). In June 1990, Delo BOAL became the founder of the newspaper *Delo* by a resolution of the Worker's Assembly. The resolution was approved by the Worker's Council and its external members. The explanatory note read: In this way *Delo* will officially become an independent newspaper not affiliated with any political party and serving the interests of the Slovene public.

The transformation process of the former BOAL Delo into an independent, socially-owned limited liability company was concluded with the registration of the company Delo d.o.o. in April 1991. Delo's transformation gave rise to a number of public debates. The *Demokracija* weekly carried (on July 24, 1990) a letter signed by the representatives of the Socialist Alliance of Workers which founded the former ČGP Delo, in which they stated that they agreed with the transfer of founder rights. However, they explicitly stressed that the transfer did not apply to their ownership rights in ČGP Delo and that "the signatories do not renounce their ownership rights in the newspaper Delo and ČGP Delo". *Delo* published on the same date an answer by Stane Stanič, the then Minister of Information, in which he stressed that "in the past years *Delo* received more than three-fourths of the total budget resources allocated to daily newspapers in the republic" (*Delo*, 24 July 1990).

²⁸ In an interview given to 7D he answered thus the question of whether Novice is a by-pass company: "It is my understanding that a by-pass company is a privately owned company to which one transfers the socially-owned capital. Novice is a company with mixed owners, but we have not transferred the socially-owned capital to Novice."

In November 1995, the Privatization Agency issued an approval by which Delo became a joint-stock company. The share capital, which was to be converted into shares in the privatization process, amounted to 670 million Slovenian tolar. Delo decided on the following privatization scheme: the Pension and Disability Fund (now KAD) and the Indemnification Fund (now SOD) were allocated 10% each, and the Development Fund 20%; 60% of shares were sold to the employees.

In January 1999, Delo became the first media company in Slovenia listed on the Ljubljana stock exchange. Until that time the company's shares were sold on the gray market within the company, where their value rose to 7000 tolar by the end of 1998.²⁹ Once listed on the stock exchange, their value radically increased and amounted to 19,000 tolar within a single week (*Slovenski delničar*, March 6, 1999). At the end of December 2000, the value was slightly over 15,000 tolar; at the end of December 2001 it was 13,600 tolar. In December 2002, a Delo share was worth 29,000 tolar, in August 2004 more than 30,000 tolar, and a year later, in August 2005, it was 30,700 tolar. In 1995, Delo's worth was estimated at 670 million Slovenian tolar, and in 2003 its value was around 100 million euros (in February 2003, Pivovarna Laško paid 24.5 million euros for slightly less than a one-fourth interest in Delo).

The original idea that Delo should remain in the possession of its employees, former employees, their family members and readers was betrayed. Journalists, employees and former employees, who had the opportunity to be the owners of Delo, simply sold that opportunity to the highest bidders. The 60% stake held by internal owners was reduced to less than a 10% stake, and ownership became concentrated in the hands of one owner.

When asked by a *Mladina* journalist (June 30, 2006) why the employees sold their shares and why he endured longer than almost anyone else, Jure Apih, the last and biggest individual shareholder in Delo, answered: „The first to sell were those who were most active players in the internal games for control. Those who were all mouth about independence. But it is difficult to blame people. People have financial problems (...) So it was a battle lost in advance. The living standard was too low to expect people to leave behind such a substantial sum of money. Yet those who left

29 In 1997, the book value of a Delo share was 2000 tolar; towards the end of 1997 it was 2500 tolar, and towards the end of 1998 3600 tolar.

their certificates with Delo could soon buy a very good car [with that money].”³⁰

Trade in Delo shares has never been only a business deal, regardless of what those involved stated in public. Two weeks before he was removed from his post in July 2000, the director of KAD sold 5.5% of the company’s stake in Delo. The price was approximately 700 million tolar, and the shares were sold to Cobito, Gorenje,³¹ and Emona Maximarket. This is the maximum percentage of shares that may be sold without obtaining approval at a company meeting (given the political changes at the time, it is very likely that the approval would not have been obtained at all). This sale made it clear that media property was primarily a political asset (at least in the view of the State).

When in 2003 Pivovarna Laško (Laško Brewery) purchased a one-quarter interest in Delo from Krekova družba, the other potential buyer, DZS, stated that Pivovarna Laško had overpaid. In reply to the question from a *Finance* journalist “Why does Pivovarna Laško want to invest in Delo?” the chairman of DZS, Bojan Petan, answered: “I believe that Pivovarna Laško bought Delo for themselves [...]. I think that they paid around 36,000 SIT per share, a price, which, in my opinion, is too high. It amounts to 6 billion tolar for a one-quarter stake in Delo” (*Finance*, February 5, 2003). On February 5, 2003, the price of Delo shares was 26,407 tolar.³² Managers at Pivovarna Laško obviously decided that investment in Delo was so lucrative that it was worth paying a premium for the shares. The then chairman of Delo, Jure Apih, stated that it was never clear why Pivovarna Laško bought the stake in Delo from Krekova družba. “At that moment, this lessened the influence of the State. Takeovers did not appear possible. The main player in the game was Styria, which was very interested in the purchase, so everybody expected a deal between Krekova družba and Styria. But we were in for a surprise. I remember that before that, information originating from Vienna was in circulation that

³⁰ The following is the answer of Darja Verbič, a former Delo employee and shareholder and the dismissed editor of *Večer*, to Lana Zdravković’s question whether she thought that the state had too great an influence on the media: “Judging by what I can see and by information I have, it does have an excessive influence. Yet part of the responsibility lies with us, the journalists. After privatization, we were in most cases the majority shareholders, but we exchanged the shares for new cars and apartment refurbishing. Although this is revealing of the material standing of journalists, it is not an excuse enabling us to say that we would sing differently if we had retained ownership.” (Zdravković, Lana. 2007. Interviews with editors-in-chief. What censorship? In *Dialogi*, 43(7–8):63–64).

³¹ After the fire in Gorenje the government led by the prime minister Andrej Bajuk asked Gorenje to sell its share in Delo if it wanted to obtain the state aid.

³² <<http://dd.delo.si/datoteke/podatki2003.xls>>

Styria would like to take over Delo, which was obviously a test balloon to see the reaction in Slovenia. The reaction was stormy enough to make them drop the intention" (*Mladina*, June 30, 2006).

In June 2006, KD Holding³³ became the owner of a 19.99% interest in Delo, which it bought from Infond Holding and Infond ID. In October 2006, KD Holding sold its one-fifth interest in Delo to Probanka and Abanka. It sold the stake at a price that was 26.3 euros lower than the price at which it bought the stake. The reasons behind KD Holding's trade in media stakes should primarily be an issue of interest for its shareholders. KD Holding had an interest in *Dnevnik*, which it also sold. Asked why they were not interested in the media, the chairman of the KD Group, Matjaž Gantar, answered: "The media are a delicate issue. I don't understand well the aspirations of the political structures for controlling the media. I believe in independent media. Elections are won by persuading people with your programs, and not in conjunction with editorial boards that write panegyrics for you. For me, the media are a business, nothing more – and nothing less. As I said some time ago when we attempted to penetrate a bit deeper into your newspaper [*Delo*], the media are interesting because in principle they are a locally protected business. Their activity is not as much exposed to competition as are other activities. It is not a product that you load onto a truck and deliver elsewhere around the world. The basic differentiation is language. People like to read newspapers in Slovene. You have to make a product that suits a Slovene. You cannot sell the Austrian Kurier here, because no one would buy it. That's why the media seemed an interesting investment, and in principle they still are."³⁴ If the media are really a business "protected locally" to such an extent, and the media activity itself is not "so much exposed to

33 KD Group, the biggest shareholder of KD Holding, is the owner of many investment funds in Slovenia, Croatia, Serbia, Montenegro, Romania, Bulgaria, Slovakia and the Netherlands. It is the owner of the second largest insurance company in Slovenia, Adriatic Slovenica. It is the owner of Ljubljanski kinematografi (which is the owner of Globus Film Koper, Kinematografi Kolosej Tuzla, Kolosej Maribor and Kolosej Kinematografi Ljubljana), Kolosej Celje, Kinematografi Maribor, Kinopodjetja Kranj and Coliseum Multiplex Holdings, the Netherlands. KD Group is the owner of ČZD Kmečki glas, the publisher of *Kmečki glas* and Radio Kranj (20% ownership stake), the radio station that holds the status of "radio station in the particular public interest". The largest owners of KD Holding ordinary shares are KD Group (63.60%), IT (3.86%), Indesign (3.83%), Padakia Ltd, Cyprus (3.79%), Avra (3.41%), KD Holding (2.32%), KSZ Naložbe (1.85%), NLB (1.24%), Kingshouse Investments Ltd, Cyprus (0.50%) and European Funds Inc 1, Delaware, US (0.50%). Among the biggest owners of KD Holding preference shares are KD Holding (19.26%), KD Holding (15.33%), NLB (10.59%) and Boštjan Vovk (2.01%). Taken from the audited 2006 annual report of KD Holding Group and KD Holding (accessible at www.kd-group.si).

34 Matjaž Gantar, "Ljudje iz biznisa smo kar vsi strankarsko neobčutljivi" (All Business People Are Insensitive To Political Parties), *Delo*, Saturday Supplement, June 2, 2007.

competition,” why has KD Holding sold its ownership stakes? What was the economic benefit from that sale? From December 2004 to May 2007, Matjaž Gantar was a member of the national strategic council for development; since 2007 he has been the head of the economic board of the Liberal Democracy of Slovenia (LDS).

In November 2006, Infond Holding signed an agreement with Abanka and Probanka about the purchase of a one-fifth interest in Delo, meaning the interest that was in its possession until one year before. In January 2007, Infond Holding bought a 10% stake in Delo from Abanka. The price of the share was 134 euros (meaning approx. 24 euros lower than the price at which it sold the shares to KD Holding). In March 2007, Probanka and Infond ID sold a one-fifth stake in Delo to Radenska. This was followed by an announcement by Radenska, Pivovarna Laško and Talis (owned by Pivovarna Laško) of their intention to take over Delo. In April, the stake of Pivovarna Laško (and its partners Radenska and Talis) in Delo increased to 59.24%. Once the takeover bid was completed, Pivovarna Laško, together with Radenska and Talis, acquired 49.94% of the shares, bringing its total ownership stake to more than 94%. The bidders offered 135.5 euros for the share, meaning that the price of the interest they bought was around 45 million euros. (*Finance*, May 3, 2007). At the completion of the takeover bid, the two state-controlled funds, SOD and KAD also sold their interests in Delo (11.72% each).

Towards the end of May 2007, the participants at Delo's shareholder meeting voted to replace the members of Delo's Supervisory Board. The representatives responsible for capital management became Andrijana Starina Kosem, the then State Secretary at the Ministry of Economy, Stojan Zdolšek and Rebeka Lah. At a meeting held towards the end of July 2007, the shareholders modified the company's statute, choosing to delist all Delo shares from the stock exchange. The shares of other small shareholders (somewhat less than 6%) were to be transferred to Pivovarna Laško, which thus became the sole owner of Delo. According to the new statute, Delo is managed by a one-member management board (the term of the then chairman, Danilo Slivnik, was extended); the new editor-in-chief became Janez Markeš,³⁵ until

35 In accordance with Article 18 (paragraph One) of the Mass Media Act (*Uradni list RS*, št. 110/26.10.2006, p. 11328), the publisher/broadcaster must first obtain the opinion of the editorial board before appointing or dismissing the editor-in-chief. The proposed appointment of Janez Markeš as the editor-in-chief of *Delo* was rejected with 55 votes against and 38 votes in support of his appointment. Of the 168 members of the editorial board, 95 participated in the voting (*Delo*, 7.7.2007).

then the editor of the *Mag* weekly. The new (old) chairman of Delo, Danilo Slivnik, stated on the occasion of his appointment that he would endeavor to fulfill the trust placed in him by the supervisory board and the stockholders. "Delo will continue to work towards the realization of the adopted strategy, according to which it intends to remain the largest and the most important newspaper company and one of the leading multi-media companies in Slovenia."³⁶ Therefore, in August 2007 we saw the conclusion of the almost 17-year long transition story of the largest Slovenian daily. The ownership redistribution and privatization of the owners of Delo's owner is still underway. In October 2007, the supervisory board of Delo accepted the resignation of the chairman Danilo Slivnik and appointed Peter Puhan, until then the chairman of Slovenske železnice (The Slovenian Railway Company). Puhan simultaneously resigned as the chairman of Slovenske železnice, but the company refused to accept his resignation until his replacement was found. Stojan Zdolšek, the vice-chairman of Delo's supervisory board, described this move as "vexing of Delo which slipped out of government control" (*Delo*, October 26, 2007).

TABLE 2: CHANGES IN THE OWNERSHIP STRUCTURE
OF DELO 1995–2007

NOVEMBER 1995	SHARE (%)
INTERNAL BUYOUT	40
INTERNAL DISTRIBUTION	20
KAD	10
SOD	10
DEVELOPMENT FOUND	20
DECEMBER 2000	SHARE (%)
KREKOVA DRUŽBA (PID ZVON 1 AND ZVON 2)	25.04
SOD	11.70
KAD	6.18
MAKSIMA I	3.73
NFD I INVESTICIJSKI SKLAD	3.40
NLB	3.05
KBM INFOND (PID INFOND ZLAT)	2.31
COGITO BIS B. H.	2.17
GORENJE	2.02
POTEZA NALOŽBE	1.84
ZAVAROVALNICA TRIGLAV	1.71
SMALL SHAREHOLDERS AND INTERNAL OWNERS	36.85

36 Igor Kršinar, "Delo z borze" in *Mag*, No. 31, August 1, 2007 (p. 13)

SEPTEMBER 2002	SHARE (%)
PID ZVON I	25.00
SOD	11.72
MAKSIMA I	7.63
KAD	6.18
NFD I INVESTICIJSKI SKLAD	5.13
INFOND ID	4.65
POTEZA NALOŽBE	2.04
GORENJE	2.02
JURIJ APIH	1.79
ZAVAROVALNICA TRIGLAV	1.51
MODRA LINIJA	1.49

DECEMBER 2003	SHARE (%)
PIVOVARNA LAŠKO	24.99
SOD	11.72
ID MAKSIMA	11.09
KAD	7.46
INFOND ID	6.80
NFD I INVESTICIJSKI SKLAD	5.12
MODRA LINIJA	2.87
BANKA KOPER	2.16
GORENJE	2.02
JURIJ APIH	1.49
KBM INFOND DZU	1.13

SEPTEMBER 2004	SHARE (%)
PIVOVARNA LAŠKO	24.98
SOD	11.72
ID MAKSIMA	11.09
INFOND ID	9.16
INFOND HOLDING	7.76
KAD	6.71
KBM INFOND DZU	3.12
MODRA LINIJA	2.87
JURIJ APIH	1.45

JANUARY 2005	SHARE (%)
PIVOVARNA LAŠKO	24.98
INFOND HOLDING	12.10
SOD	11.72
INFOND ID	9.16
KAD	6.71
MODRA LINIJA	2.87
JURIJ APIH	1.04
ZLATA MONETA	0.96

JUNE 2006	SHARE (%)
PIVOVARNA LAŠKO	24.99
KD HOLDING	19.99
SOD	11.72
INFOND ID	9.17
MAKSIMA ID	7.80
KAD	6.17
MODRA LINIJA	2.49
ABANKA VIPA	1.52
PETROL	0.95
OTHERS	15.2

MAY 2007	SHARE (%)
PIVOVARNA LAŠKO	74.92
RADENSKA	19.16
SKLAD MODRA LINIJA	2.52
PETROL	0.95
ZAVAROVALNICA MARIBOR	0.42
MOBITEL	0.35
OTHERS	0.68

JULY 2007

DELISTING OF SHARES

Comments: In December 2000, small shareholders, and internal owners in particular, held 36.85% of Delo shares. As early as September 2002, this percentage had become significantly smaller. In December 2003, Pivovarna Laško became the largest single shareholder in Delo (24.99%), with other larger shareholders being SOD, ID Maksima, KAD and Infond ID. Towards the end of 2005, KD Group obtained a 20% stake in Delo, which it sold in early 2007. In May, Pivovarna Laško and Radenska held a 94% stake in Delo. In late July 2007, the company's statute was modified by the shareholders' meeting, and in accordance with the new statute, Delo shares were delisted from the stock exchange. The shares held by other small shareholders were transferred to Pivovarna Laško, which thus became the sole owner of Delo.

The overview of the „redistribution“ of Delo shares shows that the basic aim of the trading in Delo shares was to prevent the „right-wing“ owner from obtaining more than a one-half stake, which would have given it the opportunity to influence *Delo's* editorial policy. The argument that Pivovarna Laško purchased the stake in Delo (primarily) to secure the domination of the political „left-wing,“ rather than to pursue an (alleged) business interest, could be countered by another argument – that by selling the one-quarter stake in Delo for 6 billion tolar, Krekova

družba closed a deal that was one of the rare (or the only) economically justified business transactions on the media market. However, the situation is not as simple as that. Krekova družba actually realized that, given the dispersed ownership structure and the links among individual owners of Delo, it could not possibly come by a majority stake, so it decided to make the best of what it had at hand. The buyers of Delo shares (at first glance unrelated companies, but in reality linked to the government) obtained the opportunity (and later exploited it) to influence its editorial policy. Those in the majority on the supervisory board appoint the management board members, who appoint the editor-in-chief, who appoints individual editors. The ostensibly „closed door“ separating politics from journalism was in effect wide open all the time.

When in 1990 Delo launched its (pre)privatization plan, it founded a mother company and five sister companies. What happened with these companies and who are their owners today? The *Naši razgledi* weekly folded because it produced a loss for the joint-stock company Delo, despite generous subsidies provided by the Ministry of Culture. Delo Revije³⁷ is owned by Arsvita³⁸, Alpress and the top executives of Delo Revije. The largest owners of Delo prodaja are Iskra commerce, DZS, Privredna banka Zagreb and Nisa. Delo tčr's majority shareholders are Korotan – Ljubljana, Set (whose majority owner is Salomon, which is the owner of a number of radio stations through related companies), Papir Servis and Delo Revije.³⁹ Among its sister companies, the one-third owner of Novi tednik (NT&RC, Novi tednik and Radio Celje) are Atka Prima (its manager is Boško Šrot, the managing director of Pivovarna Laško, the biggest single owner of Delo), Anica Šrot Aužner, SOD and Delo tčr. Gospodarski vestnik was privatized through an internal buyout whereby the shares were sold to its managers, and it then folded after 54 years of presence on the market. Studio Marketing became one of the largest advertising agencies in Slovenia (part of JWT).

37 Delo Revije was established in September 1979. It evolved from the former ČGP Delo, first as TOZD Revije, which was transformed into a socially-owned company in 1990, and then in 1993 into a joint-stock company.

38 Dnevnik, Salomon 2000 and Delo Prodaja sold their stakes in Delo to the friendly company Arsvita, owned by Marko Odlaček. Odlaček is one of the owners of the Krater group that has a large interest in Slovenian print companies and in some media companies. According to *Finance* (September 28, 2007), Arsvita's share is actually owned by Dnevnik, which allegedly paid for it the price of 23 million euros. The Delo executive board filed a suit against Dnevnik, Delo Prodaja and Salomon 2000, because of the allegedly hostile and incorrectly accomplished takeover (*Finance*, October 4, 2007).

39 Source: KDD, November 16, 2007.

**TABLE 3: OWNERSHIP LINKS AMONG
DELO TČR, DELO REVIJE AND DELO PRODAJA**

DELO TČR	SHARE (%)
KOROTAN - LJUBLJANA	30.00
SET	28.42
PAPIR SERVIS	21.00
DELO REVIJE	10.01
DELO-TISKARNA	6.10
OTHERS	4.47

DELO REVIJE	SHARE (%)
ARSVITA	50.72
ALPRESS	28.14
RA-FI INŽENIRING	3.54
LENČA KLADARIN	2.58
TINE GUZEJ	2.57
ANDREJ LESJAK	1.93
BREDA ŽARGI	1.49
NLB	1.45
OTHERS	9.51

DELO PRODAJA	SHARE (%)
ISKRA COMMERCE	24.43
DZS	17.44
PRIVREDNA BANKA ZAGREB	14.28
NISA	10.01
HYPO BANK	4.00
DELO PRODAJA	3.85
LHB FINANCE	3.37
MODRA LINIJA	1.62
PROBANKA	1.48
BRANKO PAVLIN	1.43

Source: KDB, November 16, 2007

Comments: Delo Revije, the publisher of 19 magazines, has a 10% stake in Delo tčr (which controls four printing houses, thanks to its direct and indirect ownership links). Delo tčr has stakes in the *Mladina* weekly and *Radio Celje* (6.25%). Delo Prodaja, the leading distributor and wholesaler of newspapers and magazines in Slovenia with its own sales network, is owned by dzs, which is also the majority owner of the newspaper company Dnevnik. Delo Prodaja has a 20% stake in dzs, while Dnevnik has a 12% stake in the newspaper company Primorske novice. Večer is a 6% owner of Dnevnik. Set company, thanks to its direct and indirect ownership links, is the owner of five radio stations (RGL, Radio Salomon, Radio Veseljak, Studio D and Radio Kum).

The Delo company has in its possession the broadsheet daily *Delo*, the tabloid daily *Slovenske novice*, the free weekly *Total* and the weekly *Mag*. Delo is a 19.98% owner of the newspaper *Večer*, whose majority owner is Infond Holding, which, in turn, is the biggest single shareholder in Pivovarna Laško. Delo has a 10% interest in Radio - Tednik Ptuj, Štajerski tednik and Gorenjski glas. Pivovarna Laško is the owner of the Union Group, Radenska, Fructal, Vital and Jadranska Pivovarna. Pivovarna Laško and Pivovarna Union have a 20% stake in Mercator (to this we should add the 12.01% interest in Mercator held by Infond Holding, the largest single shareholder in Pivovarna Laško).⁴⁰

TABLE 4: THE OWNERSHIP STRUCTURE
OF PIVOVARNA LAŠKO⁴¹

	DELEŽ (%)
INFOND HOLDING	24.39
KAD	7.059
BANK AUSTRIA CREDITANSTALT	5.411
SAVA	4.755
PERUTNINA PTUJ	3.561
TRIGLAV STEBER I	3.210
BANKA CELJE	2.736
MAKSIMA, DELNIŠKA ID	2.726
ZLATA MONETA I	2.576
NFD I DELNIŠKI INVESTICIJSKI SKLAD	2.456

Source: KDD, July 2007.

The takeover of Infond Holding provides clear evidence of the extent of the political and economic rapport in Slovenia, i.e. the fusion of the political and economic elites or the political and economic interests. The banking and insurance system NKBM (whose majority owner at that time was the State) and Radenska (whose majority owner is Pivovarna Laško) held the majority stake in Infond Holding and related financial companies. At the same

⁴⁰ The ownership structure of Mercator on March 31, 2007 (www.mercator.si): Banka Koper - 12.56%, Pivovarna Union - 12.23%, Infond holding - 12.01%, Istrabenz - 10.15%, Pivovarna Laško - 8.43%, Investment companies and mutual funds - 4.25%, physical persons - 15.38%, other legal persons - 24.88%. A 91.21% owner of Banka Koper is Intesa Sanpaolo S.p.A. Other owners with 1.67% stake each are Istrabenz, Luka Koper and Intereuropa (www.banka-koper.si, the ownership structure on April 18, 2007). Banka Koper is a 17% owner of Primorske novice.

⁴¹ Taken from the unaudited semi-annual report for 2006, the ownership structure on June 30, 2006, accessible at www.pivo-lasko.si

time, Infond Holding's financial companies were the largest single shareholder in Pivovarna Laško. Thanks to the help of the NKBM, Pivovarna Laško and Infond's companies are in a classic cross-ownership situation. In 2006, Radenska and the companies that are members of the NKBM banking and insurance system withdrew from Infond Holding and Infond Holding 1. The new owner became the formerly unknown Kolonel, which soon became the majority owner of Infond Holding 1, now renamed Center Naložbe. At the same time, the ownership structure of Infond Holding also changed, with Center Naložbe becoming its largest single shareholder. The three companies that were politically

TABLE 5: THE OWNERSHIP STRUCTURE OF INFON HOLDING

	SHARE (%)
AC KAPITAL	17.79
RADENSKA	9.81
ZVON ENA HOLDING	9.77
CENTER NALOŽBE	9.56
SKUPINA VIATOR & VEKTOR	9.49
PROBANKA	8.88
INFOND HOLDING (LASTNE DELNICE)	2.85
BAZALT	2.53
MEDALJON	1.12

Source: KDD, July 2007.

closer to the so-called “left political” option increased their stakes in Infond Holding – these were AC Capital, Perutnina Ptuj and Probanka. Kolonel, the company whose capital in 2006 amounted to slightly less than 12,000 euros, became the owner of property worth almost 9 million euros within just a few months. Kolonel, a newcomer on the financial market, bought the interest in Center Naložbe before it announced the takeover bid. In addition, all other major stakeholders, among them Pivovarna Laško and the second largest Slovenian bank, NKBM, sold their interests.

The consolidation of the ownership of key Slovenian companies resulted in the formation of two extremely powerful financial groups – the “coastal” group (formed around Istrabenz) and the “štajerska” group (formed around Pivovarna Laško); the two are connected through direct political links. The largest shareholders in Istrabenz, whose

managing director since 2002 has been Igor Bavčar (a former prominent member of the Liberal Democracy of Slovenia, the Interior Minister from 1990 to 1993, and the Minister without portfolio responsible for European affairs from 1997 to 2002) are Maksima holding (24.95%), SOD (16.41%) and KAD (11.81%). Maksima holding's majority owner is FB Investicije (the official owner is the Dutch branch of the financial group Poteza). In 2006, the company had a deficit of two million euros and no employees. However, just one day after announcing its takeover intentions, it bought from Maksima its stake in Istrabenz worth 100 million euros.

The owners of the companies Center naložbe and Infond Holding are the owners of the Slovenian beverage industry (Laško, Union, Radenska, Fructal), of Mercator, the largest retailer in Slovenia, of two large media companies, Delo (the publisher of *Delo*, *Slovenske novice* and *Mag*) and Večer; they also have interests in Probanka, Perutnina Ptuj, Zavarovalnica Triglav, Premogovnik Velenje and Unior. Pivovarna Laško, whose director is Boško Šrot, has a 7% stake in Istrabenz. The Šrot family has strong political background in the Slovenian People's Party (SLS), given that Boško Šrot's brother, Bojan Šrot, the mayor of Celje, is the former deputy leader and currently the leader of the SLS.⁴²

Kolonel and FB Investicije belong to a group of "mailbox companies", which have no employees and no premises apart from a mailbox in Ljubljana, but control large ownership stakes in the most important Slovenian companies. In the words of the *Dnevnik* journalists, Primož Cirman and Matjaž Polanič, these "mailbox companies are the symbols of the final stage of privatization in Slovenia."⁴³ They were founded with the purpose of eliminating the traces of silent takeovers: "It is a public secret that behind these companies are in most cases the leading people of privatized companies, although at the moment they cannot be found on the official lists of owners."

Stanislav Kovač, the columnist for the newspaper *Finance*, is one among the few economists who explores the "conflicts on the corporate stage in Slovenia", meaning the conflicts among Slovenian oligarchs. His analysis clearly shows that the Slovenian oligarchs have been destroying democracy and "tailoring social reality to their capital interests" using their political, economic and media power (in

⁴² Stanislav Kovač, "Šrotova pivska družina" (Šrot's Beer Family) in *Finance*, May 30, 2007.

⁴³ Primož Cirman and Matjaž Polanič, "Kas'lcí, ki obvladujejo Slovenijo" (Mailboxes That Control Slovenia), in *Dnevnik*, supplement *Dnevnikov Objektiv*, June 16, 2007.

reality, the political, economic and media power is intertwined and in the hands of a few oligarchic families).”⁴⁴

“The ever more bitter war among the owners /.../ is a warning message for us that Slovenia, too, has its oligarchs. These are rich individuals and very influential managers who, since 2004 and under the auspices of the Kučan clan, exerted behind-the-scenes influence on the operation of the political elites and, through capital concentration, established a number of economically and politically influential families. Following the change of government in 2004, when old partnerships inherited from the period of communism began to break down, Slovenian oligarchs became more visible. Similar to Russian oligarchs, they concentrate capital, subjecting the media and political parties.”⁴⁵

Referring to the study on the role of oligarchs in Russia, conducted by Sergei Guriev and Andrei Rachinsky,⁴⁶ Kovač elucidated the mechanisms of operation of the “1 ½” political party system that replaced the multi-party system in Slovenia.⁴⁷ In this system, there is no political or economic market (competition). Instead, it is characterized by a struggle for the redistribution of power (establishment of monopolies) among influential oligarchs. Guriev and Rachinsky have established that Russian oligarchs have economic power but have no special significance in politics,⁴⁸ while Kovač argues that Slovenian oligarchs control politics, the economy and the media in accordance with their private interests. “If foreigners do not penetrate holding families, it would be necessary, in the interest of the future development of Slovenia, to break these influential oligarch families following the Japanese model and take away from them their economic, media and political power (...). Unless this is done, Slovenia is in for a politically and economically non-democratic future under the rule of the oligarchs.”⁴⁹

44 Stanislav Kovač, “Medijski hlapci oligarhov” (Oligarchs’ Media Servants), in *Finance*, August 16, 2007.

45 Stanislav Kovač, “Spopad na korporativnem zemeljivu Slovenije” (A Clash On The Corporate Stage), in *Finance*, July 11, 2007.

46 Sergei Guriev and Andrei Rachinsky, 2005. “The Role of Oligarchs in Russian Capitalism”, in *Journal of Economic Perspectives*, 19(1): 131–150 (available at www.nes.ru/~sguriev/papers/GurievRachinsky.pdf). August 8, 2007)

47 Guriev and Rachinsky, *ibid.*, p. 148.

48 Guriev and Rachinsky, *ibid.*, p. 147.

49 Stanislav Kovač, “Medijski hlapci oligarhov” (Oligarchs’ Media Servants), in *Finance*, August 16, 2007.

DEVNIK – A NEWSPAPER OWNED BY
A “PUBLISHER” THAT INVESTS PRIMARILY
IN TOURISM AND OTHER BUSINESSES

The story about the change of owners in Dnevnik between 2000 and 2007 is a story about non-transparent ownership links and gradual “parking” of shares with apparently unrelated entities or persons.⁵⁰ The bargaining over the price of a Dnevnik share began in September 2003. The players were the two largest Dnevnik owners, KD Holding and DZS. Publicly, both large shareholders asserted that the point at issue was “different views on how the company should be managed,” but allegedly what was going on behind the stage were negotiations on the sale of KD Holding’s one-fourth interest to DZS (*Delo*, September 6, 2003). KD Holding allegedly asked approximately 1.54 billion tolar for the stake, meaning approx. 18,000 tolar per share, while DZS offered 13,000 tolar. During the same period, the price of a Dnevnik share on the grey market was between 4000 and 5000 tolar. “The conflict surrounding the sale of the interest in Dnevnik and its price was also apparent at the shareholders’ meeting in August 2003. KD Holding submitted in writing to the Dnevnik management board 14 questions concerning Dnevnik’s business operation in 2002. The representatives of KD Holding wanted to know whether the ‘management board, given the structure of its resources, still sees the newspaper business as its main line of business’ and ‘why Marjan Božnik, when he was elected a member of the management board of Dnevnik’s competitor, Delo Prodaja, did not resign as a member of the Dnevnik’s supervisory board” (*Delo*, September 6, 2003). Towards the end of December, KD Holding sold its 25.44% interest in Dnevnik to the Austrian company Styria Medien AG.

Consolidation among the owners of DZS continued as well. In April 2005, the ownership structure of DZS underwent substantial changes. The investment company Triglav Steber 1 sold its stake of slightly more than 15% to Fond Invest and the M1 company (M1 is the founder of Fond Invest). Delo Prodaja remained the largest owner of DZS, having a one-fifth stake. Among the owners of DZS are many companies themselves owned by DZS (*Dnevnik*, April 29, 2005). Among DZS’s more important purchase deals is the

⁵⁰ The overview of takeovers of Dnevnik is based on the book by Sandra B. Hrvatin and Lenart J. Kučič. 2006. *Monopoli. Družabna igra trgovanja z mediji*. (Monopolies: The Social Game of Trading in Media) Ljubljana: Maska (p. 202–214).

**TABLE 6: CHANGES IN THE OWNERSHIP STRUCTURE OF
DNEVNIK 2000–2007**

DECEMBER 2000	SHARE (%)
DZS	26.47
KMEČKA DRUŽBA	25.57
KAD	10.10
SOD	8.00
ČZP VEČER	6.52
LUKA KOPER	2.70

SEPTEMBER 2002	SHARE (%)
DZS	43.04
KD HOLDING	25.74
KAD	10.10
RENT A	8.01
ČZP VEČER	6.52
MOBITEL	2.71

DECEMBER 2003	SHARE (%)
DZS	51.05
KD HOLDING	25.74
KAD	10.10
ČZP VEČER	6.52
MOBITEL	2.71

SEPTEMBER 2004	SHARE (%)
DZS	51.05
STYRIA MEDIEN AG	25.74
KAD	10.10
ČZP VEČER	6.52
MOBITEL	2.71

JANUARY 2007	SHARE (%)
DZS	51.05
STYRIA MEDIEN AG	25.74
DELO PRODAJA	10.10
ČZP VEČER	6.52
MOBITEL	2.71

purchase of an interest in the advertising and PR company Pristop, which, according to *Marketing magazin* (January 2007), has been the largest advertising agency in Slovenia eight years in a row. According to the media register (July 2007), Dnevnik has an 18.25% stake in Podjetje za informiranje, the publisher of *Vestnik* and the broadcaster of *Radio Murski val*, while DZS has an interest in Radio Brežice.

TABLE 7: THE OWNERSHIP STRUCTURE OF DZS

	SHARE (%)
TEHNIŠKA ZALOŽBA SLOVENIJE	21.30
DELO PRODAJA	20.50
MI	14.30
FOND INVEST	9.30
MARINA PORTOROŽ	9.95
OTHERS	24.39

Source: KDD, July 2007.

Delo Prodaja, Tehniška založba Slovenije, MI and Fond Invest, who together hold a 65.7% interest in DZS, made a public offer for the purchase of the remaining 513,071 DZS shares and 87,027 convertible bonds of the target company. The takeover bid, which did not include the threshold for the success of the bid, became valid in August 2007. As stated in the takeover bid, on June 14, 2007 these owners signed a shareholder's agreement concerning the takeover of DZS, according to which all the DZS shares acquired in the bid will become the property of Delo prodaja, while the exercise of voting rights arising from DZS shares will be harmonized among the companies. The DZS shareholders agreed as early as May 2007 that the shares would be delisted from the stockmarket in May 2008. However, a complication emerged related to DZS convertible bonds issued in 2000 that were in the possession of SOD, KAD and Zavarovalnica Triglav. In May 2007, the three state companies sent a request to DZS for the conversion of 43,888 bonds into DZS shares. The DZS's management board was of the opinion that the request had arrived too late. The executives at SOD, KAD and Zavarovalnica Triglav were convinced that this was not the case (*Delo*, July 7, 2007). The issue has not yet been resolved. However, this complication was just an introduction to the economic (and political) "muscle flexing" on the part of the chairman of DZS and the government, i.e. the Minister of Economy.

The chairman of DZS, Bojan Petan, who is politically connected with the formerly ruling and now opposition party, the Liberal Democracy of Slovenia, has turned the former state-owned publisher into a powerful company. DZS is the owner of the newspaper *Dnevnik*, but it has also been expanding its empire by buying shares in successful tourism companies such as Marina Portorož and Terme Čatež. DZS has for years been establishing non-transparent ownership links with ostensibly unrelated companies, but now it has itself become a target of the attempts at political takeovers. For example, it found itself without its representative on the supervisory board of Terme Čatež after the State appointed the supervisory board, using influence exerted through SOD and KAD, the funds in which it has significant interests. DZS resorted to legal means to refute the resolutions of the last shareholders' meeting. The company is represented by a law office from which comes the new leader of the Liberal Democracy of Slovenia.

In 2006, DZS, the majority owner of the newspaper *Dnevnik*, planned changes in the company's management. In cooperation with the German media concern WAZ, DZS established a joint media company DZS – WAZ Mediji. The partners planned to transfer 51% of *Dnevnik* shares to the new company, whereby DZS and WAZ were envisaged as equal partners. DZS and WAZ agreed that the new company would buy *Dnevnik* shares if any owner offered them for sale. The same agreement would apply to any new *Dnevnik* publications. The representative of DZS stated two main reasons for the sale of the newspaper: "Because we got a good price for the stake in *Dnevnik*, and because in the long-term run *Dnevnik*, on its own, would not be able to struggle with international competition that will sooner or later arrive on the Slovenian market" (*Delo*, May 26, 2006). The price of a slightly more than a one-fourth stake in *Dnevnik*, that is, the one-half interest in the new company, was allegedly 15 million euros. Bojan Petan denied rumors that there also existed an agreement with WAZ about other joint projects in the Balkans, where WAZ is an important media player. But he did confirm that DZS, or its *Delo Prodaja*, could be interested in penetrating the Croatian distribution market (*Delo*, May 26, 2006).

In 2007, trade in the remaining state-owned interests began. The sale of KAD's 10.1% stake in *Dnevnik* at an auction was prolonged for quite a long time, so all bidders (WAZ, Styria Media and *Delo Prodaja*) were asked to extend the expiration date of the bid to January 31, 2007. During the

auction, the public was not informed about the number of bidders or about the value of the deal. In late January, the stake was sold to Delo Prodaja, which paid 160 euros for a share whose market value was 40 euros (Delo Prodaja paid around 5.4 million euros). The chairman of KAD's management board, Tomaž Toplak, stated after the conclusion of the deal that all "sales activities, including the auction, were carried out professionally, the dealings were transparent and, most importantly, all participants were treated on an equal footing."⁵¹ Because of the extension of the expiration date for the bid, WAZ sent a letter to KAD, the Prime Minister and the Minister of Economy, in which it announced its withdrawal from the purchase of shares and interests in Dnevnik. The letter said that, in observing the procedure, they "came to the conclusion that the standards stipulated within the EU have not been observed," so they were no longer prepared to take part in the procedure. "This leaves a bitter taste, because, as unofficial sources confirmed, we were the best bidder but you nevertheless circumvented us."⁵² On the day of the auction, *Dnevnik* carried information that in the past the chairman of KAD, Tomaž Toplak, had collaborated with one of the potential buyers of Dnevnik as a lawyer. Tomaž Toplak did not withdraw from the auction procedure because he was convinced that the fact that he was a representative of Styria, to which he was now selling Dnevnik, was not controversial (*Dnevnik*, January 31, 2007). What role DZS–WAZ Mediji played in the trade in Dnevnik shares is not known. It is obvious, though, that DZS paid an extraordinarily high price in order to be able to secure its influence over Dnevnik.

VEČER – WHY DID SMALL SHAREHOLDERS SELL THEIR STAKES?

In 1994 (following the purchase of the bankrupt Mari-borski tisk), the print company Leykam, which is 100% owned by the Austrian Leykam Media AG, signed a 10-year printing contract with Večer. Leykam, which was allegedly interested in a 25% to 40% stake in Večer, accumulated its interest mainly by buying shares from small shareholders. In a statement for *Dnevnik* (July 6, 2000), the then manager

51 KAD, press release, January 31, 2007.

52 A letter by WAZ dated January 12, 2007 (forwarded by Nika Dolinar, the manager of the PM's cabinet). When we requested that KAD make available this letter, Ms Vesna Razpotnik, PR manager with KAD, answered that "the requested document is treated as part of the documentation pertaining to a sales transaction, so they observe good business practices among the parties involved and the provisions relating to business secrets" (letter, February 5, 2007). KAD referred us to WAZ, which was not willing to supply the letter.

of DZU KBM Infond said that Leykam's interest in the print media was related not only to capital, but that there were also other 'kinds of interest' in the background. Of what kind exactly, he did not say.

The chronology of events shows that Večer's small shareholders (employees and former employees) retained their ownership stakes longer than anyone else. They began to sell shares in 2000 when it was announced that the Austrian companies, Styria and Leykam, wanted to buy Večer. The then majority owner, Nova KBM bank, whose 100% owner at that time was the State,⁵³ decided to intervene following a political decision taken at the highest level. An almost tenfold increase in the price of share persuaded the small shareholders to start selling their shares, which were bought by the State, through Nova KBM bank. The State thus became the majority owner.⁵⁴

Towards the end of 2000, Dnevnik and Večer began to establish equity links. In October 2000, the two companies made a cross-purchase of 6.52% stakes. Linked in this way, *Dnevnik* and *Večer* were in a position to capture the major share of the market in political dailies and become *Delo*'s strong competitor. The leading people from both companies assured the public that equity links were established in order to "protect the interest of the owners" (*Večer*, October 13, 2000), and that it was not "a case of media merger, i.e. the harmonization of editorial policy" (*Finance*, October 11, 2000). The idea about the association originated with the management boards of both newspaper companies (although the more important role was played by DZS, the majority owner of *Dnevnik*). With this linking, DZS and KBM, which at that time held its "own" 33% stake in *Večer* and could "count on" Talum's and *Dnevnik*'s stakes, attempted to create competition for *Delo*. In 2000, the combined circulation of *Dnevnik* and *Večer* was not essentially smaller than that of *Delo*. Their association was expected to secure primarily a better position on the advertising market. For the owners, this was an opportunity to achieve an excellent market position. However, instead of supporting the managing director and the editor-in-chief of *Večer* in their intentions, the owners replaced them. *Večer* subsequently reverted to its previous domain, the Štajerska region, remaining a regional newspaper in which the influence of local political elites continues to be very strong.

53 In December 2007, 49% of Nova KBM shares was sold to small shareholders, domestic and foreign investors.

54 Borut Mekina, "Napaka vredna 6 milijonov evrov? (A Mistake Worth 6 Million Euros?)" in *Mladina*, June 23, 2007.

**TABLE 8: CHANGES IN THE OWNERSHIP STRUCTURE
OF VEČER 2000–2007**

DECEMBER 2000	SHARE (%)
PID INFOND ZLAT (KBM INFOND)	32.23
TALUM	12.62
SOD	10.00
LEYKAM	9.74
DNEVNIK	6.52
TRIGLAV STEBER I	2.45
PUBLIKUM	2.23
SMALL SHAREHOLDERS	24.20

SEPTEMBER 2002	SHARE (%)
INFOND HOLDING	32.23
LEYKAM	19.96
PROBANKA	15.14
SOD	10.00
DELO PRODAJA	6.94
DZS	6.53
PUBLIKUM	2.23

DECEMBER 2003	SHARE (%)
INFOND HOLDING	36.29
LEYKAM	26.25
INFOND ID	14.99
SOD	10.00
DELO PRODAJA	6.94

JUNE 2005	SHARE (%)
INFOND HOLDING	36.53
DELO	20.00
INFOND ID	14.99
SOD	10.00
TISKARNA LEYKAM	7.15
DELO PRODAJA	6.94
SMALL SHAREHOLDERS	5.20

MAY 2007	SHARE (%)
INFOND HOLDING	51.67
DELO	19.98
SOD	9.99
TISKARNA LEYKAM	7.14
PROBANKA	0.39
SMALL SHAREHOLDERS	3.84

One of the major changes in the ownership structure of Večer occurred in 2005 when Delo bought a 19.9% interest from the Austrian print company Leykam. The then chairman of Pivovarna Laško gave assurances that the management board's decision to buy an interest in Večer was in accordance with the goals of the company and the interests of shareholders, and that there were no other larger strategic interests in the background (*Delo*, May 17, 2005). Another player interested in buying a stake in Večer was Styria Medien AG, which allegedly offered a sum approximately fifty percent greater than that offered by Delo for the full block of shares (a 27% stake). Leykam did not comment on the sale of shares at a lower price. Following the latest changes in the ownership structure of Delo, the newspapers *Delo* and *Večer* are fully linked.⁵⁵ The mayor of Maribor, Franc Kangler (a member of the Slovenian People's Party, whose leader since November 2007 has been the brother of the director of Pivovarna Laško), when asked by a *Dnevnik* journalist if he thought that the ruling party, the Slovenian Democratic Party (or, to be more precise, the Petek family which is believed to have close ties with the Prime Minister) had an excessive influence on *Večer*, answered as follows: "My personal opinion is that it has."⁵⁶ The editor-in-chief of *Večer*, Tomaž Ranc, answering the question about potential (political) pressure from the management board (owners) or the State (politicians), said: "In Slovenia there is a lot of talk about pressure from the top of the political establishment, while pressure from local environments is completely neglected, for example, pressure from mayors, who see themselves as gods and, in my opinion, annoy journalists, correspondents and editors much more than the high ranking politicians. Ask the correspondents; I'm convinced that they have 'rich' experience with bothersome mayors."⁵⁷

55 In July 2007, Delo filed a request with the Ministry of Culture to approve the increase of its share in Večer to more than 20%. The Ministry did not issue an approval, but formally Delo and Večer already have strong ownership links. Further linking will primarily affect Večer's employees, if Večer decides to close its correspondent office in Ljubljana and move the journalists working there to Delo (*Finance*, September 25, 2007).

56 Tomaž Klipšteter and Meta Roglič "Ko Kangler neha ropotati so stvari v redu" (When Kangler Stops Rumbling, Things Are ok), an interview with Franc Kangler, the mayor of Maribor, *Dnevnik*, the *Objektiv* supplement, July 9, 2007.

57 Lana Zdravković, 2007. An interview with editors-in-chief, "Kakšna cenzura?" (What Censorship?), in *Dialogi*, 7–8 p.60.

PRIMORSKE NOVICE – A NEWSPAPER CONTROLLED
BY LOCAL COMPANIES AND POLITICIANS

The privatization of Primorske novice was much the same as that of other newspaper companies. Towards the end of February 1995, the shareholders' meeting adopted the Act on the Ownership Transformation of ČZP Primorske novice and the social agreement. Internal owners (51 individuals, mainly employees) held 68% of the share capital, SOD and KAD had 8% each, and the Development Fund 16%. The Development Fund's stake was bought by Infond (at that time owned by NKBM). Within less than a decade, the percentage of shares held by internal owners was reduced to 13%, while the majority stakes ended in the hands of companies whose major owner was the State. In June 2007, the largest owners of Primorske novice included Banka Koper (whose 91% owner is the Italian bank Intensa Sanpaolo s.p.a.), Primorje (owned by Primorje Holding and Vipava Holding), Luka Koper (its majority owners are the Republic of Slovenija, SOD and KAD – their combined interest amounts to 41%), and HIT (its majority owners are SOD and KAD). Following the 2004 elections, the composition of management boards and supervisory boards of companies whose majority owner was the State also changed. These changes, in turn, affected Primorske novice, where the managing director and the editor-in-chief were replaced twice within a short span of time. The new managing director became the former PR spokeswoman with Luka Koper. The dismissed managing director of Primorske novice, Barbara Verdenik, spoke openly in public about pressure from the owners. She also stressed that the decisions taken by the majority owners were detrimental to the company. Dnevnik, a "dissatisfied" owner of a 12% stake, was left without a lever of influence on the operation of the company.

The Slovene Association of Journalists and the Union of Slovene Journalists also drew attention to the developments within Primorske novice. In their public statement they pointed out that journalists' autonomy was restricted, and that the "newspaper became (continued to be) a nuisance for economic and political protagonists and their interests, which are in conflict with the interest of the public in being informed."⁵⁸ Within just a few months, the new management terminated contracts with long-standing collaborators and announced lay-offs, even of regular employees.

⁵⁸ "Ogrožanje avtonomije in obstoja *Primorskih novic*" (A Threat to *Primorske novice's* Autonomy and Survival), a press release, March 5, 2007.

**TABLE 9: CHANGES IN THE OWNERSHIP STRUCTURE
OF PRIMORSKE NOVICE 1995–2006**

FEBRUARY 1995	SHARE (%)
INTERNAL OWNERS	68.00
(51 INDIVIDUALS, MAINLY EMPLOYEES)	
KAD	8.00
SOD	8.00
INFOND MARIBOR	16.00
(THE STAKE WAS BOUGHT FROM THE DEVELOPMENT FUND)	
SEPTEMBER 2007	SHARE (%)
BANKA KOPER	17.12
PRIMORJE	16.91
DNEVNIK	12.10
LUKA KOPER	10.82
KB 1909	10.79
INTEREUROPA	10.00
HIT	9.94
FORMA INN	7.09
PHYSICAL PERSONS	4.06
MO KOPER	0.92
MO NOVA GORICA	0.25

In December 2006, a group of ten employees and former employees (whose ownership share was 13.2%) issued a public warning to individual owners and the supervisory board stating that their conduct jeopardized the company and the interests of small shareholders. In their opinion, the crisis at Primorske novice was a result of decisions taken by the five largest shareholders, or the supervisory board, to appoint a new managing director and demand the replacement of the editor-in-chief at a time when the company successfully managed the daily newspaper business and fulfilled the plans. This public warning produced no results, so small shareholders sold their interest to the financial service company KB 1909, whose main shareholders are Ivan Trinko Fund (a non-profit foundation established by the Slovenian minority in Italy), NLB (whose majority owner is the State) and Adriaфин (*Finance*, November 29, 2006 and April 13, 2007).⁵⁹

59 In November 2007, the financial service company KB 1909 became a one-third owner of the weekly Mladina through the capital injection of 955,200 euros. This was effected with the help of its daughter-company, Transmedia s.p.a. Miha Štamcar, the chairman of Mladina's supervisory board and one among the Mladina's editors, resigned towards the end of October 2007. His successor is Branimir Štrukelj, the chairman of the Trade Union of Education. According to the media, Grega Repovž, the editor-in-chief of Mladina and the chairman of the Slovene Association of Journalists, also joined the group of the Mladina owners.

POLITICS AS GOOD BUSINESS

The interweaving of political, economic and media power in Slovenia proves that trading in media shares is a very profitable business. According to the *Manager* magazine, the current government spent 10.72 billion tolar of the taxpayers' money to establish control over the most influential media in the country, particularly RTV Slovenija and the newspaper company Delo. This sum includes the cost of the referendum on the new law regulating RTV Slovenija, a below-price sale of the interest in Mercator held by the state-controlled fund SOD, and the purchase of an interest in Brestanica thermo-plant as part of the deal between the state-owned Holding Slovenskih elektrarn (HSE) and KAD Holding (in 2006, the owner of an almost 20% interest in Delo). The state-owned HSE overpaid for the Brestanica shares by almost 1.27 billion tolar, and equally high was the premium paid by KAD Holding for an interest in Delo. The transactions that secured the government's "control" over Delo involved 28.88 billion tolar in all.⁶⁰ Danilo Slivnik, the then chairman of Delo, explained these developments as follows: "Political management is based on the economic and media management."⁶¹

The sale and purchase of shares by the companies in which the State has important interests through the SOD and KAD funds prove that political links and political "friendships" are important warrants in concluding deals. Therefore, it is not surprising that on the supervisory and management boards of state-owned companies sit individuals who have more or less evident political links. These companies include the largest advertisers that decide how advertising money will be distributed, determining in such a way the development of particular media as well as their market position.

Disentangling this labyrinth of ownership links would be incomplete without examining who the members of the supervisory boards of these companies are. The concentration of power in the hands of a handful of individuals who have been appointed for their political loyalty means that their management-related decisions are primarily aimed at furthering political interests and only secondarily at accomplishing business goals. Although ostensibly the political

60 "Osvajanje medijev nas je stalo že 11 milijard tolarjev" (Gaining Control Over Media Already 11 Billion Tolars Worth), *Manager*, March 3, 2006 (p. 8).

61 Vita Cajnko Javornik, "Časopis je nacionalna dobrina" (Newspaper a National Asset), an interview with Danilo Slivnik, *Manager*, March 3, 2006.

elite has been withdrawing from the economy, which the government attempted to ensure by adopting a resolution on “conflict of interest” in February 2007,⁶² appointments of supervisory and management board members in the main Slovenian companies suggest that in reality the state of affairs is quite different. An overview of the composition of supervisory boards in selected companies in July 2007 reveals the existence of considerable overlap between politics and the economy. Let us begin with the government itself. The secretary general of the government, Božo Predalič, is a member of SOD’s management board, of Istrabenz’s supervisory board, and of the civil servants council, which assesses the suitability of applicants for work in public administration. Mr Predalič is also a municipal councilor in Grosuplje, where he is the vice-chairman of the statutory and legal committee, a member of the board responsible for spatial issues, municipal infrastructure and ecology, and the president of the commission for mandatory issues and elections.⁶³ The chief executive of SOD, Marko Pogačnik, is a member of KAD’s assembly (its members are appointed by the government), and of the supervisory board of Pozavarovalnica Sava. The chairman of SOD’s management committee, Milan Podpečan, sits on Petrol’s and Gorenje’s supervisory boards. Anton Rous, a consultant to the current Prime Minister (formerly the leader of the Desus party, which is a member of the current ruling coalition) is a member of KAD’s assembly and sits on the supervisory board of Krka. Matjaž Janša, the director of the Directorate for Electronic Communication with the Ministry of Economy, is also a member of KAD’s assembly. Peter Verlič,⁶⁴ of

62 “The function of minister, state secretary and secretary general of the government is incompatible with the membership in a supervisory body or a management body. The membership of a civil servant in a supervisory body or a management body of legal persons of public law in which the founder is the government acting on behalf of the Republic of Slovenia is limited to 2 such bodies at the most. Those civil servants or officials who trespass this limitation should withdraw from the supervisory bodies or management boards immediately upon being informed about this resolution or by August 31, 2007 at the latest.” A press release on the conclusions adopted by the Government of the RS, at the 109th conference held on February 15, 2007 (www.vlada.si)

63 From 2000 to 2005 Predalič was the director of Nova obzorja, the publisher of the *Demokracija* weekly. According to the data in the media register as of July 31, 2007, the owners of the weekly are Dušan S. Lajovic and the Slovenian Democratic Party. The wife of the secretary general of the government is a member of the election committee in the municipality of Grosuplje (she was appointed to this post by Božo Predalič), his daughter is a municipal councilor in Grosuplje, and his son is an employee of the Slovenian Democratic Party responsible for logistic. (*Kanal A, Svet*, 1.8.2007). http://24ur.com/naslovnica/novice/Slovenija/20070801_3102939_60036587.php dostop 2.8.2007)

64 Peter Verlič withdrew as the chairman of the supervisory board of Slovenske železnice by the deadline prescribed by the government resolution.

the Ministry of Transport, sits on the supervisory boards of Luka Koper (together with Marko Starman of the Ministry of the Environment, Spatial Planning and Energy) and of Slovenske železnice. A prominent member of the ruling party, Jože Zagožen, is an executive member of Holding slovenske elektrarne (his wife, Marija Zagožen, is a vice-chair of the supervisory board of Slovenska industrija jekla). Andrej Aplenc is the chairman of the supervisory boards of Elektro Slovenija and Holding slovenske elektrarne, meaning that he has control over the biggest Slovenian dealer in electrical power and over the national system operator that allocates transmission capacities to electricity dealers (*Dnevnik*, May 10, 2007). Aplenc is also a member of a commission with the Ministry of Culture that allocates state subsidies to the Slovenian media on a yearly basis. In the past, Aplenc was the director of the Zavod za ustanovitev civilne družbe (Institute for the Establishment of Civil Society) who argued that the Slovenian media were “undemocratic, non-plural and imbalanced.”⁶⁵

That this “employee carousel” turns around in tune with political interests is also proved by the replacements in KAD’s and Delo’s supervisory boards. During the time of the redistribution of ownership stakes in Delo, in 2006, the chairman of Delo’s supervisory board became Boris Zupančič, the manager of Flama (a company selling kitchenware, tableware and kitchen equipment), who in 2005 also became the executive manager of Casino Portorož.⁶⁶ In May 2007, Boris Zupančič was replaced and the post was taken by Andrijana Starina Kosem. The replacement occurred after Pivovarna Laško became a 90% owner of Delo. At the same time, Zupančič became the chairperson of KAD’s supervisory board, the post until then held by Andrijana Starina Kosem.

Andrijana Starina Kosem, who is a prominent member of the largest governmental party, the Slovenian Democratic Party, was from 2004 to the end of May 2007 a state secretary with the Ministry of Economy and the chair of KAD’s supervisory board, which is one of the most influential economic-political functions in the country. Writing about political recruitment for the leading positions in commercial

65 Andrej Aplenc is a member of the SDP’s expert council and chairman of the energy commission (www.strokovnisvetsds.si, accessed on July 5, 2007).

66 Vanja Pirc, Ali Žerdin, “Od prvega aprila do pustnega torka” (From April 1st to Shrove Tuesday), *Mladina*, March 6, 2006, Ali Žerdin, “Kuhinja v nadzornem svetu” (Supervisory Board Kitchen), *Mladina*, January 30, 2006, and Ali Žerdin, “Klimatske spremembe v novokomponirani eliti” (Climate Changes Within the New Elite), *Dnevnik*, *Objektiv*, June 6, 2007.

companies, the journalist Ali Žerdin named it a “paradox of history that Andrijana Starina Kosem was the last in a series of falling dominos, given that the first domino was knocked over by herself.”⁶⁷

In some cases, the political links are easy to pinpoint, but in others, the “political clanship” ensues from personal and business connections among influential politicians and business people. The replacement of the state secretary at the Ministry of Economy, Andrijana Starina Kosem, revealed the mechanisms used to establish and maintain political parallelism in the media. Soon after she was removed from KAD and became the chair of Delo’s supervisory board, Andrijana Starina Kosem appeared on the talk-show panel *Kapital and politika* (Capital and Politics) on a commercial television channel, where she spoke about the pressure exerted on Delo. The participants in the studio were Andrijana Starina Kosem, the lawyer Stojan Zdolšek and the Minister of Economy, Andrej Vizjak. The following is a comment by the lawyer Stojan Zdolšek on the minister’s explanation of Kosem’s replacement: “I heard a lot of pretense on the part of mister Vizjak. (...) The purpose of today’s replacement has been exclusively to penalize and punish Mrs Kosem for the developments in Delo. These have been against the will of the cabinet.”⁶⁸

In early June 2007, Andrijana Starina Kosem, the former state secretary and the just appointed chair of Delo’s supervisory board, sent an electronic letter to the members of the largest ruling party, the Slovenian Democratic Party, as well as some individuals outside the party. Her “private letter” was promptly carried by the media. In it she stated that she was given the task of “organizing things in such a way that, once Pivovarna Laško acquires a significant interest in the newspaper company Delo, our influence over the appointment of Delo’s supervisory board and through it on editorial policy will be assured for many years to come.”⁶⁹ The letter is clear evidence that politicians interfered directly with the work of Delo’s supervisory board and exerted pressure on its chairperson (“beyond the limits of good taste and psychological dignity”). She also revealed that the Prime Minister demanded that the *Večer* daily be sold to the Austrian company. According to Andrijana Starina Kosem, the *Delo*

67 Ali Žerdin, “Klimatske spremembe v novokomponirani eliti” (Climate Change Within the New Elite), *Dnevnik, Objektiv*, June 6, 2007.

68 POP TV, *Trenja*, May 31, 2007.

69 The letter appeared in its entirety in all Slovenian media. Our text is based on *Mladina*, June 16, 2007 (p. 21).

and *Večer* dailies were “exploited for political and personal discrediting and for purges among current employees, who are increasingly being pushed out by new, until yesterday completely unknown faces.”

This public/private letter by Andrijana Starina Kosem shows how, in reality, the politically appointed directors fulfill their tasks in companies that they are supposed to supervise. Andrijana Starina Kosem addressed her letter to the political party members rather than the public; she showed that she was all the while aware that politicians were exerting pressure on the media (in this case *Delo* and *Večer*), and eventually even announced her intention to overstep the powers of a supervisory board member by asserting that she would protect editorial autonomy.

Prime Minister Janez Janša issued a public statement in reply to the letter, saying that “the letter contains many lies and even certain assertions that run contrary to logic. /.../ However, it is a direct insult to anyone’s common sense to assert that the autonomy of *Delo* could be ensured by Andrijana Starina Kosem as chairperson, by Stojan Zdolšek as a member of the supervisory board, and by the key owners of *Delo* who are members of the party of Social Democrats (SD) /.../ Many probably wonder why the unusual conduct of so-called long-time members and so-called sympathizers of the Slovenian Democratic Party coincides so closely with the investigation of unlawful handling of the archive files, secret funds and other disputed dealings of the secret service. And, with the agitation that gripped some people in connection with this.”⁷⁰

Following the publication of Andrijana Starina Kosem’s letter, the four opposition parties came together and requested an audience with the Prime Minister. The meeting did not take place. The editor-in-chief of *Mladina* and the chairman of the Slovene Association of Journalists, Grega Repovž, pointed out in an interview for tv Slovenija that the chairman of Pivovarna Laško, the majority owner of *Delo*, did not issue a public statement explaining his stance on this matter. “Pivovarna Laško, or rather, its chairman, has not made a public appearance; the management board has not changed, and all that can be heard from them at this moment is that they distance themselves from Janša. That is not enough, they should distance themselves from the methods used in the past. And they can do that only by

⁷⁰ Based on the letter that appeared in *Mladina*, June 16, 2007 (p. 21).

renouncing all the people who were involved.”⁷¹ The then chairman of Delo’s management board, Danilo Slivnik (who resigned a few months later, in October 2007), commented on the allegations in Andrijana Starina Kosem’s letter as follows: “The letter does not say directly that the government attempted to replace me, because, despite all, there are no reasons for it. But it does refer to certain pressures. In my opinion, the pressure exists, of course, and it exists on various levels. It is the reflection of a specific time, a specific period, probably also a period in which matters within the ruling party are being clarified. So this letter should certainly be taken as one such contribution, so that these matters will probably be clarified within the party, cleared up, as one normal contribution to clearing up.”⁷²

The new supervisory board of Delo chaired by Andrijana Starina Kosem concluded the privatization of the company by delisting Delo from the stock exchange and by appointing a new editor-in-chief a new chairman of the company. The issue to which Andrijana Starina Kosem referred in her letter has not had an epilogue so far.

THE MANDARINS OF COMMUNICATIONS

“Few subjects have been discussed so exhaustively, and on many occasions so disappointingly, as the relationship between the media and the government. Where? Who? How? Why? These questions that should underlie every piece of information are never asked when the point at issue is providing information ... about information.”⁷³ In the past, when the present governing parties were still the parliamentary opposition, a large part of their political program was based on the thesis that the Slovenian media lacked plurality, were biased, under the influence of the ruling center-left coalition, meaning undemocratic, and in need of reform. Yet, once the opposition parties gained power, they started their own “advance” on the media. It began with the changes in media legislation and was followed by replacement of supervisory board members and leading employees of the media companies in which the State had ownership stakes, either direct or indirect. The RTV Slovenija Act of 2005 introduced a new method for appointing members to the programming and supervisory boards, by way of which the

⁷¹ *TV Slovenija* 1, June 13, 2007. *Odmevi*.

⁷² *POP TV*, June 17, 2007, 24 *ur*.

⁷³ Serge Halimi, *Novi psi čuvaji*. Ljubljana, Maska/Peace Institute, p. 18.

political players secured for themselves a stronger influence over the public service broadcaster. The 2006 amendments to the media legislation introduced new provisions regulating the right of reply and the right of correction, effectively enabling substantial interference with editorial autonomy. The provisions concerning the pluralization of the media field were also amended, enabling the State to allocate, via an ostensibly independent commission with the Ministry of Culture, budget funds to the publishers and broadcasters of particular content and programming. Although the new government claimed that its interventions were aimed at ensuring greater democratization of the media, in practice the consequences of these changes brought less media freedom and more political interference.

The redistribution of the state-owned or state-controlled stakes in the media following the change of government came along with interference in editorial policy. Although the newly appointed directors and editors denied pressure on editors and journalists (explaining this as “legitimate editorial or business decisions”), Andrijana Starina Kosem’s letter made it clear that in practice various “techniques of controlling the media” were in use. The “staff tsunami”⁷⁴ washed away almost all the key figures from several national news media – those holding supervisory functions as well as those performing managerial and editorial jobs.⁷⁵

Staff replacements have been accompanied by formal and informal interventions in editorial and journalistic autonomy. The owners, acting through the supervisory boards, have been changing companies’ statutes and limiting the power of editors while expanding that of managers. The opinion of the editorial board is not taken into account when appointing or dismissing editors; the fundamental programming principles are changed, and the right of journalists to “conscientious objection” is not observed. The law on the mass media prescribes that a journalist may not be dismissed, that his/her contract may not be terminated, his/her salary reduced, or his/her status within the editorial board changed or depreciated in any way if his/her opinions and viewpoints are in harmony with the editorial concept and the professional rules, criteria and standards (the

74 The syntagm “staff tsunami” was launched in February 2005 by the opposition MP from the LDP, Slavko Gaber.

75 The overview of staff replacements in the Slovenian dailies between 1990 and 2006 was compiled by Neva Nahtigal, *Mediawatch journal*, May 2006, “Kadrovske spremembe v medijih” (Staff Replacements in the Media).

Amended Mass Media Act, Article 21, Paragraph 2).⁷⁶ Although the media legislation provides a number of “safety valves” that should ensure the autonomy of the media, the majority of these provisions are just a dead letter. The rule that the opinion of an editorial board should be obtained prior to appointing or replacing an editor is observed only superficially, in order to satisfy the legal requirement, while in reality many management boards have installed editors against the will of editorial boards and not taking into account arguments against the appointment.⁷⁷

In April 2007, a public debate about these issues, the round-table discussion entitled “The Techniques of Controlling the Media in Slovenia”, was organized by the Peace Institute, the Slovene Association of Journalists and the Union of Slovene Journalists. Speakers were individual journalists and the former (dismissed) director of *Primorske novice*. They described how the owners, without obtaining the opinion of the editorial board, had been appointing editors, influencing editorial policies, and exerting pressure on journalists who were critical of specific topics or policies.⁷⁸ The information that journalists’ autonomy was restricted and that they were coping with political pressure, deteriorating work conditions and open editorial interference with their texts, triggered a heated debate in the media. Boris Vežjak, the author of a media blog that “informs on

76 In explaining the proposed amendments to the law, in 2001, the legislator explicitly stated that these “increase the degree of programming autonomy.” “The proposed changes would secure stronger protection primarily for journalists with longer work experience against changes in the programming concept that would prevent them from continuing their work in accordance with their personal, professional, political and other views. The inclusion of the programming concept in the work contract would mean that unsuitability or a journalist’s unwillingness to write in accordance with the subsequently changed programming concept could not be considered as a reason for dismissal or other deteriorating of his/her work and legal situation. In such a case, it would be possible to expect the resignation of the journalist in question. However, this would be subject to special conditions that should be to the benefit of a journalist defined in the collective agreement.” *Poročevalec Državnega zbora*, explanation of the amendments, Ljubljana March 16, 2001, year 27, No. 19, p. 19. The 2006 Mass Media Act does not interfere with the already established rights of journalists (Zmed-A, *Uradni list*, RS No. 110/26.10.2006 p. 11329).

77 In February 2006, the chairman of Delo’s management board proposed Peter Jančič as a new editor-in-chief. The working group of Delo journalists wrote: “The new management board and the new supervisory board have thus continued to disrespect the opinion of journalists; in this example they even acted against the plebiscite will of the editorial board.” The supervisory board approved the appointment of the new editor, who took up the post in March 2006. In June 2007, Jančič resigned. Towards the end of June 2007, the new candidate, Janez Markeš, made a presentation. The journalists’ working group rejected the candidate with slightly fewer declining votes. Markeš became editor-in-chief in August 2007.

78 The articles and readers’ letters rejected by the Slovenian media without good reason are published on the web page *Index prohibitorum* (www.indexprohibitorum.si).

information”⁷⁹ distinguishes three types of effort to rationalize and deny pressure on the media. If we ignore for the moment the politicians from the ruling parties, who have been assuring us continually that they do not intervene in editorial policy, the first type of argument comes from “political-media managers who set in motion the process of media becoming non-plural and non-balanced.” These are the editors and chairpersons of the supervisory boards of the largest Slovenian media companies, who rationalize “the alleged pressure and interference” by saying that what is involved are legitimate editorial and managerial decisions. The political-ideological makeup of the second type is provided by columnists and experts who “occupy important positions within media companies, functioning as opinion leaders.” The task of these experts is to introduce into the public discussion the professional arguments that relativize the submission of the media. An important feature of this group of experts is that they continually “circulate” among media companies while swapping roles – an expert turns into a columnist, the chairman of a supervisory board becomes a journalist, or an editor a political analyst. “Uniform ideas and identical interpreters. Journalists or ‘intellectuals’ ... they cannot be avoided because they are everywhere. They are bound by secret agreements. They meet, pay visits one to another, respect one another, explain things to one another and agree on practically everything. (...) Everyone among them is in a way the other’s employer. And all of them persist effortlessly within the narrow scope of the ‘wisdom circle.’”⁸⁰ The third type is propagated by the “viewpoint and ideological” columnists who, from a (neo)liberal perspective, view journalists’ resistance as a “deserved punishment for the disarray of ownership relations, primarily owing to the State’s interests in the media, and through it, politics in the media.”⁸¹ This group of authors, primarily composed of economists whose columns regularly appear in *Finance*, hold that journalists’ demands are politically motivated, that they stem from the journalists’ unprofessional approach, or, as Danilo Slivnik, then still the chairman of Delo’s supervisory board, said, they are the result of “historical leftism”.

79 Medijski watch dog, a blog aimed at monitoring interventions in the Slovenian media, <http://medijski.bog.siol.net>.

80 Serge Halimi, *ibid*, p. 92–94.

81 Boris Vezjak, 2007. “Pogoji možnosti cenzure: o nekaterih značilnostih in argumentih prevzema slovenskih medijev” (Conditions for possible censorship: on certain traits and arguments accompanying the takeover of the Slovenian media), in *Dialogi*, 43(7–8) pp. 124–125.

According to the economist Mičo Mrkaić, a *Finance* columnist and the former chairman of the governmental strategic council, the current government can put the media in order only by using forceful means. Mrkaić says: “Janša is also inconsistent in his attitude towards *Mladina*, a factory of left-wing propaganda. As far as I know, he achieved that practically not one company places advertisements with *Mladina* any more, but he doesn’t want to destroy it completely, which is a great mistake. The enemy should be destroyed, because the hurt animal is the most dangerous one. Janša should behave in harmony with the maxim /.../ that the opponent should be finished with a bullet in his brain, otherwise your opponent will attack you with double fervor, and *Mladina* does that with regard to Janša; the left-wing does not know mercy, and the only language they understand is that of force.”⁸².

A handful of “information oligarchs” determines the shape of debate on public matters. They select the topics, engage in polemics among themselves, offer “solutions,” give advice to politicians and citizens, “colonize” the space of public debate and maintain a monopoly on media expression. On the other hand, the majority of journalists and media workers struggle with poor working conditions, low salaries, irregular payment for contractual work, and various types of pressure from politicians, influential individuals, owners, advertisers, management boards and editors. Modern censorship takes various forms and employs many techniques to limit media autonomy. Below are some of these.

- *Appointments of loyal management boards and editors.* For example, in May 2007, the government, the sole owner of the Slovenian Press Agency (STA), appointed Alenka Paulin, a former PR consultant in the Prime Minister’s cabinet, as STA’s acting director; in December 2006, the owners of Primorske novice appointed a PR agent working for the state-owned Luka Koper as a director of the newspaper company.
- *Recalling of correspondents* whose reports are assessed as inappropriate by high government officials. In 2007, *Delo* recalled its correspondent in Vienna, Matija Grah, and its correspondent in Zagreb, Rok Kajzer. The work of Barbara Šurk, a Middle East correspondent, was assessed as poor. Grah’s and Kajzer’s reports were allegedly not to the taste

82 Mičo Mrkaić, *To so bile svete krave* (These Were Sacred Cows), Ljubljana: Pasadena, 2007 (pp. 280–281).

of the foreign minister, who during that same period was *Delo*'s regular columnist.

- *Relegating employees to a different job or reducing their salaries.* *Delo*'s veteran political commentator Saša Vidmajer became the target of criticism from the foreign minister because of her critical stance; her comments on Slovenian foreign policy now appear in *Delo* only rarely. Certain journalists took their cases of forced relegation to court.
- *Dismissal of regular contributors.* *Primorske novice* chose not to renew contracts with a large number of authors allegedly because of a lack of money, while many authors working under contract for RTV Slovenija are continually under threat that their contracts will not be renewed.
- *Refusal to publish certain commissioned articles*, particularly those that deal with topics related to domestic or foreign policy. Blaž Zgaga, a journalist for *Večer*, wrote a letter in which he alerted the domestic and foreign public that the media refuse to carry texts that are critical of the current government. *Večer*, for example, did not print his article on the security and intelligence agency. *Večer* journalists have set up a "bunker" where they store these unpublished articles.
- *Information filtering* through the national press agency. The acting director of the agency, Alenka Paulin, personally requested that certain texts should be carried and others not.
- *Abusing the right of correction and the right of reply.* The former Prime Minister, invoking the articles regulating the right of reply and the right of correction, succeeded in getting the *Mag* weekly to carry his correction in the place of an editorial, and his reply in the place of a scheduled two-page article. *Dnevnik* has been coping with a "coercive" tactics used in order to obtain publication of a correction. These are practiced by politicians and influential individuals via their PR services – they do not answer journalists' questions, but once the text appears in the newspaper, they demand corrections.
- *Giving a statement or appearing in a broadcast* under the condition that the individual in question may choose the conversation partners or questions (politicians from the ruling parties refuse to confront the opposition politicians face to face, and instead request separate interviews).
- *Re-direction of advertising money* (punishing critical media and rewarding the friendly media by re-directing advertisements for state-owned companies).

All these mechanisms are aimed at disciplining journalists and creating “obedient” journalism in which the media and the journalists will act as a service tailored to the needs and wishes of the political and economic elites. In October 2007, a *Večer* journalist, Blaž Zgaga, and an RTV Slovenija journalist, Matej Šurc, initiated a petition against censorship and political pressure on the media that was signed by more than 570 journalists and sent to domestic and foreign (EU) politicians, organizations and other individuals.⁸³

MEDIA AS A “NATIONAL INTEREST”

That media ownership is an issue of a special “national interest” is a thesis that has been around ever since the 1980s. However, it is obvious that behind it is not the need to protect the plurality of the small Slovenian media market, but an ambition to come by media stakes in a non-transparent manner. Throughout the privatization process, there was a lively trade in media stakes among “politically related” companies, but no calls for tenders. The transactions were guided by the political interests of the people who were at the helm of these companies. The “oligarchization” of the Slovenian economy (the media are part of this process) creates concentration and reinforces the economic and political power of a handful of influential individuals and their companies. The concluding stage of privatization, the managerial buyout of formerly state-owned companies, is effected in a non-transparent manner using companies that have no employees and no capital, that actually have nothing apart from an address on a mailbox. In other words, the buyers of the largest Slovenian companies whose market value amounts to millions of euros are unknown companies whose capital totals several thousand euros. Media companies face a similar destiny. The presence of politics in the Slovenian media is directly related to the strong tradition of political clientelism. Media owners, who are part of the political elite, use their stakes as a powerful negotiating chip when trading with the state or its institutions or with other members of that same elite.⁸⁴ Two questions that do not have unequivocal answers are (1) what the consequences of the political links between these companies are, and (2) to what extent the political links generate added value for these companies.

⁸³ See www.peticijazopercenzuro.com.

⁸⁴ Daniel Hallin and Paolo Mancini, *ibid.*, p. 58.

A survey conducted by Mara Faccio on a sample including 20,202 publicly-traded companies in 47 countries (Slovenia was not included) showed that “politically connected companies” accounted for 7.72% of the world’s stock market capitalization, and such links exist in 35 of the 47 countries analyzed.⁸⁵ In Russia, this percentage is 86.75% of market capitalization. In the author’s definition, the connected companies are those where a politician is a large shareholder or a top officer in the company (a “politician” means a member of parliament, a minister, a prime minister, a head of state or a person closely related to a top official). The politically linked companies, therefore, do not include those that contribute to the election campaigns of individual politicians or those that are state-owned (except in cases when an MP or a minister sits on the board of directors/supervisory board or is a large shareholder).⁸⁶

An interesting finding of this study relates to the correlation between (media) freedom of expression and the extent of political connections. In countries where corruption is present, political connections may not be sufficient. In order to be able to “pressure the government”, the owners of important companies engage personally in politics. But what is important for our study is the finding that in countries where foreign investment is restricted (in Slovenia, the media law valid between 1994 and 2001 placed a 33% limit on foreign stakes in media companies), there is a greater likelihood of politically connected companies.⁸⁷

In the case of Slovenia, the links and the intertwining of the spheres of politics and the economy are very strong, despite the fact that active politicians themselves have no stakes in individual companies, nor do they sit on various boards, including supervisory boards. The privatization model pursued by Slovenia, together with non-transparency and politically motivated ‘bargaining’ with the shares of formerly socially-owned companies, created a situation in which the new owners became mainly the people who managed these companies during the period of privatization. This clearly proves that politics guided the economy and vice versa, that commercial enterprises frequently governed the decisions taken by political players. The thesis about the “national interest” that was propounded by both economic experts and politicians was not motivated by a

85 Mara Faccio, 2006. “Politically Connected Firms” in *The American Economic Review*, March, 96(1): 369–386.

86 Faccio, *ibid*, p. 372.

87 Faccio, *ibid*, pp. 379–380.

wish to ensure operation in the interest of the public good (despite the populist rhetoric of its advocates). The thesis “Slovenian media to Slovenian owners” is also strongly supported by Danilo Slivnik. In an interview for POP TV, a commercial television channel behind which stands US capital, Slivnik stated: “The Slovenian media should be professional and in the center of the political spectrum. But I most of all believe that they should be in the hands of Slovene owners. I am against the sale of *Delo* or *Večer* to foreigners, because, after all, the media are not only a means of information provision. The media constitute the State, the nation, and finally also the unity or a unit as one part of the EU. We cannot be an EU member without having our own media.”⁸⁸ In an article written for “his newspaper,” *Delo*,⁸⁹ Slivnik offered the thesis that media “are not just a means of information provision,” in a different context. “Since the price and the fact that they are payable turn newspapers (and the media in general) into an ordinary market commodity, the debate on the presumed dependence or autonomy of Slovenian journalism should be viewed with considerable reservation [...] There are probably several reasons behind the prevailing conviction that anyone can interfere in the media and newspaper matters, and that information products are a worthless commodity. First, it seems as if the media companies are, according to some historical logic, in the possession of all of us and that the right to be informed is a political obligation. However, nothing is more deceiving than the presumed ‘right to know.’”⁹⁰

FOREIGN OWNERS OF THE SLOVENIAN MEDIA

The number of foreign owners of the Slovenian print media differs from the number of foreigners owning the broadcasting media. The three commercial television stations, whose ratings exceed those of the two television programs broadcast by the public service broadcaster TV Slovenija, are owned by foreign corporations. The owner of TV 3 is the Swedish Modern Times Group MTG AB, and the owner of POP TV and Kanal A is the American corporation CME. The founders of TV 3 (the largest capital investments were those of the dioceses of Maribor and Koper, the Gospodarski forum

⁸⁸ POP TV, 24 ur, June 17, 2007.

⁸⁹ Danilo Slivnik was a *Delo* journalist in the past and participated in the privatization process as an employee.

⁹⁰ Danilo Slivnik, “Na drugi strani je sonce” (Sun Is On the Other Side), in *Delo, Sobotna priloga*, April 21, 2007, p. 32.

of the Slovenian People's Party, Krekova banka and Krekova družba), were issued a broadcasting license for a program that would "communicate values that will assist a person as an individual and as a member of the community in becoming a responsible person with positive attitudes" (*Družina*, December 17, 1995). The Swedish company bought TV 3 in 2006 when it had been struggling with recurring financial crises for a decade. By then, it changed the programming concept completely, departing from the initial concept for which it had obtained the broadcasting license. Kanal A was founded in 1990. POP TV is a trademark of the program produced by the production company ProPlus, whose majority owner is the American corporation CME. Based on the partnership agreement, the POP TV program was broadcast by two television stations that were allocated frequencies to broadcast their own programs.⁹¹ Kanal A had changed hands several times before it was purchased, in 2001, by CME, the owner of the POP TV trademark/program.

There are no foreign owners in the radio field. The 19 local and regional radio stations that had been in operation before 1990 were privatized according to the already described model. The stakes in these radio stations have been purchased by local authorities or commercial stations which paid high prices for the frequencies obtained in this way. The State never offered a concession for commercial radio programs with nationwide coverage. Accordingly, radio program broadcasters could achieve national coverage with their signal only by buying smaller stations and forming owners' and programming networks. As a result, two large networks control almost one third of all operating radio stations.

As regards the print media, the Swedish group Bonnier Business Press owns the *Finance* daily (until February 15, 2000 it was published three times a week). Austrian Leykam is the publisher of the free weekly *Dobro Jutro* (plus it has a 7% interest in the newspaper *Večer*). Styria Medien AG has a one-quarter stake in *Dnevnik* and is the publisher of the free weekly *Žurnal* and the free daily *Žurnal 24* (launched in October 2007). The Belgian publishing house Roularta Media Group is a majority owner of the free *City Magazine*. There are eight news dailies in Slovenia: *Delo*, *Direkt*, *Dnevnik*, *Finance*, *Primorske novice*, *Slovenske novice*, *Večer* and *Žurnal 24*. *Delo*, *Slovenske novice* and *Večer* all belong to

⁹¹ Partnership Agreement among CME BU, MMTV1 d.o.o. Ljubljana and Tele 59 d.o.o. Mari-bor forming Produkcija Plus d.o.o. (the "Slovenian Partnership Agreement").

the same owner; *Direkt*, *Dnevnik* and *Žurnal 24* are related through ownership links, and *Dnevnik* has a 12% interest in *Primorske novice*. Add to this the ownership links among the distribution companies and advertising agencies, plus the fact that among the largest advertisers are the companies owned by the State, and it is possible to say that advertising money and its distribution have become important factors of influence.

ADVERTISING

The signs of politically dictated channeling of advertisements for state-owned and state-controlled companies are detectable throughout the post-socialist period in Slovenia. The same economic and political links that are the key to understanding media ownership in Slovenia also govern the advertising field. The impact of these networks is most felt by the print news media. Their operation and disintegration became most evident after the change of the government in 2004, when the usual advertising transactions involving state-owned and state-controlled companies changed. Certain taken-for-granted players disappeared from the advertising map, for example, Agencija 41, which for years handled the advertising campaigns for Mobitel, one of the largest advertisers in Slovenia indirectly owned by the state. Agencija 41 was dismissed following the election of the new government and a change in Mobitel's executive team.¹ At the same time, a new media buyer appeared on the stage. Within just one year it won over virtually all large state-owned and state-controlled companies and generated a profit equal to almost one-third of the profit earned by the largest media buyer in Slovenia.

Zoran Trojar is a person who during the past ten years had ample opportunity to observe the paths of advertising money in Slovenia. During the late 1990s, he was the manager of the *Mladina* weekly, the head of the marketing department with the largest Slovenian newspaper publisher Delo, and finally the manager of Agencija 41. At the moment, he is the manager of an on-line advertising agency.² In Trojar's words, there is no doubt that "the consolidators of advertising money" on the Slovenian market are more or less politically colored, and that the distribution of this money is influenced by political interests although not exclusively (Trojar also stresses the drive for extra profit).³

According to the representatives of the newspaper company Dnevnik,⁴ in 2007 state-owned and state-controlled companies virtually ceased to advertise in *Dnevnik*, the second largest

1 At the time of writing this report (August 2007), the web page of Agencija 41 could not be located on the web. Marketing Magazin, a journal that carries detailed reports on the value of advertising, did not include Agencija 41 in its report for 2006. In 2004, before the change of government, Agencija 41's revenues amounted to 786,758,472 tolar or approximately 3.3 million euros, ranking 14th on the list of Slovenian advertising agencies.

2 Trojar is also the chairman of the Slovenian Media Association with the Slovenian Chamber of Advertising and a member of the management board of the Chamber.

3 Zoran Trojar, "Oglaševalci kot kolateralna žrtev" (Advertisers: Collateral Victims), *Delo*, July 2, 2007, p. 21.

4 Miran Lesjak, editor in chief of *Dnevnik*, in the broadcast Omizje by TV Slovenija, May 30, 2007, and Nives Roš, sales manager at Dnevnik in conversation with us, July 5, 2007.

daily newspaper in Slovenia, despite the fact that its circulation steadily increased over a long period of time. By contrast, *Delo*, its main competitor, has no problem with these same advertisers, although its circulation slumped. The loss suffered by *Dnevnik* in one year because of this turn of the tide is estimated at 1 million euros. Mediana IBO's data for the first two quarters of 2007 show that several advertisements for state-owned and state-controlled companies appeared in *Dnevnik* during this period⁵, but this by no means invalidates *Dnevnik's* claim that the withdrawal of advertisements is an attempt to punish them for their political stance inconsistent with that of the ruling party.

Peter Frankl, the manager and editor of the foreign-owned daily *Finance* says that the "policeman" who keeps a watchful eye on the paths along which travel the large sums of advertising money paid by state-owned and state-controlled companies, was active under the previous government and continues to be active under the present one, too. Naturally, the company and the individuals who appear in this role have changed. "New government, new agency," says Frankl. However, Frankl also wonders whether those media that are now stripped of advertisements had perhaps been swamped with them in the past, but without a market-based explanation. For him, the clue lies in the fact that *Dnevnik* managed to compensate for the 1 million loss by reinforcing its sales activities and attracting customers that are free from the influence of political interests.

The term used by experts to denote the practice of advertising withdrawal is *indirect, financial or economic censorship*. As a symptom of the lack of democratic standards, it is encountered in many countries; occasionally, the use of this type of censorship leads to lawsuits.⁶

THE WORTH OF ADVERTISING AND THE INFLUENCE OF THE GOVERNMENT

Total expenditure for all types of advertising in Slovenia in 2006 was 376.9 million euros according to Mediana

⁵ Information supplied by Jure Premru, Mediana IBO, August 28, 2007.

⁶ Legal experts with Justice Initiative, which operates under the auspices of the Open Society Institute, have been studying for several years now the case of financial censorship within the Argentine media. The milestone case is the ruling of the Supreme Court of Argentina dating from early September 2007. It says that the withdrawal of the advertisements for the local government of Neuquen from the critical newspaper Rio Negro was a case of indirect censorship. The government was required to distribute advertising money without discriminating against certain media. See www.justiceinitiative.org/db/resource2?res_id=103846 (access on September 11, 2007)

IBO⁷, meaning more than one percent of the Gross National Income. The worth of media advertisements was 164.6 million euros.⁸

Data for the first two quarters of 2007 show an increase in advertising expenditures, so the total worth of all types of advertising during this period was slightly more than 206 million euros⁹. Although this figure points to an upward trend, insiders say that between 2006 and 2007 there was no real growth and that this erroneous impression is a result of the fact that some media offer package deals, including re-runs and discounts on advertisements.¹⁰

We have taken a closer look at the ways the government can interfere with the advertising branch and hence influence critically the media market. In search of answers, we examined the advertising expenditures of selected companies and advertisements in selected media. We also devoted close attention to the cases, past and especially present, in which major advertisers withdrew their advertisements from certain media, or government-related customers were won over by new companies (we focused on the print news media in particular). Relevant data was obtained from organizations involved in media surveys and from the media companies themselves. In the case of the *Demokracija* weekly, we had to rely on our own study of the structure and extent of advertising in this newspaper during a selected, short period of time, because the weekly refused to supply the data requested and the media research companies did not collect data on this weekly. In addition to data on advertising expenditure, we also scrutinized circulation figures and audience share, and discussed with various media representatives the government's influence in the advertising field.

The government pressures advertisers and media buyers, and also uses public tenders as a lever to exert influence. The largest advertisers in Slovenia are telecommunication companies, insurance companies, banks, Petrol, the largest oil company, and other companies that are directly or indirectly, wholly or partly, owned by the state. The telecommunications company Mobitel, indirectly owned by the state, is an important player on the advertising market: it ranks

7 *Marketing magazin*, January 2007, No. 309, p. 19. The sum includes the value of advertising in the print media, on television, radio, outdoor media, cinemas and on the Internet.

8 The figure is taken from *Marketing magazin*, January 2007, No. 309, p. 17; the information combines "data collected directly from individual media and MM estimates."

9 Data by Mediana IBO, published by *Finance*, August 1, 2007, p. 18.

10 *Finance*, August 1, 2007, p. 18, statements by Milena Fornazarič, Media Pool director.

fourth on the list of the largest advertisers in Slovenia in 2006. During the previous government's terms in office, the top level staff of the company became infamous for their alleged links with and loyalty to the ruling party, that is, the Liberal Democracy of Slovenia. However, the present executive manager of this company also comes from the largest governmental party, the Slovenian Democratic Party; in past years, he was the head of the SDP's local branch in Maribor and a member of the party's national leadership.¹¹ Mobitel's connection with the ruling party was one of the questions raised in an interpellation of the previous government, submitted in 2004 by the then opposition parties (now the ruling parties), the Slovenian Democratic Party (SDP) and the Nova Slovenia (Nsi) party.¹²

An interesting picture emerges if we compare the figures for the years 2004 (when the government was composed of center-left parties) and 2006 (when the center-right coalition was already in power), and concentrate on the advertisements featured by the dailies *Delo* and *Dnevnik* and the weekly *Mladina*. The source for this data has been Mediana IBO, which has years of experience in advertising market surveys. It estimates the price of the featured advertisements on the basis of the price lists issued by the media in question.

Mediana IBO data show a sharp fall in the number of advertisements for state-owned and state-controlled companies in the weekly *Mladina*, following the change of government. *Mladina* is positioned closer to the center-left political parties and is a harsh critic of the center-right government. Between 2004 and 2006, the largest advertiser among the state-owned companies, Mobitel, reduced by half the number of advertisements placed in *Mladina*. Data for 2007, provided by *Mladina* in June 2007, show that in the current year Mobitel ceased completely to advertise in this weekly.¹³

¹¹ *Dnevnikov objektiv*, July 16, 2007, p. 5.

¹² Speaking in the National Assembly, on August 31, 2004, a few months before the elections, the leader of the Slovenian Democratic Party, the current PM and the then opposition leader, Janez Janša, mentioned Mobitel as one example of the "influence of the government on the economy." He stated that "if /.../ we make such a 'top ten' of political figures in the economy, we see that practically no important position within the economy and no position within the management boards that directly or indirectly influence developments within the economy, is without a person installed by the government." (The audio file of the 50th extraordinary session of the National Assembly of the RS, August 31, 2004, available at www.dz-rs.si).

¹³ The data of Mediana IBO on the worth of advertising in the first half of 2007, which were published in early August 2007, show that their researchers who review advertisements in the print media noted several advertisements for Mobitel and other state-owned and state-controlled companies in *Mladina*.

TABLE 1: TOTAL WORTH OF ADVERTISING FOR SELECTED COMPANIES IN EUROS (■ 2004 ■ 2006)

	MLADINA	MAG	DELO	DELO + SUPPLEMENTS	DNEVNIK	DNEVNIK + SUPPLEMENTS
MOBITEL	142,175	56,292	577,664	685,635	310,167	349,143
MOBITEL	71,822	71,132	511,793	900,561	83,532	200,757
SIOL	6,330	1,628	34,793	34,793	4,559	4,559
SIOL	3,881	0	23,330	71,183	10,435	10,435
TELEKOM SLOVENIJE	26,945	2,035	70,187	179,084	37,319	42,379
TELEKOM SLOVENIJE	6,969	6,301	107,909	167,082	176,930	180,831
ADRIA AIRWAYS	0	0	27,439	30,875	6,010	6,010
ADRIA AIRWAYS	0	0	12,878	20,467	5,740	8,995
ZAVAROVALNICA TRIGLAV	19,761	0	80,609	99,036	24,212	38,505
ZAVAROVALNICA TRIGLAV	7,136	9,047	58,701	131,083	19,891	42,421
NOVA KBM	0	0	5,791	16,939	10,662	20,082
NOVA KBM	668	1,878	36,972	75,063	12,102	27,349
NOVA LJUBLJANSKA BANKA	11,199	0	85,235	117,966	28,627	44,494
NOVA LJUBLJANSKA BANKA	1,782	0	161,545	216,040	66,379	85,269

	MLADINA	MAG	DELO	+ SUPPLEMENTS	DELO	DNEVNIK	+ SUPPLEMENTS	DNEVNIK
PETROL	2,072	0	38,289	46,660	27,283	28,641		
PETROL	0	7,136	98,683	197,079	19,241	27,962		
MERCATOR	10,362	0	266,199	493,998	145,173	168,691		
MERCATOR	6,510	2,212	624,810	955,041	340,804	421,807		
VZAJEMNA ZAVAROVALNICA	0	0	13,946	32,975	18,735	22,315		
VZAJEMNA ZAVAROVALNICA	0	0	9,582	49,257	6,695	16,080		
GORENJE	628	0	18,958	56,259	2,092	14,295		
GORENJE	4,674	0	2,347	22,169	2,587	18,570		
PIVOVARNA LAŠKO	4,145	6,104	23,683	31,972	6,459	6,459		
PIVOVARNA LAŠKO	0	4,423	0	0	0	0		
PIVOVARNA UNION	6,217	0	12,894	39,940	13,125	18,400		
PIVOVARNA UNION	0	7,011	0	1,329	0	814		
FRUCTAL	837	0	0	13,924	0	2,983		
FRUCTAL	1,294	0	0	23,811	2,587	8,158		

Source: Mediana IBO.

By contrast, the value of advertisements for state-owned and state-controlled companies in the weekly *Mag*, whose worldviews and political views are closer to the center-right coalition that came into power towards the end of 2004, has been increasing. For example, in 2006, advertisements for Mobitel were almost equally distributed between the *Mag* and *Mladina* weeklies, although *Mladina* sold 5,000 more copies than *Mag* (*Mag* – 8,527 copies sold, *Mladina* – 13,575 copies sold). This is audited data accessible to both advertisers and advertising agencies.

The figures for the daily *Dnevnik* produce a similar picture. For example, between 2004 and 2006, the worth of advertisements for Mobitel in *Dnevnik* decreased by one-quarter. Data for the first two quarters of 2007, obtained in early July 2007 from *Dnevnik*, show that the share of advertisement for Mobitel or other state-owned and state-controlled companies in *Dnevnik* was reduced to zero.¹⁴ In the case of the *Dnevnik* daily, this information carries extra weight, because *Dnevnik* was the only daily that recorded higher circulation figures. The data showing a fall in the circulation of *Dnevnik* during the period April-June 2007 was published only in August, so the advertisers and media buyers could not have known about it, meaning that this could not have been the reason for their withdrawal of advertisements from this newspaper.

On the other hand, the number of advertisements for state-owned and state-controlled companies in *Delo* (which is under control of the circles linked with the center-right parties currently in power) has not been declining although its circulation has been falling for several years now.¹⁵ Moreover, if we take into account *Delo*'s supplements, the number of advertisements for Petrol and Telekom, as well as Mobitel, has even increased.

¹⁴ The data of Mediana 180 on the worth of advertising in the first half of 2007, which were published in early August 2007, show that their researchers who review advertisements in the print media noted several advertisements for Mobitel and other state-owned and state-controlled companies in *Dnevnik*.

¹⁵ The figures showing *Delo*'s circulation for the period April – June 2007 point to an increase in its circulation after a long period of slumping sales; the figures were published in August 2007.

The tables below show the circulations of individual dailies and weeklies:

TABLE 2: *MLADINA'S CIRCULATION 2004–2007*

PERIOD	COPIES SOLD	SUBSCRIPTION
VII–IX 2004	14,505	5,059
VII–IX 2005	13,718	4,965
VII–IX 2006	13,575	4,882
I–III 2007	12,926	4,991
IV–VI 2007	13,211	5,004

TABLE 3: *MAG'S CIRCULATION 2004–2007*

PERIOD	COPIES SOLD	SUBSCRIPTION
VII–IX 2004	8,891	3,205
VII–IX 2005	9,431	3,203
VII–IX 2006	8,527	3,224
I–III 2007	11,158 ¹⁶	6,844
IV–VI 2007	11,053	6,912

TABLE 4: *DELO'S CIRCULATION 2004–2007*

PERIOD	COPIES SOLD	SUBSCRIPTION
VII–IX 2004	78,125	60,312
VII–IX 2005	72,680	57,566
VII–IX 2006	66,019	52,935
I–III 2007	64,469	53,581
IV–VI 2007	65,212	54,494

TABLE 5: *DNEVNIK'S CIRCULATION 2004–2007*

PERIOD	COPIES SOLD	SUBSCRIPTION
VII–IX 2004	46,839	39,738
VII–IX 2005	46,811	40,211
VII–IX 2006	47,083	40,147
I–III 2007	49,030	42,031
IV–VI 2007	47,731	41,449

Source: The web page of the Chamber of Advertising of Slovenia; audited data on the circulations of the print media in Slovenia (www.soz.si, accessed on August 31, 2007).

¹⁶ The obvious increase in the number of *Mag* copies sold can be explained by the situation created by Delo newspaper company after the weekly *Več* was removed from the market in January of 2007. *Več* subscribers were offered an option of switching to *Mag*, a weekly bought by Delo a short time earlier. The subscription figures show that from December 2006 to January 2007 the number of subscribers to *Mag* increased by almost 3,000.

The table below shows the results of the comparison between the results of the National Readership Survey for 2006 and those pertaining to the first six months of 2007.

TABLE 6: READERSHIP FOR *DELO*, *DNEVNIK*, *MAG* AND *MLADINA*

	VII–XII 2004	2006	I–VI 2007
<i>MLADINA</i>	110,000	74,000	77,000
<i>MAG</i>	47,000	44,000	51,000
<i>DELO</i>	241,000	203,000	198,000
<i>DNEVNIK</i>	161,000	162,000	151,000

Source: National Readership Survey.

www.nrb.info/podatki/index.html, accessed on August 2, 2007.

THE *FINANCE* DAILY

Finance is a daily owned by the Swedish company Bonnier Business Press. Thanks to foreign ownership and its focus on specialized topics, the newspaper has largely escaped the grip of party politics and state networks. We sought to establish whether, and to what extent, the scope of advertisements for state-owned companies and those companies in which the government has the predominant influence has changed since the change of government. The difference is noticeable, but in the sense that some government-related companies have placed more advertisements in *Finance*, while others have placed fewer advertisements than during the previous government's term in office.

Peter Frankl, the manager and editor-in-chief of *Finance*, says that his paper welcomes advertisements for state-owned and state-controlled companies, but these have no special significance for his paper, nor does its survival depend on them. As to the editorial and business policies of *Finance*, Frankl asserts that they never formed a partnership or developed particularly close relations with any government. From the very beginning, they invested in the development of business and marketing strategies. However, this was not the case with certain other news media that had at their disposal non-market mechanisms for attracting advertisers, which misled them into neglecting these segments and tasks for quite a long time after the transition to the market

**TABLE 7: TOTAL WORTH OF ADVERTISEMENTS
FOR SELECTED COMPANIES IN *FINANCE* (EUR)**

	2004	2006
MOBITEL	120,817	85,617
SIOL	0	3,090
TELEKOM SLOVENIJE	33,046	68,630
ADRIA AIRWAYS	18,162	7,505
ZAVAROVALNICA TRIGLAV	33,676	40,629
NOVA KBM	46,374	57,678
NOVA LJUBLJANSKA BANKA	49,053	33,212
PETROL	16,525	15,789
MERCATOR	10,394	9,980
VZAJEMNA ZAVAROVALNICA	0	5,382
GORENJE	6,230	9,932
PIVOVARNA LAŠKO	16,592	0
PIVOVARNA UNION	10,474	0
FRUCTAL	1,263	1,836

TABELA 8: THE CIRCULATION OF *FINANCE* 2004–2007

PERIOD	COPIES SOLD	SUBSCRIPTION
VII–IX 2004	8,078	7,766
VII–IX 2005	11,266	10,864
VII–IX 2006	12,147	11,735
I–III 2007	12,112	11,683
IV–VI 2007	12,285	11,856

Source: The web page of the Chamber of Advertising of Slovenia; audited data on the circulation of the print media in Slovenia (www.soz.si, accessed on August 31, 2007).

TABELA 9: *FINANC* READERSHIP

VII–XII 2004	58,000
2006	59,000
I–VI 2007	57,000

Source: National Readership Survey, www.nrb.info/podatki/index.html, accessed 2. 8. 2007.

economy. Non-market mechanisms are still in place, says Frankl, and the situation will not change as long as all actors do not adopt and follow professional principles, the most important among these being the principle that advertising is not there to assist the press, but to increase the profit of the client.¹⁷

A LOOK BACK AT THE 1990S

A look at the 1990s reveals that the politically motivated withdrawal of advertisements, or their channeling to specific media, particularly news media with clear political leanings, was frequently practiced. Below we describe the cases of the weeklies *Mladina* and *Mag*.

The case of *Mladina*

The case of *Mladina* has been described by several authors. In 1996, *Mladina* carried an article on the allegedly controversial financing of former President Kučan's presidential campaign and the role of Studio Marketing, the advertising agency that handled the campaign. The impact of this text on the extent and structure of advertisements in *Mladina* was felt for several years. This case is the subject of the article *Vojno novinarstvo* (Wartime Journalism) by Boris Čibej, formerly a journalist for *Mladina*, published in the *Media Watch Journal* in the last quarter of 1999. It is also mentioned by the former manager of *Mladina*, Zoran Trojar, in an article entitled *Oglaševalci kot kolateralna žrtev* (Advertisers, Collateral Victims), featured in *Delo* on July 2, 2007. Finally, it was recounted in the article entitled *Media Slaves to Oligarchs* that appeared in *Finance*, on August 16, 2007. The author was Stanislav Kovač, who in 1996 wrote for *Mladina* the incriminating article on Kučan's election campaign entitled *Utaja davkov* (Tax Evasion). In the article for *Finance*, Kovač says that "years ago *Mladina* lost a large advertiser after publishing an article about the evasion of tax payment by [former President] Kučan, that is, the company that handled his presidential campaign". He further recounts that as the author he "endured pressure that escalated to the point when I was invited to pay a visit to President Kučan."¹⁸ Trojar, who became the manager of

¹⁷ A conversation with Peter Frankl, the director and editor of *Finance*, August 28, 2007.

¹⁸ Stanislav Kovač, *Medijski hlapci oligarhov* (Oligarch's Media Servants), *Finance*, August 16, 2007, p. 11.

Mladina in 1997, also described and confirmed this event in a conversation held on August 3, 2007. The important advertisers and agencies systematically omitted *Mladina* from their advertising plans. During this period, *Mladina* was making considerable effort to reverse the prejudices of advertisers and agencies against advertising in their weekly, which was renowned for its critical and provocative stance. *Mladina*'s manager met with individual advertisers and agencies, including those that, as they believed, were under the influence of Milan Kučan.

The Case of *Mag*

In another simultaneous development, dubbed the newspaper war between the *Mag* weekly and *Dnevnik* (the newspaper company), the trigger involved texts that appeared in *Dnevnik* and *Nedeljski dnevnik* in October and November 1998. In these texts it was alleged that *Mag* was experiencing a financial crisis which forced it to feature paid articles and carry an unusually large number of advertisements for companies that, "owing to various links and combinations, are much closer to [Prime Minister] Janez Drnovšek's political sphere of interest than to that of Janez Janša [at that time an opposition politician, currently Prime Minister]."¹⁹ It was also alleged that *Mag* carried articles in favor of Janez Drnovšek as well as the results of opinion polls in which PM Janez Drnovšek topped the list of the most popular politicians, although all other opinion polls indicated that President Milan Kučan was leading the list.²⁰ The *Nedeljski dnevnik* weekly further claimed, after analyzing the texts in *Mag* concerning certain companies, that *Mag* was paid not to carry critical and compromising articles. To corroborate these claims, *Dnevnik* journalists interviewed the managers of the companies that they believed advertised in *Mag* for reasons other than market reasons.²¹ Among these were Mobitel, Telekom, Pošta Slovenije, SKB banka etc.

It was also alleged that Danilo Slivnik, the then majority shareholder, manager and editor of *Mag* (from January 2006 to October 2007 chairman of the newspaper company Delo), who was a candidate for Janez Janša's SDP at the parliamentary elections in 1996, turned to Prime Minister Janez Drnovšek for help in dealing with the financial crisis

¹⁹ *Nedeljski dnevnik*, November 15, 1998, p. 11.

²⁰ *Nedeljski dnevnik*, November 22, 1998, p. 10.

²¹ *Nedeljski dnevnik*, November 22, 1998, p. 11.

caused by debt arising from poor business results and the botched project involving a new daily.

Mag responded to these claims by stating that this was an attempt to “liquidate *Mag* politically through political directives issued to advertisers,”²² that it was an attack on *Mag* coming from the “fortress of nomenclature [former ruling structures] and old political forces,” “people from the Kučan clan,” “Kučan’s or Serbian agents” and “destroyers of *Mag*.”²³ It speculated on why advertising in *Mag* should be labeled as sponsorship, while advertising in other newspapers was interpreted as income earning. It also raised the question of why *Mag* should not be allowed to feature advertisements and whether advertisements could only appear in “left-oriented and government-sponsored media.”²⁴ *Mag* further claimed that its number of copies sold amounted to 20,000 (according to *Nedeljski dnevnik* this figure was slightly smaller than 13,000).²⁵ As to the questions posed by *Nedeljski dnevnik* and *Dnevnik* journalists to the managers of companies advertising in their weekly, *Mag* assessed them as pressure on advertisers and a planned campaign to jeopardize *Mag*’s survival. On November 18, 1998 it expressed its protest by publishing a mainly black-and-white issue, with a cover page headline reading “*Dnevnik*, The Destroyer of *Mag*.” Among other things, it was said that the survival of *Mag* depended on the sale of advertising space, but the problem was that the political centers of power controlling capital were “not always in favor of *Mag*”²⁶. Interpreting this incident in the context of the struggle of old political forces confronting new, democratic and nationally aware forces, and as an attempt to remove *Mag* from the media world, *Mag* wrote that “the imbalance within the Slovenian media environment could also pose a threat to the survival of the nation-state.”²⁷

One year later, in November 1999, *Mag* was sold to Salomonov oglasnik. Vinko Vasle, one of *Mag*’s founders, owners and editors (now the director of Radio Slovenia) left the company in protest. On leaving the company he gave an extensive interview to the weekly *Demokracija*, in which he said, “There is no professional correctness among advertisers.

22 *Mag*, November 18, 1998, p. 26.

23 *Mag*, November 18, 1998, p. 27.

24 *Mag*, November 18, 1998, p. 27.

25 *Nedeljski dnevnik*, November 15, 1998, p. 11.

26 *Mag*, November 18, 1998, p. 3.

27 *Mag*, December 9, 1998, p. 31. One year later, in November 1999, Danilo Slivnik presented his view of *Mag*’s mission in an editorial in which he explained the reasons that led to the sale of *Mag* to Salomon: “We will continue to be an opposition with regard to all those opinions that we find harmful for the state.” *Mag*, November 10, 1999, p. 11.

/.../ The advertisers first check who you are and to whom you belong, which political actor is, or should be, behind the newspaper, and then they virtually dictate vital content. /.../ Perhaps some large advertisers are not completely independent in making their decisions, but are under the influence of the government or politics. It is an abnormal state, given that anybody can influence them and instruct them where to place, or not to place, an advertisement.”²⁸

This episode in the story about the role of the state and the political elites in Slovenian advertising highlighted the operation model and the ideological underpinning of the discussion, but did not contribute to the elimination of the principal levers exploited in the instrumentalization of advertisers. Had it been otherwise, we would not be seeing practically the same actors in similar stories now, almost ten years later. But the actors, including advertisers, media, politicians, editors and media managers, are the same, only that they now appear in new roles.

For the purpose of our research study, we asked *Mag* to provide data on its advertising revenues and the structure of advertisements during 2004 and 2006. The answer from Delo’s marketing department (Delo acquired *Mag* in December 2005), was that they did not provide data on advertising revenues apart from that which must be made public by law.²⁹ Similarly, *Mag*’s editor-in-chief, Janez Markeš (who in August 2007 became the editor-in-chief of the daily *Delo*), when requested to supply data that would corroborate the thesis that *Mag* had problems with advertisers under the previous government, replied that his field of activity was editorial policy and not advertising. But he did comment on the current situation saying that he was familiar with unofficial data indicating that “the extent of advertising in *Mag* does not keep pace with the increase in circulation and the number of copies sold.”³⁰

THE STRUGGLE BETWEEN *DNEVNIK* AND *DELO* FOR STATE ADVERTISING

A look into the past also sheds some light on the relationship between the newspaper publishers Delo and *Dnevnik* as regards the advertising for public tenders placed by various public bodies.

²⁸ *Demokracija*, December 12, 1999, pp.12–13.

²⁹ Answer by Peter Penko, an employee of the marketing and PR department with Delo, May 24, 2007.

³⁰ Answer by Janez Markeš, June 18 and 20, 2007.

According to Nives Roš, the manager of the marketing department at *Dnevnik*, who between 1994 and 2002 worked in the marketing field for its competitor *Delo*, for many years before 2004, it had been almost taken for granted that all public tenders by state bodies and public institutions were advertised in *Delo*.³¹ Nives Roš says that the prices for these advertisements were unrealistically high and included various extras, but no one questioned such pricing or asked why these advertisements were directed to *Delo*. The total worth of these advertisements in 2003 was estimated at 1.5 billion tolars annually (based on the exchange rate for euro in 2003,³² this amounts to approx. 6.4 million euros).³³ That public tenders were automatically advertised in *Delo* is also confirmed by Zoran Trojar, formerly the head of the marketing department with *Delo*.

Dnevnik began to dispute *Delo*'s monopoly over the advertising of public tenders in letters addressed to the then PM, Anton Rop, and the Minister of Finance, Dušan Mramor. Referring to the Public Procurement Act, *Dnevnik* sent its credentials to all state and public bodies subject to the provisions of the Public Procurement Act, reminding them that they were obliged to consider *Dnevnik* as an equal competitor when choosing where to place their advertisements. Despite this, public procurements continued to be advertised in *Delo*. *Dnevnik*, for its part, continued to request from the governmental bodies an explanation of why they chose *Delo* without even giving *Dnevnik* an opportunity to compete. The answer was that these decisions were based on the fact that *Delo* had a greater reach (readership), to which *Dnevnik* replied by pointing out that the price of service was an equal factor that should be taken into consideration. Roš recollects that *Dnevnik* then began to file requests for audit procedures, succeeding, in 2005, in initiating 20 audit procedures. The conclusion in all 20 cases was that the state bodies failed to meet legal requirements by placing their advertisements in *Delo* without considering other providers.

Dnevnik's representatives claim that even the statutes of certain public institutions and organizations owned by the state (e.g. DARS – the Motorway Company in the Republic of Slovenia) include the provision that their advertisements

31 Conversation with Nives Roš, the marketing manager with *Dnevnik*, July 5, 2007.

32 According to the information supplied by Banka Slovenije, the average value of the euro in 2003 was 233.70 SIT.

33 This figure is based on letters sent by *Dnevnik* to the Minister of Finance on April 23, 2003 and to the Public Procurement Office on May 12, 2003.

should be placed in *Delo*. Although this is a result of long-established routine and the dominant position of *Delo* in the past, it is nevertheless in contravention of the law on public procurements, which stipulates that the choice of provider should be based on the principles of competition, transparency and equality of providers.

Over time, several state bodies and public institutions changed their practice and began to request proposals from various providers. Some have established the practice of choosing the media on the basis of the price of advertising space rather than on the reach of the print media. As a result, *Dnevnik* obtained more advertisements for public procurements, thus “shattering the clientelist relationships.”³⁴

Zoran Trojar, the head of the *Delo* marketing department at the time, has a somewhat different explanation. Trojar asserts that during the term in office of the last center-left government, decisions to advertise in *Dnevnik* were not invariably based on economic criteria. In his opinion, advertisers should have considered the price of the advertising space and the reach of the newspaper as equal factors. *Dnevnik's* low price for advertising space attracted advertisers who gave priority to the price. With such criteria in place, *Delo* was excluded from the competition, says Trojar.³⁵ In his article “Advertisers: Collateral Victims” Trojar describes these developments during the last center-left government as arising from the “links between the competing newspaper *Dnevnik* and the ruling power” and as “tailoring of public advertisements to include absurd criteria, which helped redirect these advertisements from *Delo* to *Dnevnik* long before the last parliamentary elections.”³⁶

In 2006, a new law on public procurements was passed, increasing the threshold sum of procurements at which the advertiser had to obtain proposals from several providers. With this, the instrument used by *Dnevnik* to break *Delo's* monopoly was no longer usable, because the value of advertisements was below the legal limit.

In April 2007, the amended law on civil servants came into effect, changing the provision according to which civil servant jobs had to be advertised in daily newspapers. The amended law stipulates that such jobs should be advertised on the web pages of the Ministry of Public Administration or the local body. However, any public body can decide to

³⁴ Nives Roš, the marketing manager with *Dnevnik*, July 5, 2007.

³⁵ Conversation with Zoran Trojar, August 3, 2007.

³⁶ Zoran Trojar, *Oglaševalci kot kolateralna žrtev* (Advertisers, Collateral Victims), *Delo*, July 2, 2007, p. 21.

advertise a job position in a daily newspaper if it estimates that advertising on the web page alone would result in too few applications.³⁷

These two changes reduced the amount of money that flowed to daily newspapers through advertisements commissioned by public bodies, and also more or less ended *Delo*'s and *Dnevnik*'s battle for state advertising.

RECENT EXAMPLES

An increase in the advertising revenues of the *Demokracija* weekly (founded by the present ruling party, the Slovenian Democratic Party), and a sharp fall in the advertising revenues of the *Mladina* weekly (critical of center-right politics) was first pointed out by researchers participating in the Peace Institute's project Media For Citizens that was conducted in autumn 2006 (Sandra B. Hrvatin, Lenart J. Kučič and Iztok Jurančič).³⁸ In 2005, the *Demokracija* weekly, with a readership of 15,000, earned 70 million tolar (approx. 300,000 euros), which is a sum two times higher than that of one year earlier, when a different party was in power. This provoked Borut Mekina, a journalist then working for the *Večer* daily, to investigate the case in more detail, to check the data and obtain statements. The result was an article entitled "Perhaps *Demokracija* Is Read By Influential People". The sidebar was entitled "State-owned Companies Switch To New Media Buyer". The article was never published, and the journalist was even summoned by *Večer*'s executives to explain his meddling in a topic, which presumably harmed the interest of his employer.

The author handed over to us the unpublished article and later took a job with the *Mladina* weekly.

THE CASE OF DEMOKRACIJA

In October 2006, Andrej Lasbaher, the manager of the Nova obzorja company, which is the publisher of *Demokracija*, confirmed to Borut Mekina that *Demokracija* indeed earned 70 million tolar (approx. 300,000 euros) from advertising in 2005 and denied the allegations that political links were behind this increase. He mentioned Mobitel, Pivovarna Union, Pivovarna Laško and Petrol as the main

³⁷ Zakon o javnih uslužbencih (The Civil Servants Act), Uradni list 33/2007, April 13, 2007 and a conversation with Helena Kavčič of the Ministry of Public Administration, August 3, 2007.

³⁸ See the report on the project Media For Citizens, available at <http://mediawatch.mirovni-institut.si/media4citizens>

advertisers. In a statement given to Borut Mekina, Božo Predalič, formerly the manager of *Demokracija*'s publisher during the term of the previous (center-left) government and currently the secretary general with the (center-right) government, claimed that he could not say that there was no politically motivated advertising at the time when he was the manager of *Demokracija*. Borut Mekina writes that the sole buyer of advertising space for *Demokracija* was Media Polis. The company was founded in 2005 and soon attracted large state-owned companies. Lasbaher asserts that other buyers of advertising space never expressed an interest in *Demokracija*.

We turned to Mediana IBO for information on the structure and price of advertising in *Demokracija* in 2004 and 2006, but were informed that the company did not collect data on *Demokracija*. Similarly, *Demokracija* could not be found on the list of almost 100 Slovenian media outlets included in a comprehensive analysis of advertising revenues in 2006 featured by the *Marketing magazin* journal.³⁹ In response to our letter addressed to *Demokracija*'s manager, Andrej Lasbaher, we were advised that information on the amount of advertising revenue was regarded as a business secret and therefore could not be provided.⁴⁰

The National Readership Survey similarly does not collect data on *Demokracija* on a regular basis. Accordingly, the report for 2006 contains data for the first two quarters only, giving the figure of 15,000 readers, while the report for the first two quarters of 2007 does not include data for *Demokracija*. Finally, figures for this weekly cannot be found on the web pages of the Slovenian Chamber of Advertising, which regularly publishes updated data on the circulations of the print media.

Our survey of the advertisements that appeared in *Demokracija* in January and February 2007 showed that only a full-page advertisement for Mobitel appeared regularly, while advertisements for other government-related companies such as Adria Airways, Siol and Vzajemna insurance agency were carried only occasionally.

Miro Kline, a professor of marketing communications at the Faculty of Social Sciences, indicated possible reasons for the directing of advertisements to *Demokracija* following the rise to power of the political party that founded it. Speaking to Borut Mekina, Kline said that the discrepancy

³⁹ *Marketing magazin*, January 2007, p. 18.

⁴⁰ Answer by Monika Maljevič of *Demokracija*, sent on May 23, 2007.

between *Demokracija's* readership and its revenues from advertising was indeed perplexing, but it could have a different explanation – perhaps the companies advertising in *Demokracija* hope to reach individuals who can influence the government. This is a form of lobbying through the media, and if a specific paper is read by influential figures, the price of an advertisement can be two or three times higher, says Kline.⁴¹

THE CASE OF MLADINA

The Peace Institute's research study *Media For Citizens*, with Sandra B. Hrvatín, Lenart J. Kučič and Iztok Jurančič as principal researchers, included data that indicated politically dictated advertising strategies, and data revealing the evident fall in the number of advertisements in *Mladina*.

In addition to data on the total expenditure for advertisements in *Mladina* in 2004 and 2006, provided by Mediana IBO, which confirm the fall in *Mladina's* revenues from advertising, we obtained further, even more detailed information, from the *Mladina* weekly itself. We focused on companies related to the government.

Andrej Klemenc, *Mladina's* manager, confirmed that *Mladina's* advertising revenues declined drastically after the change of government in 2004. The decline was progressive and culminated in 2007 when by July (when we spoke), there was not one advertisement for a state-related company in *Mladina*.⁴² According to *Mladina*, in 2004 the total value of advertisements for these companies amounted to 285,875 euros.⁴³ Klemenc pointed out that when considering data on the gross expenditure for advertising published by Mediana IBO, it is necessary to distinguish between advertisements that are subject to payment and those that are the result of compensation. Accordingly, the advertising revenue of a certain media outlet can be much lower than the total expenditure estimated on the basis of the advertising space.⁴⁴ The total advertising revenue of *Mladina*

⁴¹ Unpublished article by Borut Mekina written for *Večer*, October 2006.

⁴² The data of Mediana IBO on the worth of advertising in the first half of 2007, which were published in early August 2007, show that their researchers who review advertisements in the print media noted that several advertisements for Mobitel and other state-owned and state-controlled companies appeared in *Mladina*.

⁴³ Conversation with Andrej Klemenc, the director of *Mladina*, June 19, 2007.

⁴⁴ Conversation with Andrej Klemenc, the director of *Mladina*, June 19, 2007.

declined by 190,000 euros in 2006 compared to 2005, and by 345,000 euros compared to 2004.⁴⁵

In October 2006, Klemenc dismissed Jani Sever, Mladina's editor-in-chief for many years. There was speculation that the dismissal was a condition set by advertisers for returning to *Mladina*, but Klemenc denied these allegations. However, he did confirm that after Sever left, the newspaper publisher Delo offered to resume a compensation arrangement with Mladina that was terminated by Delo when people closely connected with the governmental parties currently in power took over the executive positions. Klemenc refused Delo's offer.

A particularly conspicuous decrease is that in the value of advertisements for Mobitel, a mobile communications operator, from 238,293 euros in 2004 to 0 euros in the first half of 2007. Mladina's manager made efforts to persuade the representatives of Mobitel to continue advertising in *Mladina*, but it turned out that they were not allowed to do so. Consequently, in June 2007 all employees of Mladina switched to another mobile operator, Simobil, now owned by foreigners. Mobitel places advertisements through the new buyer of advertising space mentioned earlier, Media Polis, the company which attracted many government-related companies to advertise in *Demokracija*. Klemenc says that Media Polis also buys advertising space through the long-established company Media Publikum. In his opinion, Media Polis operates as an additional agent, virtually a redundant link in the advertising chain, collecting commissions and preventing advertisements from appearing where they should not appear by political directives.⁴⁶ Because of this, says the new editor-in-chief of *Mladina*, Gregor Repovž (also the chairman of the Slovene Association of Journalists and a former *Delo* journalist), Media Polis has been dubbed Media Police.⁴⁷

On June 16th, 2007 *Mladina* carried an article in which it revealed for the first time the problems it encountered in attracting state-owned advertisers (Political Fingers In the

45 Politični prsti v oglaševalskem kolaču (Political Fingers In The Advertising Cake), *Mladina*, June 16, 2007, p. 29.

46 Conversation with Andreje Klemenc, the director of Mladina, June 19, 2007.

47 An interview with Grega Repovž, *Žurnal*, July 27, 2007, p. 24. Dejan Steinbuch, the then editor of *Žurnal*, is the author of several editorials which were expressly biased against Grega Repovž as a journalist and the chairman of the Slovene Association of Journalists. Therefore, the appearance of an interview with Repovž in *Žurnal* can be interpreted as motivated by certain interrelated interests rather than being an autonomous editorial decision. *Žurnal* is owned by Styria, which is a co-owner of Dnevnik, which is an ally of *Mladina* as regards the presentation of difficulties with advertising for state-owned companies.

TABLE 10: MLADINA'S ANNUAL REVENUES FROM ADVERTISEMENTS FOR SELECTED COMPANIES FROM 2004 TO THE FIRST HALF OF 2007 (EUR)

PRINTED EDITION	2004	2005	2006	2007	TOTAL
ABANČNA DZU	1,046.36		0.00	0.00	1,046.36
ABANKA VIPA	709.40	1,346.44	1,084.96	0.00	3,140.80
ADRIA AIRWAYS	0.00	3,168.08	0.00	0.00	3,168.08
KBM - INFOND DU	0.00	1,099.57	1,044.59	1,305.00	3,449.16
MOBITEL	198,621.87	199,010.38	80,169.50	0.00	477,801.75
NOVA KBM	0.00	3,254.88	514.10	0.00	3,768.98
SIOL	9,374.09	6,626.92	5,955.68	2,233.00	24,189.69
TELEKOM SLOVENIJE	15,694.35	4,147.05	4,808.46	0.00	24,649.86
TRIGLAV DU	1,749.22	0.00	0.00	0.00	1,749.22
ZAVAROVALNICA TRIGLAV	16,723.66	18,271.97	5,634.70	654.50	41,284.83
TOTAL	243,918.95	236,925.29	99,211.99	4,192.50	584,248.73

ON-LINE EDITION	2004	2005	2006	2007	TOTAL
MOBITEL	19,806.88	22,028.04	15,127.65	0.00	56,962.57
SIOL	0.00	218.04	0.00	0.00	218.04
TOTALJ	19,806.88	22,246.08	15,127.65	0.00	57,180.61

BOTH EDITIONS	2004	2005	2006	2007	TOTAL
ABANČNA DZU	1,046.36	0.00	0.00	0.00	1,046.36
ABANKA VIPA	709.40	1,346.44	1,683.77	0.00	3,739.61
ADRIA AIRWAYS	0.00	3,168.08	0.00	0.00	3,168.08
KBM - INFOND DU	0.00	1,099.57	1,044.59	1,305.00	3,449.16
MOBITEL	238,293.49	234,021.64	105,949.97	0.00	578,265.10
NOVA KBM	0.00	3,254.88	514.10	0.00	3,768.98
PETROL	2,284.30	3,213.95	0.00	0.00	5,498.25
SIOL	9,374.09	9,192.31	5,955.68	2,233.00	26,755.08
TELEKOM SLOVENIJE	15,694.35	4,147.05	5,886.33	0.00	25,727.73
TRIGLAV DU	1,749.22	0.00	0.00	0.00	1,749.22
ZAVAROVALNICA TRIGLAV	16,723.66	18,271.97	5,634.70	654.50	41,284.83
TOTAL	285,874.87	277,715.89	126,669.14	4,192.50	694,452.40

Source: Mladina, d. d.

CHART: MLADINA'S ANNUAL REVENUE FROM ADVERTISING

■ 2004 ■ 2005 ■ 2006 ■ FIRST HALF OF 2007

BOTH EDITIONS



Advertising Cake). The article contains the data and statements of the actors involved, mentions that *Dnevnik* shares the same destiny, and describes the role of Media Polis.

THE CASE OF DNEVNIK

In June 2007 *Dnevnik*, too, carried several articles on the role of Media Polis in directing the advertisements for state-owned companies. In these articles, one can read that at the beginning of 2006, *Dnevnik*, a newspaper “on which the ruling political structures have no influence,”⁴⁸ had “at least 1.17 million euros of advertising revenues ensured” through the companies placing their advertisements through Media Polis, but “at the end of that year, total revenues amounted to only 275,563 euros.”⁴⁹ One article bears the title “Media Polis Reaps Profit On Account of the State.”⁵⁰ Media Polis responded to the article and succeeded in bringing *Dnevnik* to publish corrections on the cover page and in the section “Business Dnevnik,” on August 25, 2007. The title of the cover-page correction was “Media Polis Operates By Market Laws,” while one in the Business Dnevnik section read “Media Polis Does Not Reap Profit On Account Of The State.” In this correction, Media Polis denied that they concluded business deals through political channels or that they distributed advertisements according to the political preferences of the ruling parties. It maintains that large state-owned companies were attracted by “the higher quality of its services and lower prices.”⁵¹

One should not overlook the fact that the articles on shrinking advertising revenues appeared in *Mladina* and *Dnevnik* at about the same time, and that their content was also synchronized. In addition to sharing political viewpoints closer to center-left politics, and the resulting bad luck as regards advertising revenues, *Mladina* and *Dnevnik* also have other, less transparent common points.⁵²

48 *Dnevnik*, June 9, 2007, p.

49 *Dnevnik*, June 9, 2007, p. 21.

50 *Dnevnik*, June 9, 2007, p. 21.

51 *Dnevnik*, August 25, 2007, p. 1. and 17.

52 The majority owner of *Dnevnik*, dzs, is the co-owner of the communications group Pristop, whose personification is Franci Zavrl, a consultant to the chairman of *Dnevnik*'s management board. Zavrl is a former editor, co-owner and chairman of *Mladina*'s supervisory board. The signs of his continual influence on *Mladina* become apparent to the public every now and then. In 2006, Spem made an attempt at a takeover of Pristop. The owner of Spem is also the owner of Media Polis. The public opinion polls for *Dnevnik* and *Mladina* have been for years now conducted by Ninamedia, whose owner is Nikola Damjanić.

By mid 2007, Mirjan Lesjak, the editor-in-chief of *Dnevnik*, also began to talk openly about the discontinuation of advertisements for state-owned companies. In the broadcast *Omisrje* (Round Table) on TV Slovenia on May 30, 2007, with the Minister of Culture as one of the participants, Lesjak stated that in 2005, *Dnevnik*'s revenues from advertisements for state-owned companies were 1 million euros; in 2006, this sum fell to only 440,000 euros, and in 2007 it was reduced to zero. During that same period, *Dnevnik*'s circulation rose by 6.7 percent. He also pointed out that a few days earlier all dailies apart from *Dnevnik* had carried an insertion, i.e. an advertising leaflet for a large state-owned company. When asked why *Dnevnik* had not received the insertion, the answer was that there had not been a sufficient number of insertions printed.⁵³ The Minister initially attempted to interrupt Lesjak when he began to talk about the pressure exerted on the media. He did not comment on this information.

Nives Roš, the manager of the marketing department at *Dnevnik*, repeated this information in a conversation in July 2007, adding that in 2005 the scope of advertisements for state-owned companies stayed the same as in 2004 probably by inertia despite the change of government (i.e. approx. 240 million tolar or 1 million euros). In 2006, the number of these advertisements radically decreased and eventually reached zero in 2007. She also stressed that 60 percent of these advertisements were for Mobitel. Roš said that she had repeatedly contacted Mobitel's marketing department and that *Dnevnik*'s chairman had spoken to the chairman of Mobitel, but to no avail. Mobitel's marketing department advised them on each such occasion to send their proposal, which they did – 20 proposals altogether were sent during the first six months of 2007, but still not one advertisement was placed in *Dnevnik*. The marketing department at *Dnevnik* even received a message from Mobitel's marketing department that they had instructed Media Polis to start advertising in *Dnevnik*, but orders for advertisements did not reach *Dnevnik*. Like Andrej Klemenc, Nives Roš, too, wonders whether it is possible that the buyer of advertising space decides where to place the advertisements for a large state-owned company, or rather, who intercepts Mobitel's instructions. Telekom's marketing department answered similarly to *Dnevnik*'s inquiries,

53 Miran Lesjak, the editor-in-chief of *Dnevnik*, in the broadcast *Omisrje* by TV Slovenia, May 30, 2007.

explaining that they could not place an advertisement because such was the order from the company's management board.⁵⁴ In the meanwhile, says Nives Roš, half of *Dnevnik*'s staff switched to another mobile phone operator, Simobil, and it is very likely that the rest of the employees will do the same. There is a possibility that the majority owner of *Dnevnik*, DZS, will follow suit.

We asked Nives Roš whether the episode involving Hofer could also be interpreted as politically dictated advertising. At the beginning of 2006, the large retailer, Hofer, a newcomer on the Slovenian market, stopped advertising in *Dnevnik* after having placed advertisements there for only two months. *Mladina* wrote about this in an article titled "Hofer Wants to Please the Government?" arguing that the withdrawal of advertising could be interpreted as a "move by a retailer who needs the help, or at least the good will, of the government if it wants to extend its network across Slovenia."⁵⁵ A few months later, and after *Dnevnik*'s representatives visited Hofer's head office in Germany, the advertisements were back in *Dnevnik*. Nives Roš says that the reason for this withdrawal was, among other things, the controversial role of an Austrian agent, which was clarified during the said meeting at Hofer's. However, speculates Roš, the withdrawal could have been the result of both factors – the controversial role of the broker and the potential doubt on the part of Hofer that by advertising in *Dnevnik* they could harm their relationship with the government, which would then impinge on their acquisition of permits and land plots for their retail centers in Slovenia. Nives Roš says that, thanks to foreign retail chains, such as Lidl and Hofer, which have recently gained a foothold in the Slovenian market and invested large sums in advertising, forcing domestic retailers to do the same, *Dnevnik* managed to compensate for the loss of 1 million euros formerly earned through advertisements for state-owned companies. This is probably the reason that *Dnevnik* readers encounter full-page advertisements for various products and discounts at these shopping centers in the opening section of the newspapers, preceding texts by *Dnevnik*'s columnists. The prices of these advertisements are higher, and so is the revenue.

⁵⁴ Conversation with Nives Roš, the marketing director at *Dnevnik*, July 5, 2007.

⁵⁵ An article in *Mladina*, February 20, 2006, available at www.mladina.si/tednik/200608/clanek/uvo-manipulator-vanja_pirc-2/ (accessed on July 5, 2007).

MEDIA BUYERS

There are several media buyers in Slovenia. In 2006, according to the *Marketing magazin* journal, their transactions were worth 124.8 million euros.⁵⁶

For several years now, the largest media buyer has been Media Pool. In 2006, its annual turnover was 52.16 million euros, which is 10 million euros less than in 2005, when it was 62.5 million euros. The second largest media buyer is Media Publikum, with a 50 million euro turnover in 2006, up from 33.4 million euros in 2005. Other buyers are Media S and Media Polis (since 2005). In 2006, Media Polis, at that time the new media buyer on the market, had an annual turnover of 15.8 million euros.

The largest media buyer, Media Pool, was founded in 1997 by several advertising agencies, the largest among them being Pristop. In 2006, it was the leading media agency for the eighth year in succession, with an approx. 28 million euro turnover. At the moment, Pristop is partly owned by DZS, which is the majority owner of the newspaper company Dnevnik. The Pristop group, the largest among the founders of the largest media buyer, Media Pool, is personified by its founders and owners, Franci Zavrl, Dejan Verčič and Andrej Drapal. During the 1990s in particular, they were close to the Liberal Democratic Party, which until its defeat at the 2004 parliamentary elections had won three consecutive elections. During the 1980s, Franci Zavrl was the editor-in-chief of *Mladina*; until 2000 he was one of its major shareholders, and until 2002 the chairman of its supervisory board.

Media Publikum, the second largest media buyer, whose turnover increased between 2005 and 2006 by 16.5 million euros, is owned by Adventura, which is in turn owned by Darko Martin Klarič. Media Publikum is represented by Tilen Klarič.⁵⁷ According to *Mladina*'s manager Andrej Klemenc, in buying media space, Media Publikum collaborates with the new media buyer, Media Polis.⁵⁸

Media Polis was founded in 2005 following the change of government. During the first year in business, it attracted large state-owned companies such as Telekom, Siol, Mobitel, Zavarovalnica Triglav, Petrol, Adria Airways etc. In 2006 its turnover exceeded 15 million euros. It is owned by Božidar

⁵⁶ *Marketing magazin*, January 2007, p. 10 and 16.

⁵⁷ The information is based on the GVIN database containing information about the business operation of companies.

⁵⁸ Conversation with Andrej Klemenc, June 19, 2007.

Novak and Suzana Mihelin Ritlop. Novak is co-founder and manager of the Komunikacijska skupina Spem, established in 1986. The company provides PR services and strategic consulting. In 2006, its turnover was 3 million euros, which is 60 percent or 1.8 million euros more than in 2005⁵⁹ and 2004.⁶⁰ SPEM's clients include large state-related companies such as KAD, SOD, Nova KBM, Pošta Slovenije, Luka Koper, and Pivovarna Laško, the owner of the newspaper company Delo.⁶¹ In April 2007, the marketing manager with Pivovarna Laško became an employee of Spem.⁶² Responding to articles in *Dnevnik* and *Mladina* about the withdrawal of advertising for state-owned companies, Spem noted on its home page that state-owned companies were Spem's business partners under various governments. In October 2006, Spem announced its intention to buy the communication group Pristop, or to be more precise, a stake in Pristop held by DZS. What is both unusual and meaningful is that this intention was addressed to the chairman of Dnevnik, which is also owned by DZS. The chairmen of DZS, Dnevnik and Pristop received the news with scorn.⁶³ Indeed, given the fact that Pristop's annual turnover is 28 million euros, compared to Spem's 3 million euros, it is not clear how Spem planned to realize this purchase, even if only of the one-quarter stake owned by DZS.

Based on the circumstances described above, the moves of Božidar Novak, the owner of Spem, and Media Polis over the past few years could be interpreted as a concerted attempt, in collaboration with the center-right political parties, to destroy the dominant position of Pristop and related circles in the area of advertising within politics, economy and the media.

We asked the representative of Procter and Gamble in Slovenia, Jerca Vidic, how they select media and whether they had encountered attempts at political directing of advertisements or withdrawal of advertising from specific

59 According to *Marketing magazin* (January 2007, p. 12), in 2006 Spem's turnover amounted to 2.92 million euros, compared to 1.189 in 2005. Dnevnik (June 9, 2007, p. 21), gives figures based on the records in the GVIN database, according to which Spem's net revenue from sales in 2006 was 2.84 million euros, compared to 1.184 million euros in 2005.

60 In 2004, Spem's net sales revenue amounted to 1.18 million euros. This figure was published by Dnevnik on June 9, 2007, p. 21. Dnevnik referred to the GVIN database containing information about the business operation of companies.

61 *Marketing magazin*, January 2007, p. 16.

62 www.spem.si, accessed on August 23, 2007.

63 See the article entitled "Spem se poteguje za delež v Pristopu" (Spem Endeavors To Obtain A Stake In Pristop) at <http://www.delo.si/article.print.php?ID=164279>, accessed on August 23, 2007.

media. Procter and Gamble has been the largest advertiser in Slovenia for the past ten years. In 2006, their advertisements were worth approx. 20 million euros (approx. 4.8 billion tolar), and most of these were television advertisements. Jerca Vidic explained that for years they have been planning and carrying out advertising campaigns with the help of one and the same media planner, following strict, measurable criteria and rules. She refused to reveal the name of the media planning agency, but she assured us that they had never detected any pressure on Procter and Gamble or the media planning agency regarding the scope of advertising or selection of the media based on political criteria, and that they actually could not even imagine something like that.⁶⁴

CONCLUSION

For years the creators of the *Mag* weekly, which was founded in 1995, argued that they could not attract advertisers because their editorial policy and discourse was not in favor with the ruling political elite. At that time, the media that did not encounter such problems mainly looked away. However, when in 1998 *Mag* suddenly began to carry a number of advertisements for companies linked with one part of the ruling political elite, there emerged doubts that this was a political agreement. The role of media buyers in all this has never been explored. Ten years on, the power is in the hands of a different political elite. *Mag* is now owned by Delo, and its journalists also moved to Delo,⁶⁵ while advertisements for state-related companies are at the moment absent from other media. The media close to the currently ruling parties, including *Delo* and *Mag*, look away. The new media space buyer that handles the advertisements for a number of state-related companies does not see anything controversial in a near complete withdrawal of advertising for these companies from the media critical of the government.

Let us conclude with the statement issued by the Croatian weekly *Feral Tribune* that fits well into the Slovenian context as well. For the past ten years, *Feral Tribune*

⁶⁴ Conversation with Jerca Vidic of Procter and Gamble, Slovenia, August 3, 2007.

⁶⁵ The former director and editor-in-chief of *Mag*, Danilo Slivnik, was Delo's chairman from January 2006 to October 2007; Janez Markeš, a former *Mag* journalist and its editor-in-chief, is currently the editor-in-chief of *Delo*; Ivan Puc, a former *Mag* journalist, is currently the editor of the internal affairs with *Delo*; Irena Štaudohar, a former *Mag* journalist, is currently the editor of *Sobotna priloga*, Delo's Saturday supplement.

has been ignored consistently by advertisers, advertising agencies and media buyers regardless of its circulation figures. In a statement issued after the closure of the weekly in June 2007, *Feral Tribune* said that large advertisers were in obvious harmony with the ruling political elite and that it was a case of the combined interests of economic, political and media profiteers. Therefore, it would be an insult to common sense to call such a situation a media market. In the words of *Feral*'s editorial board, the journalists and the media that allow such directing of their activities cannot expect otherwise than to be regarded as servants.⁶⁶

66 See the web page of *Feral Tribune* at www.feral.hr (accessed on August 23, 2007). Two weeks after the announcement that *Feral Tribune* would cease to be published, there was information that Europapress Holding, owned by waz and the Croatian publisher Ninoslav Pavić, had injected fresh capital, so the weekly is again on the newstands.

STATE AID FOR THE MEDIA

Until the end of the 1980s, the Slovenian media received generous subsidies from the State. Daily newspapers were covered for the difference between the planned production price and the sales price of the newspaper. Local and regional radio stations received aid provided from the license fee revenues accrued by national radio and television, as well as technical and programming help.

Even after the change of the system and gaining of independence, the State continued to co-fund the media.

In March 1991, the then Christian Democrat Prime Minister, Lojze Peterle, introduced a new item into the state budget – 28 million tolar (approx. 1.4 million euros) intended for the democratization of the media, i.e. launching of new media.¹ The bulk of this sum was earmarked for the start-up of the daily *Slovenec*, while a smaller part went to the weekly *Demokracija*. *Slovenec*'s largest shareholders were the Christian Democratic Party (SKD), the weekly *Družina* (owned by the Roman Catholic Church), plus several expatriates. *Slovenec* appeared in June 1991. Initially, its circulation was 80,000 copies, but within a few months it declined to 10,000 copies. Just before it folded, its circulation was only 5,000. The last issue of *Slovenec* appeared in November 1996. In January 1997 the company entered the insolvency procedure. Within the seven years of its operation, *Slovenec* Ltd., the publisher of the daily *Slovenec*, accumulated a debt of almost one billion tolar. No bidder appeared at the auction of the company.

In November 1992, a new daily, *Republika*, entered the market. Much like *Slovenec*, its birth was politically colored. According to available information, the money for the launching of the newspaper was provided by the left-wing political circles. The project was a counterweight to the media ambitions of the right wing. The launching of the newspaper was accompanied by a costly promotion campaign. The newspaper was printed in Trieste, so it had to cope with the problems of transport and distribution. In September 1995, the newspaper *Finance* was the first to speculate about *Republika*'s imminent winding up. In March 1996, the new owners requested an audience with the then Prime Minister Janez Drnovšek, soliciting financial assistance for *Republika*. However, it was too late to reverse the downward trend and eventually the folding of the newspaper.

¹ Based on the book by Sandra B. Hrvatin and Marko Milosavljević. 2001. *Media Policy in Slovenia in the 1990s*, Ljubljana: Peace Institute, Mediawatch book series: pp.27–35.

The stories about *Slovenec* and *Republika*, as well as an even more lamentable fate of *Jutranjik* (a newspaper founded by Danilo Slivnik that folded one month after it had been launched, in June 1998), tell us about newspaper projects guided primarily by political interests. The authors of these projects overlooked completely the main features of the Slovenian newspaper market, including cross-ownership links and the influence exerted by the State on existing daily newspapers. Add to this insufficient initial resources for the launching of a newspaper and inability to create professional working conditions and criteria, and the outcome should come as no surprise.

From 1990 to 1994, that is, until the passing of the Public Media Act, the State (the government) distributed financial help among the media without public calls for applications and without clearly defined criteria or a legal basis. The Public Media Act introduced mechanisms by which the State committed itself to ensuring media pluralism. It set out the responsibilities of the State as regards the development of non-commercial media and the technical infrastructure required. The section referring to the protection of media pluralism and diversity prohibited cross-ownership and restricted ownership stakes in the media held by either legal or private persons to 33%. Within 30 days of passing the Public Media Act, the government was obliged to introduce a special regulation prescribing the method and the criteria for the co-funding of non-commercial media.² The law also placed the responsibility for the development of non-commercial media that contributed significantly to the citizens' right to be informed and to the preservation of Slovenian national and cultural identities on the State. However, the status of "non-commercial public media" was granted only to local, non-commercial radio and television programs.³ This leads us to conclude that, at the time when the law was passed, in 1994, the common belief was that there was no need for the involvement of the State in the print media field because the print media were believed to be engaged in a commercial activity earning revenue through market activities.

The said law brought the greatest benefits to those radio and television channels that had obtained broadcasting

² We could not obtain information on the criteria observed in distributing money, the sums earmarked for this purpose, or on who distributed the money and who received it.

³ A local, non-commercial radio and television program can be broadcast in the region of one or more local communities, but its geographical coverage may not exceed one half the territory of Slovenia (the Public Media Act, Article 49, paragraph 1).

licenses at the time when Slovenia was still part of the common Yugoslav radio and television zone and were privatized during the early 1990s according to the model described in the chapter on media ownership. By pursuing an unprincipled policy of media support, in 1994 the State actually created a second “public-private” radio and television sector (local non-commercial radio and television programs are privately owned media that fulfill a public function only in part). In addition to inheriting frequency licenses (which were obtained on the grounds of being part of the state broadcasting system), this new sector was also prioritized when allocating new frequencies and was entitled to receive financial support directly from the State. In this way, the “second radio and television sector” became the biggest receiver of state aid.

The State’s role and support in ensuring media pluralism has always been an item on the agenda of political debates in Slovenia.

In November 1998, an MP from the former party of the Christian Democrats (SKD) presented for debate in Parliament amendments to the Public Media Act. According to this proposal, the State should have ensured media pluralism and diversity by providing financial support for the media published in Slovenia and in Slovene, writing mainly about political developments, and having a circulation of 10,000 to 25,000 copies. The support (the proposed sum was 5 billion tolar) would be allocated by a special commission appointed by the Minister of Culture at the proposal of parliamentary groups. The proposed amendments also envisaged coverage of the entire annual deficit of individual media at the request of the publisher. The proposal was rejected. We should point out here that the SKD party was one of the founders of the newspaper *Slovenec*, which experienced financial collapse in 1997 and left behind a one billion tolar debt (its biggest creditors were the construction company SCT and Info Grafika, where the largest share of capital came from the Catholic Church).

In 2000, during the six months in office of the government headed by Andrej Bajuk (he came from Nova Slovenija - Christian People’s Party, founded after the failed merger of the Christian Democrats and the Slovenian People’s Party), the government proposed a new mass media law⁴

4 In fact, this was an already prepared proposal for the new law (on which public debate was in progress from 1999 onwards), which, owing to procedural obstacles, did not gain the approval of the standing committee of the National Assembly.

which included a provision about the establishment of the media fund. In the explanation accompanying the proposal they stated that “after the five years of media liberalization, it is now time for the State to formulate media policy and support it through well-deliberated assistance aimed at the pluralization of the print media and the encouragement of the development of independent audio-visual production and distribution.” Allocation of resources was to be the responsibility of a group of independent experts, and in taking decisions they would observe the following criteria: regular and objective presentation of the viewpoints of the governing and opposition parties, the average number of copies sold, the average number of feature stories in an individual issue, and the scope of news, cultural, scientific, expert and educational content. This proposal was never passed into law because of flaws in the parliamentary procedure.

The Mass Media Act that came into force in 2001 provided for media pluralism in several ways. It introduced the concept of the “public interest within the media field,” which was the basis for allocating state aid to programming content and the development of technical infrastructure. Section 9 of this Act, entitled “Protection of Media Pluralism and Diversity,” was dedicated in its entirety to the protection of media pluralism and diversity. It limited media concentration and ownership stakes. It should be noted, however, that the concepts mentioned in the title of this section were not defined in the law itself, nor was a clear distinction made between media pluralism and diversity. One novelty introduced by this law was a new category of radio and television programs defined as being of “particular interest” (in the previous law this group comprised non-commercial radio and television programs). These programs (including national programs by RTV Slovenija) were expected to ensure the diversity of content that was primarily intended for local and regional audiences. Apart from the above-mentioned mechanisms for the provision of state aid, the Mass Media Act also introduced the co-funding of the production of audio-visual works.

Between 2002 and 2005, state aid allocated on the basis of this law amounted to 1.7 billion tolar (463 million tolar for the funding of print and broadcast media content, 147 million tolar for technical infrastructure, 249 million tolar for the production of audio-visual works and 758 million tolar for radio and television content of particular interest). The resources were distributed by the Ministry of Culture

following a public call for applications. For this purpose, the Ministry appointed special commissions that also included representatives of the media competing for the funds. During the five years this law was in force, the State never conducted research on the efficiency of the support allocated, nor did it try to establish whether the chosen model of allocating aid actually yielded results, i.e. whether it led to greater media pluralism.

In September 2006, after several months of debate,⁵ the National Assembly passed the Amendments to the Mass Media Act (hereafter the Amended Mass Media Act),⁶ introducing a new method of content funding.

According to the amended law, the State supports the creation and dissemination of programming content that contributes to the following:

- the realization of the right of Slovenian citizens, Slovenes living abroad, members of Slovenian national minorities in Italy, Austria and Hungary, the Italian and Hungarian minority in Slovenia and the Roma community in Slovenia to receive public information and to be informed;
- pluralism and diversity of the media;
- the preservation of Slovenian national and cultural identity;
- cultural creativity in the media field;
- the culture of public dialogue;
- the reinforcement of the social state ruled by law;
- the development of education and science (Amended Mass Media Act, Article 4).⁷

In addition to this new definition of the public interest within the media field, the amended law also introduced new provisions concerning budget resources set aside for the co-funding of programming content with the purpose of realizing the public interest within the media field. This aid is provided with the aim of ensuring pluralism and the democratic nature of the news print media, radio and television

⁵ With a view to amending to the Mass Media Act, the Ministry of Culture commissioned the research project entitled *The State of Media Pluralism in Slovenia*, conducted by the Institute for Development and Strategic Analyses (authors: Frane Adam, Matej Makarovič, Matevž Tomšič and Peter Lah). Accessible at www.kultura.gov.si. The starting thesis was that in Slovenia "media are weakly differentiated in terms of opinion (worldviews), as regards both the internal and external pluralism." Raziskava, 2006, p.44. The study mainly focused on (non)pluralism within the daily newspaper sector, but it did not analyze the state of media pluralism within the television and radio field. For more, see *Media for Citizens*, B. Hrvatin, Kučič and Jurančič, 2006, Ljubljana: Peace Institute, pp. 50-74.

⁶ *Uradni list RS*, No. 110/ 26.10.2006 p. 11329.

⁷ The Mass Media Act contained a similar definition of the public interest in Article 4. The only difference is contained in point 2, which replaced the previous demand for "informing and informedness of the wider Slovenian and expatriate public."

programs and electronic publications and the development and co-funding of radio and television programming content of special interest. The criteria considered when granting a state subsidy to the news print media include the following (Amended Mass Media Act, Article 4a, Paragraph 9):⁸

- regular, objective and balanced presentation of the political activity and viewpoints of various organizations and individuals, particularly the governing and the opposition parties;
- the quality, originality, communicativeness and topicality of the approach (conception);
- the average number of copies sold;
- the average number of feature stories in an issue of the newspaper;
- the scope of news, cultural, scientific, research and educational programming content;
- the furtherance of the right to receive public information and the right to be informed in an unbiased manner;
- the improvement of employment opportunities including contractual work for journalists and other workers involved in the media production business;
- significance for a particular region or local community.⁹

Based on these criteria and on regular annual research studies on the state of media pluralism in Slovenia, a special expert commission (appointed by the Minister of Culture)¹⁰ selects the projects submitted under the regular annual public call for applications. In other words, it determines which programming content will be subsidized, effectively meaning which content contributes to media pluralism. The expert commission is obliged to draw up a report on its work annually and present it to the public.

8 Similar criteria are considered when allocating subsidies to radio and television programs, electronic publications and the programs of particular interest. Additional criteria observed with radio and television programs and electronic publications are: significance of the project for the development of Slovenian culture and language, the significance for the diversity of the media landscape, and the significance for the preservation of Slovenian national and cultural identity. Additional criteria for programs of particular interest are the significance of the project for the development of particular regions, local communities or special content, the diversity of the media landscape, not-for-profit nature of the program as a special criterion and ensuring and taking into account the principle of cultural diversity, the principle of equal opportunities, and promotion of tolerance (the Amended Mass Media Law, Article 4a, paragraphs 10 and 11).

9 The provisions contained in this article are very similar to those included in the draft media law proposed in 2000, during the term in office of the government led by Andrej Bajuk.

10 The members of the commission appointed in 2006 include two authors of the research study on the state of media pluralism in Slovenia, a member of the expert council of the largest coalition party, and the chairman of the supervisory boards of Elektro Slovenija and Holding Slovenskih elektrarn.

Prior to the 2006 public call for applications, the Ministry of Culture commissioned the study entitled "The structure and the effects of the financing of programming content and development of technical infrastructure within the media field following the passing of the law on the media (2001); the analysis of the effects of the public call for applications in 2005." The study was conducted by the Institute for Development and Strategic Analyses.¹¹

The study indeed presented a detailed overview of the distribution of funds, but did not reach any conclusion as to the effects of previous public calls for applications. Had the subsidies prompted changes in the structure of media space? Had they stimulated the media to provide the kind of programming content not encouraged by the media market itself? Had this content been consumed by the readers? These are questions that remained unanswered.

A review of the applications submitted showed that half the applicants seeking co-funding were broadcasters of radio programs, while print media publishers accounted for only 9%. Television programs used the largest portion of the funds (on average approx. three million tolar per project, i.e. 42.9% of total resources). Radio also proved to be a relatively costly media (slightly less than 2 million tolar per project on average, i.e. 23% of total resources). By contrast, the print and Internet media spent approx. 850,000 tolar per project (Raziskava, 2006a: 6).

Slightly less than three-quarters of applicants were limited liability companies, and the largest sums were allocated to joint stock companies. The not-for-profit sector was modestly represented, with institutes and societies obtaining only 18% of total resources. As regards the geographical distribution of competing projects, the greatest number came from central Slovenia (23%), while the largest share of resources was allocated to projects in the Pomurje region (3.3 million tolar per project on average, i.e. 19.6% of total resources). The media outlets located in the Notranjska-kraška region did not receive any subsidy; in the Koroška region, just one project received support; in the Zasavje region two projects were supported with two million tolar (Raziskava, 2006a: 7). The majority of projects subsidized related to culture, history, heritage and tradition (only 19% of projects related to topics such as tolerance, civil initiative, politics, or social security). More than three quarters

¹¹ The head of the research team was Dr. Matej Makarovič; the report was prepared by Mateja Čerňič and Dr. Matej Makarovič. Available at www.kultura.gov.si.

of the submitted projects could not be categorized as relating to *any* of the categories listed above.

The research study further showed that almost 60% of the projects submitted lacked any type of content providing information about national minorities in Slovenia (Raziskava, 2006a: 49). As regards the encouragement of the culture of public dialogue, more than half the projects lacked programming content that would qualify as promoting freedom of expression, tolerance towards those with different views, minorities, underprivileged minorities etc. (Raziskava, 2006: 60). More than 60% of the projects submitted and co-funded lacked content that would qualify as contributing to the reinforcement of the state ruled by law, the social state, equality, equal opportunities or solidarity (Raziskava, 2006a: 63). This leads us to conclude that, during the past years, the State (relying on selection made by the competent commissions) financed only part of the programming content that qualified as furthering the public interest.

One recommendation from the authors of the study was that it would be necessary to “examine the possibility of placing greater emphasis on other elements pointed out in Article 4 of the Mass Media Act, particularly the culture of public dialogue, which is directly relevant to the media more than to any other field, as well as other elements explicitly defined in the Article mentioned” (Raziskava, 2006a: 73).

Unfortunately, it turned out that, in interpreting the meaning of the public interest, the new media legislation placed more emphasis on the balanced presentation of political issues in the media than on the culture of public dialogue (freedom of expression, tolerance towards those with different views, tolerance towards minorities and underprivileged groups and their greater presence in the media). As we will show below, the list of selected projects in 2006 and 2007 proves this thesis.

THE PUBLIC CALL FOR APPLICATIONS 2006
– WHICH CRITERIA?

Following the changes in the media law, in August 2006, the Ministry of Culture issued a regular annual call for applications for the co-funding of media projects.¹²

The available resources were 995 million tolar. Of these, 370 million tolar were earmarked for the co-funding of the news print media, radio and television content and electronic publications, 550 million tolar for the co-funding of radio and television programs categorized as local, regional, student or not-for-profit programs, and 70 million tolar for the development of technical infrastructure within the media field. The commission assessed the applications against each criterion listed and then calculated the total of points collected.¹³

The subsidies allocated prior to amending the media law were not based on analysis of the impact of these subsidies, but rather, the commission took into account (although inconsistently) the definition of the public interest, and so ran into open conflict of interest. In the debate on the amendments to the media law, the Ministry of Culture repeatedly emphasized that the co-funding criteria were now clear and transparent in contrast to those that had been previously observed. Nevertheless, in 2006, the well-established practice of allocating state subsidies without sufficient grounds was continued. A look at the table showing subsidies granted to the news print media, radio and television programs and electronic publications following the 2006 call for applications reveals that the commission granted funds to more than 70 applicants. However, before we examine certain decisions, we should first ask how the news print media were defined. Given the variety of the media, it is possible to say that the commission “simplified” the definition.

According to this definition, the news print media are those media that provide at one place (in an issue appearing at a regular interval, i.e. daily, weekly or monthly) a variety of content ranging from news items and reports to commentaries on political issues (domestic and foreign), the economy, social issues, health care, finance, science and education, sports and culture. In other words, a reader buying a copy of a newspaper (including an electronic

¹² See the regular annual public call for applications for the co-funding of media content in 2006 (JPR 19-MV-2006); available at www.kultura.gov.si.

¹³ The criteria considered by the commission when assessing the projects are word-for-word recapitulation of the criteria set out in Article 4a of the Amended Mass Media Act.

copy) expects to find all these types of information in that specific print media. However, the projects selected by the commission include many newspapers that cannot be categorized as news media by any of these criteria. Therefore, viewed from the perspective of the clarity of criteria and the goals of media policy, the question that arises is whether it wouldn't be better to allow all the print media whose content caters to the public interest to apply, particularly those media whose content enhances the culture of public dialogue. Note that the latter is the criterion pointed out as missing in the research study commissioned by the Ministry of Culture.

Another difficulty is related to the criteria that are observed in assessing the project. It would be interesting to see which project was given the greatest number of points based on the first criterion ("balanced presentation particularly of the governing and opposition parties") and on the seventh criterion ("increasing employment opportunities for journalists"), but unfortunately, this cannot be inferred from the list of funds allocated. Which method was employed to assess the quality, originality, communicativeness and topicality of the approach? What, in the view of the commission, is meant by "communicativeness"? Is it the number of readers, or the size of the advertising space? Which newspaper was assessed as the most communicative and which as the least communicative? How was the decision of the commission influenced by the increase or decrease in the number of copies sold? Were the free newspapers (received by all households) given more points than others? How has the Commission determined the average number of feature stories? Which was the maximum and which the minimum number? Does this mean that the newspaper *Naš čas* (published by Naš čas, Radio Velenje) which in 2006 received the largest subsidy was, in the opinion of the commission, a project that ensured objective and balanced presentation of political issues, used the most original approach of the highest quality, was the most communicative, provided the broadest range of news, cultural and scientific information, and created the best employment opportunities for journalists and other media workers? In addition, we should not overlook the fact that Naš čas, Radio Velenje is also the owner of the radio program of particular interest, *Radio Velenje*, which was awarded nine million tolar of support for

the “news program” and “the broadcast entitled *Predvolilni utrip* [Pre-Election Pulse].”¹⁴

Among the projects that received subsidies based on the 2006 call for applications, radio and television programs accounted for the major share – more than 20 news programs, among them several pre-election broadcasts dedicated to local elections, were subsidized. In 2006, more than half a billion tolar in total was earmarked for local, regional, student and not-for-profit programs, meaning programs of national interest. These funds went to 31 radio and television programs, of which two received more than 100 million tolar, i.e. 20% of total resources. By allocating considerable funds to these news programs, the State established a new local and regional radio and television news network. For example, the applicant *Tele 59 d.o.o.*, the audio-visual communications company that broadcasts the RTS program in Maribor, was awarded 58 million tolar for the following broadcasts: *Fokus – za in proti* (Focus – Pro and Contra), *Argumenti* (Arguments), *Tedenski utrip* (Weekly Pulse), *Kronika 1* and *Kronika 2* (Chronicle 1 and Chronicle 2), *Kronika – novice* (Chronicle – News), and *Živa*. Since the region of Maribor is also covered by the regional program of the public service broadcaster RTV Slovenija, it seems reasonable to ask why Slovenian citizens should pay twice for similar content?

PUBLIC CALL FOR APPLICATIONS 2007 –
PLENTY OF MONEY, SCANT PLURALISM

According to the media law,¹⁵ the commission that allocates subsidies should start from the findings of regular annual studies on the state of media pluralism in Slovenia. However, in 2007, the commission made its decision before the findings of the study were made public.¹⁶ The list of applicants that were awarded subsidies had been known for several months when, towards the end of September 2007, the Ministry of Culture forwarded the evaluation report

¹⁴ The project that received the second largest subsidy for content, was the project submitted by Delo and involving the consolidation of the weekly *Mag*, in terms of finances, staff and content production. The subsidy granted to Delo amounted to 18.3 million tolar, (Delo's estimate of the financial value of the project exceeded 100 million tolar). Following the announcement of the decision, Delo withdrew from the competition, announcing that it would not accept the subsidy.

¹⁵ See the Amended Mass Media Act, Article 4a, paragraph 8.

¹⁶ At the time of writing this text, we made several attempts to obtain information on the study, such as when it was conducted, who the authors were and what the conclusions were. The person responsible for providing public information with the Ministry of Culture failed to supply information even after several requests.

which should have been used as the basis for allocating these funds. The report¹⁷ included a description of the state of media pluralism in Slovenia, an evaluation of the criteria used in awarding the funds, analysis of selected applications and an in-depth analysis of the benefits of co-funding certain programming content. The description of the state of media pluralism is a word-for-word uncritical recapitulation of the thesis on which were based the draft amendments to the Mass Media Act, prepared by the Ministry of Culture. So, how sound is media pluralism in Slovenia? According to the report, and based on the opinion of the Ministry, it is in good shape. The authors of the report arrived at this conclusion by dividing the number of the media operating in Slovenia by the number of citizens. The questions concerning user practices, content, differences among individual media, content not offered on the media market, and actual needs of citizens were not addressed by this report. As regards the evaluation of selection criteria and assessment procedures, the report showed that the ambiguity of the criteria represented a problem for the commission. For example, the members of the commission who participated in a survey thought that one criterion in particular was extremely difficult to assess: "the quality, originality, communicativeness and topicality of the approach" (Poročilo, 2007: 16). Although the law provides only a broad definition of the public interest within the media field, evaluation of the results of the 2006 call for applications showed that as much as 72% of the resources reserved for the co-funding of the news print media, radio and television programs, electronic publications and programs of particular interest were allocated to news content and programs (Poročilo, 2007: 46) and less than one third to other types of content (relating to religion, children and youth, culture and entertainment, arts and education). The purpose of co-funding is to enhance media pluralism in Slovenia, but the Ministry of Culture assesses the extent to which a content or a program enhances media pluralism, relying solely on information provided by publishers or broadcasters themselves in a report requested when concluding a co-funding agreement. For example, such a report by a broadcaster of a television program must include information on the increase in the share of European audio-visual works, the share of

17 Irena Zorič, Barbara Filipič, Primož Gjerkiš. *Evalvacijsko poročilo*, Evalvacija rednega letnega javnega projektne razpisa za sofinanciranje programskih vsebin medijev v letu 2006 (The Evaluation of the Regular Annual Call for Applications For the Co-funding of Media Content in 2006), April 2007.

European independent producers and the share of in-house produced programs in the total broadcast time during one year. A broadcaster of a radio program must include information on the share of in-house produced programs in the total broadcast time during one day. Evaluation of the funds allocated based on the call for applications in 2006 clearly shows that, on average, “the co-funding of radio programs led to a 2.88% increase in the share of in-house produced programs in the total broadcast time during one day” (Poročilo, 2007: 53), while in the case of television programs, this figure was 2.91% (Poročilo, 2007: 55). This clearly shows that financial support went primarily to already existing content, while new programs that could have introduced truly novel content received little support. If state aid is granted to content already being produced, does this mean that media pluralism is already in good shape? How, then, does state aid increase media pluralism? Quite illustrative is the fact that, on average, the sum of the subsidy accounts for 11.44% of the total revenue of the applicant; or, in other words, the average amount of subsidy per employee is 1.8 million tolar (7,637 euros). This is especially conspicuous with the television media, where the average subsidy is as much as 4.23 million tolar (17,717 euros) per employee (Poročilo, 2007: 57, 59). How many new job posts have been created thanks to state subsidies to the media is not clear, but what is clear is that submitting a project for co-funding is good business for media owners.

Given the purpose of the study on the state of media pluralism in Slovenia, one would have expected more answers to be provided. As it is, many questions remain unanswered. For example, to what extent has the co-funding of the programming and content contributed to the regular, objective and impartial presentation of political activity and the viewpoints of various organizations and individuals, particularly the governing and opposition parties? To what extent has it advanced the diversity of the Slovenian media landscape and increased job opportunities for journalists and other media workers?

Following the 2007 call for applications, the commission distributed 1.86 million euros in total to 91 applicants. Radio and television programs of particular interest (the list includes 28 applicants, of which three do not broadcast programs carrying the said status) received 2.16 million euros. Among the publishers of news print media, the largest sums went to the newspaper company Večer (120,000 euros),

to Nova Obzorja, the publisher of the weekly *Demokracija* (101,516 euros), Delo (100,000 euros), and the newspaper company Dnevnik (75,000 euros).

As regards *Večer* and its supplements, the content selected for co-funding included opinion pages and texts dealing with economic topics, regional pages and the on-line newspaper *vecer.si*. In 2007, Nova obzorja obtained co-funding for the texts appearing under the general heading “Pluralna Slovenija” (Plural Slovenia), then “Planet Slovenija,” “Domoznanstvo” (Patriotic Knowledge) and the on-line *Demokracija*. In 2007, Delo submitted the same projects as one year before. Although the sum was smaller than requested, in 2007 Delo did not turn down the subsidy as it had done before. And how will Delo use the budget funds? It intends to use the money for the consolidation of the weekly *Mag* in terms of finances, staff and content, and for “Okno v svet” (A Window to the World), notwithstanding the fact that the law prescribes that the funds are intended to subsidize content and not to support the consolidation of a specific newspaper or program (financial, staff or content related consolidation). Dnevnik was allocated money to fund the supplement on Ljubljana and the Saturday supplement called *Dnevnikov Objektiv* (Dnevnik’s Lens). Other larger projects selected for co-funding in 2007 are the magazine *Ampak* (published by Nova revija), the news content produced by the publisher Novi tednik & Radio Celje, the magazine *Družina* published by Družina, a company owned by the Roman Catholic Church, and the projects entitled “Slovenija in EU” (Slovenia and the EU) and “Slovenski svet” (The Slovenian World), produced by the Slovenska tiskovna agencija d.o.o. (STA, the Slovenian Press Agency). The Slovenian Press Agency is 100% owned by the Government of the Republic of Slovenia. As such, it is financed from the budget, and in 2007 the sum earmarked for it was 1.425 million euros.¹⁸

Among the radio and television programs designated as “programs of particular interest,”¹⁹ the largest sum, in

18 STA is funded from the state budget (budget item 5285, Urad vlade za informiranje). www.mf.gov.si/slov/proracun/sprejet_proracun/2007/spremembe/SSPO7_POS.pdf (p.16). Accessed on September 10, 2007. The list of budget items for the period 2004-2007 reveals that the sums allocated to the STA were as follows: in 2004 it received 348 million tolar; in 2005, 355.6 million tolar; in 2006, 436 million tolar; in 2007, 1.425 million euros. The sum earmarked for STA in the state budget for 2008 is 1.8 million euros.

19 According to the Post and Electronic Communications Agency (APEK), 18 radio stations and 10 television programs are designated as “program of particular interest.” www.apek.si/sl/ra_in_tv_program (accessed on September 10, 2007).

2007 as in previous years, was awarded to Tele 59 d.o.o., the broadcaster of the television program RTS (215,951 euros). Among the five largest receivers of state subsidies are Televizija Novo mesto, which broadcasts the *Vaš kanal* program (172,606 euros), vtv Studio, the broadcaster of the *Vaša televizija/vtv* program (149,000 euros), tv Idea-Kanal 10, the broadcaster of the *Kanal 10* program (135,000) and Podjetje za informiranje, the broadcaster of the radio program *Murski val* (127,700 euros).

More than half the content selected for co-funding is news content. Just as in 2006, the State allocated the largest subsidies to the news programs of radio and television stations that were categorized as “programs of particular interest”, although no study has been conducted that would show to what extent the co-funding in 2006 ensured “regular, objective and balanced presentation of political activity.” Unlike RTV Slovenija, the broadcasters of programs of particular interest have obviously calculated, for the purpose of the call for applications, the value (price) of the news programs.

TABLE 1: THE TOP TEN RECEIVERS OF SUBSIDIES
FOR CONTENT 2002–2007 ²⁰

APPLICANT	TOTAL (SIT)	TOTAL (EUR)
1. PODJETJE ZA INFORMIRANJE	37,788,360	157,451.50
2. DNEVNIK	34,027,954	141,783.10
3. DELO	29,760,000	124,000.00
4. VEČER	28,800,000	120,000.00
5. NOVA REVILJA	26,002,166	108,342.30
6. TELEVIZIJA NOVO MESTO	25,212,000	105,050.00
7. RADIO DOMŽALE	20,389,000	84,954.20
8. RADIO OGNJIŠČE	19,967,969	83,199.90
9. DRUŽINA	17,931,071	74,712.80
10. ZALOŽBA GOGA	14,888,685	62,036.20

²⁰ Both tables were compiled by Lana Zdravković of the Peace Institute, in August 2007. The names of applicants and projects and the results of the public calls for applications are based on decisions issued by the Ministry of Culture (2002–2007).

TABLE 2: THE TOP TEN RECEIVERS OF SUBSIDIES
FOR PROGRAMS OF PARTICULAR INTEREST 2002–2007

APPLICANT	TOTAL (SIT)	TOTAL (EUR)
1. TELE 59 – RTS	217,959,419	908,164.30
2. VTV – VAŠA TELEVIZIJA	195,333,550	813,889.80
3. TV IDEA – KANAL 10	164,561,368	685,672.40
4. VAŠ KANAL	115,726,500	482,193.70
5. RADIO GORENC	67,267,510	280,281.30
6. VA VIDEO AVDIO	64,862,634	270,261.00
7. RADIO TRIGLAV JESENICE	63,182,680	263,261.00
8. ATV BABNIK	54,773,800	228,224.20
9. RADIO TEDNIK PTUJ	53,761,727	224,007.20
10. RADIO KRANJ	50,002,000	208,341.60

A look at the ownership links among the top ten receivers of state subsidies from 2002 to 2007 reveals a telling piece of information. The data on ownership shares have been taken from the media register maintained by the Ministry of Culture.²¹ Dnevnik has a 18.25% stake in Podjetje za informiranje, which is the publisher of a weekly and the broadcaster of a radio program of particular interest. Delo and črp Večer have close ownership links, while Delo also has a 10% share in Radio Tednik Ptuj, the publisher of several weeklies and the broadcaster of a radio program of particular interest.

In the first half of 2007, the revenues of Delo, the receiver of the third largest subsidy for content, amounted to 30.235 million euros, meaning 5% more than during the same period the previous year.²² The owners of television programs of particular interest, *RTS* and *Kanal 10*, are linked (half of *Kanal 10* is owned by one among the larger

21 The data from the media register refer to September 10, 2007. Although the Ministry of Culture should ensure that the information in this register is accurate and up-to-date, in many cases this is not true. Particularly information on ownership stakes is either missing or incomplete. In accordance with Article 12 of the Amended Mass Media Act, before launching the media, the publisher/broadcaster is obliged to forward to the Ministry of Culture the required information, including information on the persons that hold at least a 5% ownership or controlling interest, or a 5% share of voting rights in the company. In accordance with Article 64, the publisher/broadcaster is obliged to publish this data in the official gazette *Uradni list*, by the end of February each year at the latest; the changes in ownership shares must be announced in the *Uradni list* within 30 days of their occurrence at the latest.

22 “Delo povečalo promet in dobiček” (Delo Increases Turnover and Profit), *Delo*, September 14, 2007.

owners of RTS). Vaša televizija – VTV, is owned by Mr and Mrs Djordjevič, while the majority owner of Vaš kanal is the municipality of Novo mesto (61%); its second largest owner is the pharmaceuticals producer Krka, one of the most successful Slovenian companies in which the State has an important interest.

According to the data collected for the Peace Institute's project *Media for Citizens* by Iztok Jurančič, the chairman of the Union of Slovene Journalists, in 2006 the three broadcasters of the television programs carrying the status "programs of particular interest" - RTS, VTV and Kanal 10, which between 2002 and 2007 received subsidies amounting to 2.4 million euros, had 26 employees in all.²³ How many new journalistic and programming jobs have these companies created thanks to state subsidies is not known. In 2007, the television program of particular interest, Kanal 10, was allocated 55,669 euros for the broadcasts "Romska obzorja" (Roma Horizons). Jožek Horvat Muc, the chairman of the Roma Association of Slovenia, says that the Roma have indeed been participating in the production of these broadcasts, but so far they have not been paid for their work.²⁴

PLURALISM TAILORED TO THE NEEDS OF POLITICS

Over the past 15 years, Slovenia passed three media laws that placed emphasis on pluralism and diversity, the main components of media policy. Despite this, it is obvious that the State has no suitable strategy in this field. Until the late 1980s, the State generously subsidized the media through the socio-political units and organizations that were the owners of the media. It categorized their activity as an "activity of particular interest." Since 1990, the issue of media pluralism (or absence of pluralism) in Slovenia has been treated as a political issue. Between 1990 and 1994, the government co-funded in a non-transparent way the operation of two newspapers, claiming the need for greater plurality as the reason. The 1994 Public Media Act was the first to provide a legal basis for the systematic allocation of state subsidies. Despite the ostensible commitment of the government regarding support for non-commercial media, information is not available on how the then government defined the

²³ For a detailed analysis of the business operation of radio and television program broadcasters in Slovenia, see Sandra B. Hrvatin, Lenart J. Kučič, Iztok Jurančič. 2006. *Media For Citizens*. Ljubljana: Peace Institute, Mediawatch series, pp. 66–71.

²⁴ Jožek Horvat Muc, in a telephone conversation on September 25, 2007.

criteria and the methods for allocating subsidies, on who received the funds and how large these sums were .

The 2001 media law established clearly defined mechanisms for allocating state aid. Between 2002 and 2006, the state allocated 2.8 billion tolar based on this law. However, we can hardly speak of a systematic policy even when referring to this period. The reason is the absence of analysis of the effects of state aid, meaning analysis that would show whether the goals were achieved and whether the measures led to greater diversity of the Slovenian media.

The same practice has continued since the law was amended in 2006. In 2006, the state allocated around one billion tolar to the media (approx. 4.5 million euros), and in 2007 this sum was 4.7 million euros.²⁵ The only two print media that did not compete either in 2006 or 2007 were the daily *Finance* and the weekly *Mladina*.

During these 15 years, and despite legislative amendments, many things remained unchanged. The State continues to be the main decision maker in the process of allocating state funds; the decisions (and rejections) are not transparent, the criteria cannot be verified, and they are not grounded in studies or analyses of the effects of these measures. The media that were among the top receivers of state subsidies towards the end of the 1980s continue to top the list in 2007 as well. The only difference is that within less than two decades their publishers/broadcasters have been transformed from the former managers of socially-owned media into private owners.

²⁵ The data was collected by Lana Zdravković of the Peace Institute. The sums include budget funds for the programming/content and technical infrastructure of the media, programs of particular interest and audio-visual production.

CONTROL OVER BROADCASTING

In contrast to its deregulation policy pursued within the print media field after the change in political system, the State endeavored to preserve control over the broadcasting media. This led to the non-transparent allocation of broadcasting frequencies, frequent changes in media legislation, and finally the establishment of a regulatory body whose task was the autonomous supervision of the operation of television and radio broadcasters. Towards the end of the 1980s, there was one nationwide radio and television station/program in Slovenia (i.e. RTV Ljubljana, part of the common Yugoslav, state-owned radio and television system – YRT), and nineteen local and regional radio programs that offered a kind of supplementary programming. According to the then valid law, citizens could not establish private radio or television stations, so until the early 1990s the State had a monopoly in the broadcasting field.

The first commercial television station in Slovenia, and the first in former Yugoslavia as a whole, was Kanal A, established in 1989. Its founders were the socio-political communities and organizations which at the end of the 1980s were the “owners” of virtually all operating media.¹ As *Mladina* wrote at that time, it was an irony of fate that the Socialist Alliance of Working People became a co-owner of Kanal A and hence the first investor in the commercial television sector (*Mladina*, December 18, 1990). According to the agreement on the establishment of the public limited company Kanal A, none of the shareholders could hold more than 10% of the shares. Much like the other media outlets set up during the 1990s, Kanal A, too, had to cope with the problem of insufficient start-up capital: it was too small to see them through the first few years of operation when every media outlet operates with a loss. Kanal A shares went on sale and attracted 170 investors, among them the most important being Vladimir Poliž, Ljubljanska banka, A banka, Festival Ljubljana and Slovenijales. However, investors proved to be quite tight-fisted, so the

¹ In accordance with the law on the provision of public information (*Uradni list SRS*, No. 2/86 and 42/89), on February 2, 1990 the Secretariat of the Press Council with the Republic's Committee of the Socialist Alliance of Working People (SZDL) supported the initiatives to establish the television company Televizijska postaja Kanal A and the television program entitled TV3 (records of the 31st session, SZDL archive files, AS 537, box 873.). The TV3 television station mentioned here is not the television program with the same name introduced later by the Roman-Catholic Church, but a company founded by Viba film (and partners) and the socially-owned company Evropa 3 (represented by Stane Malčič). Other co-partners were RTV Slovenija, ČGP Delo, Tožd Revije and the *Mladina* magazine. The establishment of the commercial television station TV3 was on the agenda of the RTV Slovenija Council's meeting in December 1990, which requested the prevention, i.e. the invalidation of the agreement.

company collected only slightly more than half the expected sum (approx. 2.5 million German marks); Vladimir Polič became the majority owner and the director.² Apart from the problem with start-up capital, there was also a complication with obtaining frequencies. Despite huge interest in the establishment of new radio and television programs, the State had not prepared any clear strategy for the development of the private broadcasting sector nor did it provide adequate media legislation.

Swamped with a host of applications for broadcasting licenses, in April 1991 the Executive Council of the National Assembly called a moratorium on the allocation of frequencies. The Executive Council of the Assembly adopted the opinion that “until the passing of the law on broadcasting, i.e. the law on telecommunications, available frequencies should not be allocated on a partial basis.”³ Available frequencies, i.e. channels, were set aside for the third television network. As regards the frequency allocation strategy, the State “considered” two options: (1) to preserve the third television network as a technical unity for the broadcasting of the third television program; (2) to begin allocating individual transmission sites. Although this was a strategic issue affecting the development of the commercial broadcasting sector, there was no debate in Parliament, and no official decision was ever adopted.

In November 1992, the government lifted the “moratorium” and designated the Telecommunications Administration (TA) to issue broadcasting licenses in accordance with the then existing legislation.⁴ Given the large number of applicants who were competing for a limited number of frequencies, the government set the criteria to be observed when granting broadcasting licenses.⁵ In December 1992, the Telecommunications Administration was considering four applications for broadcasting licenses – the applicants

² *Manager*, June 1991, p.25.

³ The opinion of the Executive Council of the Assembly of the Republic of Slovenia dated April 3, 1991 on the allocation of tv-channel 41 frequency at Trdinov vrh. The Archive of the General Secretariat of the Government of the Republic of Slovenia.

⁴ Resolution by the Government of the RS No. 340-09/91-4/7-8 dated November 10, 1991. The Archive of the General Secretariat of the Government of the Republic of Slovenia.

⁵ The priority criteria include in-house production in Slovene, Italian or Hungarian, the political independence of the program, the development stage of the broadcasting segment in a particular area, the opinion of the local community, the estimated size of the audience (number of consumers), the length (scope) of the program and the willingness of the program founder to share frequencies. The criteria that were listed in the governmental resolution later became Article 52 of the Public Media Act, on the basis of which the Broadcasting Council allocated frequencies from 1995 onwards. The Telecommunications Act was passed only in 1997.

were Evro 3 tv, Kanal A d.d., tv 2 d.o.o. and tv Boutique MM. The allocation of frequencies was not advertised in the media, and licenses were granted in the absence of Parliament's resolution on future policy concerning the development of the broadcasting sector. Broadcasting licenses continued to be issued without transparent criteria up to the establishment of the Broadcasting Council in 1995.

In 1992, the Assembly approved the draft law on the public media whose aim was to enable private initiative in the field of information provision and therefore "ensure the plurality of opinions and the diversity of programming." On the proposal of the broadcasting commission, the formulation of basic premises, the determination of the number of national programs and frequencies, i.e. networks needed for their broadcasting, was the responsibility of the Assembly. Until the passing of the Public Media Act, the Ministry of Information had recognized only RTV Slovenija's radio and television programs as national programs.⁶ In December 1992, the Ministry issued an opinion ("recommendation") on Kanal A's qualifications for the acquisition of a transmission network. Their view was that it was necessary to enable Kanal A to gain access to certain new transmission points (this was strongly opposed by RTV Slovenija, which issued a dissenting opinion on the allocation of two transmission points). "Now, when this year's presidential and parliamentary elections are behind us, we can say that in presenting individual candidates, programs and political parties Kanal A demonstrated a professional approach, winning the sympathies of the participants in the broadcasts⁷ as well as the audience. There was an obvious difference in the quality of its program compared to that of tv Slovenija. tv Slovenija demonstrated that it was not able, did not wish, or did not know how to take advantage of the possibilities offered by television. The pre-election part of Kanal A's program, in our assessment, satisfied fully the criteria expected to be fulfilled by a national program" said the Ministry of Information in its recommendation.⁸

6 The view that dominated the debates on the new law was that, owing to the small media market, Slovenia was not suitable for national commercial networks. The new media law was expected to support primarily the establishment of local radio and television stations, meaning, in other words, that an applicant for a radio license should not have been allocated more than one transmission site. "The principle of one frequency" was also included in the early drafts of the Public Media Act.

7 The then Minister of Information, Jelko Kacin, probably had in mind the politicians when he said "participants in the broadcasts". Jelko Kacin is now a European MP.

8 The Ministry of Information, in a letter dated December 16, 1992, opinion on the entitlement of Kanal A to obtain a transmission network. The opinion was signed by Jelko Kacin, the then Minister of Information.

The three national commercial television stations and the majority of commercial radio stations were formed at a time when Slovenia did not yet have the principal media laws in place, a political consensus had not yet been reached on the future strategy for the development of the broadcasting sector, and frequency allocation was still the responsibility of the state body (Telecommunications Administration) that was part of the Ministry of Transport and Communications.⁹ From 1990 until one month after the passing of the Public Media Act in 1994, the Telecommunications Administration had been granting broadcasting licenses without the legal basis that should have been provided by relevant media legislation; the only law that addressed this issue at that time was the still valid Yugoslav law on the communications system.

Broadcasting frequencies began to be allocated, mainly to commercial media, in March 1993, under public pressure and under pretense of democratization. By April 22, 1994, all important frequencies, meaning those that cover the broadest areas, were already allocated. It was not accidental that the law on the media, which set out in detail the procedure and the conditions under which frequencies could be allocated, was passed just one day after allocating the last important frequency (to the new television station, tv3). The newly established body, the Broadcasting Council, which was by law responsible for the transparent assignment of frequencies, thus “inherited” from its predecessor a depleted frequency fund, a chaotic state of affairs in the media ownership segment and invalid (in some cases even non-existent) programming concepts that should have been used as a basis for issuing broadcasting licenses.¹⁰

9 Over the past 17 years the Ministry of Transport and Communications has been “reserved” for the members of the former SKD party and the Slovenian People’s Party. It is hence possible to say that between 1990 and 1995, the two parties practically “governed” broadcasting policy.

10 Based on the Communications System Act (that was used in Slovenia until the passing of the Telecommunications Act), until April 1994, when the Public Media Act came into force, the Telecommunications Administration of the RS issued 86 licenses to television radio stations and 56 for radio stations. According to RTV Slovenija, before the establishment of the Broadcasting Council, the Telecommunications Administration allocated more than 90% of the important frequencies available; a large number of applications remained unresolved. Taken from the publication published by the Broadcasting Council, *Radijski in TV programi v Sloveniji*, 1999 (p. 9).

TV 3 — FROM THE STRUGGLE
TO OBTAIN THE BROADCASTING LICENSE
TO THE FAILURE OF THE PROJECT

Part of the blame for the uncontrolled granting of licenses lies with the political parties and the pressure they exerted. The party of Slovenian Christian Democrats (SKD) made possible the establishment of the first national channels, *Radio Ognjišče* and *TV3*, by taking advantage of the control it exercised over the licensing bodies. The idea was that both channels would acquire the status of non-commercial media and consequently become the supplemental public service broadcasters in Slovenia. However, the Public Media Act of 1994 accorded the status of national non-commercial program only to RTV Slovenija, meaning that *Radio Ognjišče* and *TV3* became commercial programs that were supposed to earn revenue from advertisements.¹¹

In May 1993, Tiskovno društvo Ognjišče filed a request with the Telecommunications Administration to be allocated a television broadcasting frequency that would be time-shared with the company Slovenec, the publisher of the daily *Slovenec*. In June 1993, the then head of the Episcopal Conference of Slovenia, Archbishop Alojzij Šuštar, proposed that Tiskovno društvo Ognjišče should be awarded a radio and television license. "It is precisely the broadcasts by Tiskovno društvo Ognjišče, coupled with the daily *Slovenec*, that are of paramount importance for the dissemination and explication of the cultural, historical and religious heritage of the Slovenian nation." In 1993, an umbrella committee composed of representatives of the Roman Catholic Church and the government of Slovenia considered the application by the Roman Catholic Church for a radio and television broadcasting license. The committee approved the application and the wish of the Church to "join the plural social space through these media as well," and recommended it to the Minister of Transport and Communications.¹² The

11 The Public Media Act accorded the status of national non-commercial program only to programs created by RTV Slovenija. It did, however, make possible the establishment of local programs "that cover the area of one or more local communities, but not more than one half of the territory of RS." In practice this meant that *TV3*, which covered more than one-half the territory, could not apply for the status of a non-commercial program.

12 The recommendation has been retrieved from the archive files of the Post and Electronic Communications Agency. In response to our request to forward the recommendation of the mixed umbrella commission formulated at the session held on November 19, 1993, the government replied that "the archives of the Government of the RS do not contain such a recommendation" (in a letter from the secretary general of the Government, dated July 9, 2007).

Telecommunications Administration accepted the recommendation and in 1994 (just before the passing of the media law) allocated three transmission sites to the Church for the broadcasting of a television program that covered the whole country.

This attempt at establishing a second national non-commercial radio and television system in the possession of the Roman Catholic Church was blocked in 1994 by the Public Media Act. It prohibited political parties, religious communities, state bodies and local bodies from broadcasting radio and television programs (The Public Media Act, Article 4), and limited to 10% the interest that a publisher of a daily newspaper could have in a radio or television broadcasting company (Article 40). The publishers who, at the time when this law came into force, held stakes above the legal limit, were obliged to harmonize their activities, interests and managing rights with the provisions within two years of the passing of the law, or they faced liquidation and erasure from the register (The Public Media Act, Article 88). Tiskovno društvo Ognjišče, by way of related companies, was the publisher of a daily and the broadcaster of a radio and television program. Since this arrangement became controversial with the passing of the media law, in 1995 the owners of Tiskovno društvo Ognjišče established a new company – TV3,¹³ which then applied for a transfer of the radio broadcasting license held by Tiskovno društvo Ognjišče.¹⁴ The owners of TV3 were the Roman Catholic Diocese of Koper (18%),¹⁵ the company LC1 (18%), Društvo Gospodarski forum (33%), Radio – tv Ognjišče (9%) and Info-grafika (21%). The start-up capital of the new company was 8.2 million toalars.¹⁶ However, the transfer of

¹³ TV 3 (a third television program) has nothing in common with TV3, which in the 1990s received a recommendation by the RK SZDL.

¹⁴ The then director of the Telecommunications Agency turned to the Ministry of Transport and Communications for their opinion on the harmonization of licenses for radio and television Ognjišče in accordance with Articles 40 and 88 of the Public Media Act, "because the decision may have important consequences." The letter says that "Radio-TV Ognjišče, as partner in the TV3 organization, requests that the license to use frequencies for television broadcasting, issued before the Public Media Act took effect, be harmonized with the provisions of this law." The Public Media Act did not address the transfer of frequency license. The articles mentioned above regulate cross-ownership (Article 40) and the reconciliation of geographical coverage as regards non-commercial programs (Article 80).

¹⁵ Did the Diocese of Koper really mortgage its property to obtain money to buy a stake in TV3? Mr Bevk diplomatically evaded a direct answer. "What methods the shareholders employed to secure financial resources – whether they mortgaged their property to get a loan – is outside my area of concern. That is a matter of their own choice." (Hrvatini, Milosavljević, 2000. Media Policy in Slovenia in the 1990s, Ljubljana: Peace Institute, Mediawatch (p. 56).

¹⁶ In April 1995 The Governmental Public Relations and Media Office removed TV Ognjišče from the mass media register and replaced it with TV3.

licenses was not as simple as tv3 and the Telecommunications Administration wished to present. In May 1995, tv3 addressed to the Telecommunications Administration a letter in which they explained that their example was “not a case of transferring frequencies as implied by the media law. In our example, a suitable comparison would be a case of inheritance, when an heir takes the position of a representative.”¹⁷ In fact, the Public Media Act did not address the issue of license transferral, but the then still valid law on the communications system clearly stipulated that a license holder who changed its name or company should apply for a new license.¹⁸ The license transferral process lasted two years, until the Telecommunications Administration forwarded the documentation to the Broadcasting Council to issue an opinion. Towards the end of 1995, the broadcaster of the tv3 program managed to obtain all the broadcasting permits required, and tv3 went on the air on Christmas Eve in 1995. Its press release announced that tv3 programs would communicate the values that would “assist a person as an individual and as a member of the community in becoming a responsible person with positive attitudes.” tv3’s target audience was “the family as a core and the fundamental unit, and family members as individuals of different ages and with a wide range of interests, needs and wishes.”¹⁹ Despite an ambitious forecast that put the audience share (and the advertising share) at 20% within the first year of its operation, tv 3’s ratings remained low year after year. It struggled with a serious financial crisis. The trade in its shares never flourished, until in 2006 it was bought by the Swedish company Modern Times Group. Nothing was left of the “positively oriented program” for which it was granted the broadcasting license. tv3 is now a commercial television station whose programming concept does not differ from that of other television programs owned by the same corporation.

17 A letter from tv3, April 4, 1995.

18 The Communications System Act (*Uradni list SFRJ*, No. 41/88), Article 76. Furthermore, the Telecommunications Act passed in 1997 (*Uradni list RS*, No. 35, 13.6.1997) explicitly stated in Article 37 that a radio license cannot be transferred to another person. In January 1991, the Secretariat for transport and communications, responding to the chairman of rtv Slovenija’s council regarding the approval of the allocation of frequencies to *Evro 3TV*, wrote that the transfer of a license was not possible, that is, a new license had to be obtained.

19 *Družina*, December 17, 1995.

POP TV – FROM A TRADEMARK
TO A TELEVISION STATION

The emergence of POP TV is a good illustration of the “trading” in frequencies used by regional television programs. In 1995, the American corporation CME invested 16 million US dollars in the production company Pro Plus that managed and produced the POP TV program and the subsequently launched Gajba TV program. With this investment, CME secured a 58% stake in Pro Plus; other owners were the Slovenian companies MMTV and Tele 59.²⁰ POP TV, which was launched in December 1995, was a trademark of the program broadcast by the television stations MMTV, Tele 59 and TV Robin. Gajba TV was a second channel of the same kind that was created exclusively because Pro Plus had an excess of programming, so it could not include all of it in POP TV. We will now explain how and when other Slovenian channels that mainly broadcast POP TV program in exchange for advertising time were allocated broadcasting frequencies.

In 1992, 25 employees of the TV studio Maribor (part of RTV Slovenija), issued a letter of intent in which they expressed their interest in creating a regional television program that would be transmitted from the Pohorje transmission site that was allocated to Tele 59.²¹ One of the signatories was Janez Ujčič, then still an employee of RTV Slovenija, and later one of the two owners of Tele 59, which today broadcasts the RTS regional program of “particular interest”. On that same day, the Executive Council of the municipality of Maribor officially stated that they would “do everything possible” to ensure a regional television station coming into existence. This viewpoint of the Executive Council was signed by the then chairman Anton Rous, later the chairman of the DESUS political party

20 The Public Media Act limited the stake that could be held by a domestic or foreign natural or legal person to 33%. This restriction applied to stakes in a radio or television broadcaster, but not also in a production company, which Pro Plus actually was. After one year of broadcasting, MMTV sold its 20% interest in Pro Plus at the price of 20 million US dollars, meaning that the interest of the American partner amounted to 78%.

21 In a document explaining the cooperation between Tele 59 and TV Slovenija, submitted to the Telecommunications Agency along with the application for frequency allocation, it was said that Tele 59 and TV Slovenija would establish a new joint-stock company with TV Slovenija as a shareholder. TV Slovenija would have an influence on the appointment of the editor of the national program and on the financial transactions of that editorial board (a percentage of the license fee). The programming concept of the regional television station in Maribor said that Tele 59 was a “regional cultural and entertainment program, sports program and news service program that will be broadcast from Maribor 24 hours a day in Slovene, and it will also include programs for the foreign audience in German, English, Italian, Croatian and Hungarian.”

and currently an employee of Prime Minister Janez Janša's cabinet. Tele 59 was issued a television broadcasting license in September 1993, and it was allocated the last available frequency in September 1994, meaning at the time when the Public Media Act was already in place and the Broadcasting Council, which was responsible for the allocation of frequencies, was already established.

MM TV also obtained a broadcasting license for a regional television program in September 1993.²² Towards the end of 1993, the company Boutique TV MM, whose owner is Marjan Meglič, registered the television program entitled MM TV and the radio program MM RA. The same company was also involved in the telecommunications business (Meglič-Telecom). One year before, in 1992, the company signed a cooperation agreement with the Ministry of Defense that covered, in addition to business and technical cooperation, also the creation of the program. This agreement, bolstered by a special recommendation issued by the Ministry of Defense and addressed to the Ministry of Transport and Communications, enabled the private company Boutique TV MM to obtain the frequency range formerly used by the Yugoslav army. In 1996, the MMTV program was renamed MMTV-POP TV. The Ljubljana mayor at the time, Dr. Dimitrij Rupel, issued a letter of recommendation regarding the use of the transmission site at Krvavec. Dimitrij Rupel is currently the Foreign Minister.

Towards the end of December 1991, the company named Robin Nova Gorica established a television program called Televizija Nova Gorica. The founding document states that it is a "politically neutral local program." In December 1992, the program was entered into the media register maintained by the Ministry of Information. However, the acquisition of a broadcasting license did not go smoothly. In October 1993, Robin sent a letter to the Telecommunications Administration in which they complained about the TA's decision to allocate a broadcasting frequency to another television station (TV Primorka) that covered the same area. Robin threatened to file a suit ("we will have to seek court protection for our property") and demanded that the Telecommunications Administration settle the dispute as soon as possible. TV Nova Gorica was allocated a broadcasting frequency in April 1994, two weeks after the passing of the Public Media Act.

²² The editor-in-chief of the MM TV program was Stane Grah, formerly employed at RTV Slovenija and currently the owner of TV Pika.

Following the passing of the 2001 Mass Media Act and the elimination of ownership restrictions, the production company Pro Plus began to broadcast the *POP TV* program on frequencies previously used by regional television stations. Consequently, the Pro Plus's trademark, *POP TV*, became the largest commercial television in Slovenia. As to *Kanal A*, after going through several financial crises and taking loans from foreign banks, it ended up in the possession of CME, the owner of the *POP TV* program. The non-transparent allocation of broadcasting frequencies, to which the State quietly consented, actually meant that this limited national resource (broadcasting frequencies are certainly a limited resource) was literally given away to select individuals and companies that promised diversity of programming but whose primary concern was profit earning rather than the public interest. The absence of development policy was probably most evident within the field of radio broadcasting. The radio stations that had been in operation before 1990 and were privatized according to the previously mentioned model, brought benefits primarily to individuals who held leading positions during the privatization process. Nearly 60 new commercial stations emerged as a result of the fragmentation of the radio frequency spectrum without the State first determining the number of radio stations Slovenia actually needed. The policy of "one broadcaster – one frequency" led to several related radio networks having related programming concepts, which was how the broadcasters solved the problem of narrow geographical coverage - by purchasing many smaller radio stations. Therefore it is not surprising that almost one third of the currently operating radio stations are related through ownership. The trading in stakes and the "networking" of radio stations are still underway.

ACCIDENTAL AND APPARENT DIVERSITY OF RADIO AND TELEVISION PROGRAMS

According to the Post and Electronic Communications Agency, there are 83 radio and 22 television programs (of these, five are RTV Slovenija's programs) that are broadcast on frequencies, plus one radio and 19 television programs broadcast on cable. Eighteen radio programs are designated as "programs of particular interest" (six local, ten regional, one student and one non-profit program). Of the 17 television programs broadcast on frequencies, 10 are designated

as programs of particular interest (five local, four regional and one non-profit program). In other words, only seven television programs are commercial programs, including the three programs with nation-wide coverage (*POP TV*, *Kanal A* and *TV3*). Among the television programs that are broadcast only on cable, three have the status of programs of particular interest.²³ The programs of particular interest receive generous state subsidies, especially for the news portion of the program.

Estimating the possible influence of the government on radio and television companies is pure guesswork. The connections cannot be inferred from the ownership structure, since the media register does not contain accurate data about the owners of radio and television companies, although all owners with more than a 5% interest should be listed.²⁴ Unfortunately, the records in the register are partial, or obsolete, or contain errors, and in some cases the owners are not listed at all. The three national commercial programs are owned by foreigners: *POP TV* and *Kanal A* by CME, and *TV 3* by the Swedish Modern Times Group.

Within the radio field, an inadequate and inconsistent frequency allocation policy created a situation in which country-wide coverage with the signal could be achieved only by buying and networking smaller radio stations. The establishment of such networks was enabled by the Mass Media Act of 2001, which actually legitimized the ongoing process.

In contrast to television owners, there are no foreigners among radio owners. The two networks that bring together more than 20 radio stations are *Salomon* and *Infonet*. The *Salomon* network²⁵ includes seven radio stations (*Radio Brežice*, *RGL*, *Radio Salomon*, *Radio Sevnica*, *Radio Kum*, *Radio Veseljak* and *Studio D*). In addition to being involved in programming, *Salomon* is also the publisher of a classified ads paper, a sports daily, a paper carrying crossword puzzles and riddles, and other magazines. Until 2006 it had been the owner of the *Mag* magazine (*Salomon* bought *Mag* when it struggled with financial difficulties), which it then sold to *Delo*. *Salomon* also owns the regional newspaper *Dolenjski list* and the print house *Set*. The *Salomon* group bought a

²³ http://www.apek.si/sl/ra_in_tv_programi_register, accessed on September 25, 2007.

²⁴ Researchers who wish to obtain data about physical persons as owners need to examine the court register that contains a large number of documents, since radio and television companies are owned by companies that are owned by other companies, and so on. Only by examining the stakes held by natural persons is it possible to establish the actual ownership structure.

²⁵ This network can be said to belong to the Krater group. Krater brings together around 20 companies involved in printing, publishing and the media. The majority owner of the Krater group is Martin Odlazek.

5% stake in Delo Revije in September 2007. The director of the Salomon 2000 company described the purchase of an interest in Delo Revije as a new opportunity to take advantage of synergies in the entertainment media segment.²⁶

TABLE 1: THE SALOMON RADIO NETWORK

RADIO STATIONS	OTHER MEDIA
RADIO KUM	DOLENJSKI LIST
RADIO STUDIO D	
RADIO GLAS LJUBLJANE	
RADIO SALOMON	
RADIO VESELJAK	
RADIO SEVNICA	
RADIO BREŽICE	

Source: Media Register maintained by the Ministry of Culture, November 5, 2007, and www.krater.si (accessed on November 5, 2007).

The Infonet radio network comprises 21 radio stations; 11 of these are related through ownership links, while the others cooperate as associate members (programming association).²⁷ There are many radio stations, but in reality they are related through ownership links or programming, with the result being “uniform audio content” and less choice.

TABLE 2: THE INFONET RADIO NETWORK

RADIO STATIONS	OTHER MEDIA
RADIO ORION	TEDNIK JASNO
RADIO I KRVAVEC	INFOTV.SI
RADIO I PRIMORSKA	R-ORION.COM
RADIO I GORENJSKA	
RADIO I ŠTAJERSKA	
RADIO I DOLENJSKA	
RADIO I OBALA	
RADIO I PORTOROŽ	
RADIO I.SI	
RADIO BELVI GORENJSKA	
RADIO ANTENA	
INFORMATIVNI VAL	
RADIO I 107.9	
RADIO BELVI KRANJ	
KOROŠKI RADIO	

²⁶ Dnevnik, September 20, 2007.

²⁷ <http://www.infonet.fm> (accessed on October 15, 2007).

.....
RADIO KLASIK
.....
RADIO 6
.....
RADIO 4
.....
VESELI RADIO
.....
RADIO ŠPORT
.....
REGIONALNA RADIJSKA MREŽA RADIO I
.....

Source: Media register maintained by the Ministry of Culture, November 5, 2007

INDEPENDENT REGULATOR –
INDEPENDENT FROM WHOM?

Between 1991 and 1994, the frequency spectrum was managed by the Telecommunications Administration (established in 1991), a body that operated under the auspices of the Ministry of Transport and Communications. Only in May 1994 did the National Assembly issue a resolution based on the Public Media Act by which it established the Broadcasting Council²⁸ – an independent regulatory body that would protect freedom of communication, programming autonomy and the openness and plurality of radio and television programs. Its other responsibilities included the supervision of the activities of radio and television companies and cable operators in Slovenia, the definition of detailed criteria for the designation of non-commercial radio and television programs, proposals to the competent body (in this case the Telecommunications Office) for the allocation or revocation of a broadcasting license, and supervision over the principles of the distribution of broadcasting frequency bands and channels (the Public Media Act, 1994, Article 58). In effect, the Council was entrusted the task of supervising that which it should have defined *before* the frequencies were allocated. From 1994, when the Council was established, to 2001, when a new council (with essentially different responsibilities and powers) was formed in accordance with the provisions in the Mass Media Act, the National Assembly did not discuss any annual report submitted by the Council for public debate.²⁹ Some of the difficulties that obstructed the work of the Broadcasting Council are described below.

²⁸ The Council had eight members and a chairman, all appointed by the National Assembly and selected from the ranks of experts in the broadcasting field and public figures; of these, four members were proposed by the government. The law prescribed that members could not be officials and employees of state administration, MPs, leading members of political parties or employees of radio and television companies (The Public Media Act, 1994, Article 57).

²⁹ Hrvatin and Milosavljević, *ibid.*, p. 14–15.

AMBIGUOUS LEGAL STATUS OF THE BROADCASTING COUNCIL

The Broadcasting Council introduced by the Public Media Act in 1994 was a novelty in the Slovenian legal system. However, the law did not provide for the complete or consistent definition of its status and powers. The Council could not issue documents such as resolutions; the legal nature of the Council's proposal for the allocation or revocation of a broadcasting license was also unclear; similarly ambiguous was the scope of the Council's discretionary powers within the framework of the law, and particularly deficient was the definition of its relationship with the Telecommunications Office of the Republic of Slovenia. The 2001 Mass Media Act transformed the Council into a consultative body of the Post and Electronic Communications Agency (APEK) that has a rather broad scope of decision-making powers. From 1994 to 2001, the Council had its own expert services, a monitoring department, and independent funding sources. However, with the passing of the Mass Media Act, it became dependent in terms of funding and expertise on the Agency, whose leading people are appointed by the government.

The absence of media policy

The broadcasting segment was always regulated in retrospect. Media legislation repeatedly "legitimized" the autonomous, and at times illegitimate, course of media development. Instead of defining development policy, the State mainly took inventory of the actual state of affairs. In practical terms, this meant that the actual manner of media operation dictated legal amendments rather than the other way around.

Conflict of interest within the Broadcasting Council

Owing to a very loose definition of "conflict of interest," Council members included influential former state employees and the owners of important advertising agencies. The Mass Media Act of 2001 laid down stricter rules concerning conflict of interest, but it failed to prevent the influence of the media industry. The amendments to media legislation passed in 2006 were such that, for example, a long-time radio director could be appointed as a member of the Council;

the same director was at the time of appointment a member of the supervisory board of Delo.

Financial independence of the Broadcasting Council

One of the prerequisites for the independence of a regulatory body is its financial independence. The Council was funded from the state budget until 2001, when its status and tasks were redefined by the Mass Media Act. Among other things, it prescribed that the Post and Electronic Communications Agency provide technical, expert, financial and administrative support to the Council. This means that the Council was stripped of its own expert service and was not free to manage the funds needed for its operation. The funds were provided from the national budget at the proposal of the Agency, in accordance with Article 103 of the Mass Media Act, and were managed by the Agency based on orders from the Council. The Amended Mass Media Act of 2006³⁰ (Ur. l. RS, No. 60/06- ZMed-A) changed the funding method, so today the funds are provided by the Agency and managed by it based on the Council's order.

TABLE 3: AN OVERVIEW OF BROADCASTING COUNCIL EXPENSES FOR THE PERIOD 1995–2006 (IN TOLARS)

YEAR	EXPENSES
1995	8,554,000
1996	18,710,000
1997	25,000,000
1998	42,668,000
1999	40,156,000
2000	61,293,000
2001	52,453,000
2002	23,142,000
2003	8,250,000
2004	5,090,000
2005	3,652,000
2006	4,614,000

Source: the closing balance of the Broadcasting Council, the archive of the National Assembly (period 1995–2001) and accounting data provided by The Post and Electronic Communications Agency (2002–2006).

³⁰ Uradni list RS, No. 60, 2006 - ZMed-A

THE DEVELOPMENT OF THE BROADCASTING
SEGMENT IN THE ABSENCE OF DEVELOPMENT
POLICY AND UNDER THE INFLUENCE
OF POLITICAL DECISIONS

The State continues to be largely present within the field of broadcasting, despite its seeming withdrawal during the privatization process and the emergence of the new commercial radio and television sectors. Until the passing of the Public Media Act in 1994, radio and television frequencies were allocated by the Telecommunications Administration, although in the absence of any development policy, public calls for applications or clear criteria. The Broadcasting Council, established in 1995, was meant to ensure transparent broadcasting policy, but it inherited an already depleted frequency fund, non-transparent ownership links and the unclear programming policies of existing radio and television stations. During the slightly more than one decade of its operation, media legislation was amended twice, and both times the law radically interfered with the autonomy of the Broadcasting Council; it curbed its powers and finally turned it into an “indecisive regulator” which primarily ensures that legal provisions are respected at the administrative level, while the actual formulation of broadcasting policy is pushed aside. Despite the almost 15-year long transition period, the influence of the state on the broadcasting segment remains unchanged: there is no development policy, and political decisions have a powerful influence.

RTV SLOVENIJA

The relationship between Radiotelevizija Slovenija, the national public service broadcaster, and the State has never involved efforts towards reaching a political and social consensus. This was most vividly manifested each time the legislation regulating this field was amended, from 1990 onwards: the most serious disputes were caused by meddling on the part of the State and the political elite. Eventually, in 2005, at the time when a new law was on the table, the political and social disagreements even led to a referendum. The result was a narrow victory for the scheme proposed by the center-right governmental coalition.

LEGISLATION

The laws regulating the status of RTV Slovenija were changed six times between 1990 and 2005. The first law, passed in 1990, was amended that same year. The 1994 law was amended in 1999 and 2001, and the last one took effect in 2005. Add to this the provisions in the Public Media Act of 1994, the Mass Media Act of 2001, and amendments to the Mass Media Act in 2006, which include provisions pertaining to RTV Slovenia, and the number of state interventions in the operation of RTV Slovenia over a decade and a half is even greater.

An overview of the developments and controversies that surrounded the amendments to the law on RTV Slovenia from 1990 to 2005¹ shows that the debate on the very first law on RTV Slovenija,² in 1990, was guided by the fear that RTV Slovenija would become a kind of state-controlled institution.³ At that time, the government was led by the Demos coalition composed of the center-right parties and headed by the Christian Democrat Lojze Peterle. The main cause of friction between the State and RTV Slovenia was the composition and the manner of appointment of the managing bodies.

1 The overview of the past operation of RTV Slovenija was prepared by Janez Aljančič as part of the project monitoring the operation of RTV Slovenija after the passing of the new law; this project was conducted by a group of journalists and researchers for the Peace Institute. See the Report on the monitoring of RTV Slovenija's operation following the passing of the new law, Part 1, Peace Institute, Ljubljana, May 2006. www.mirovni-institut.si.

2 Among other things, with the new law, RTV Ljubljana was renamed RTV Slovenija.

3 Janez Aljančič in the Report on the monitoring of RTV Slovenija's operation following the passing of the new law, Part 1, Peace Institute, Ljubljana, May 2006, p. 5. See www.mirovni-institut.si.

MANAGEMENT

The first law on RTV Slovenija, which came into effect in 1990 at the time of changes in the social system and the disintegration of Yugoslavia, designated RTV Slovenija as a public institution. Its top management body was the RTV Assembly composed of delegates, with only a certain number of them being elected by the Republic's Assembly and the Executive Council (the then parliament and the government respectively).⁴ In that same year, the law was amended in the part pertaining to the management body, which was renamed the Council; its 25 members were to be appointed by the Republic's Assembly (Parliament). The journalists described this change as the nationalization of RTV Slovenija, while the opposition, primarily the Liberal Democratic Party, held that it would enable the Demos coalition to exert political influence on RTV Slovenija. According to media reports of the time, the influence of politics was so strong that certain shows, interviews and conversations could be conducted only by journalists who were assessed by the guest participants as having correct political views.⁵

Following the collapse of the Demos government and the Parliamentary elections in December 1992, the Christian Democrats' first move was to require the establishment of two new television programs of different political orientation that would be part of RTV Slovenija. After the parliamentary elections that brought the Liberal Democratic Party (LDS) to power, the Christian Democrats were accepted as a coalition partner, so they dropped the idea about the division of the public service programs along political lines. In the spring of 1993, the new government proposed a new law on RTV Slovenija. In the explanation of this proposal, it was said that the government was trying to exclude political influence on the public service radio and television broadcaster, and that the State was obliged to ensure conditions for the survival and development of a public service broadcaster but also to restrict interference with the operation of such an institution. In much the same way as before, the greatest controversies surrounded the article that referred to the composition of the RTV Slovenija Council. The proposal that the part of the Council composed of the representatives of the users and civil society should be appointed by the National Council (the upper

⁴ Ibid.

⁵ Ibid.

house of the Parliament composed of representatives of various social activities and subjects) met with criticism from the center-right parties. “/.../ An attempt of a party, and a ruling party on top of that, to establish politically non-biased media, is an impossible task. A party always pursues its goals, and why would it behave differently in relation to the strongest and the most influential media such as RTV?” argued Janez Jerovšek, convinced that behind the representatives of civil society would be the representatives of the political parties.⁶

After almost year-long debates, polemics, supplements and changes to the draft law, the new RTV Slovenia Act was finally adopted in April 1994.⁷ The provision about the RTV Slovenija Council said that 15 of the 25 Council members altogether were to be appointed by various civil society organizations, interest associations and universities. This provision was in place for 15 years. Throughout this period, with a brief pause in 2000, the governmental coalition was led by the center-left Liberal Democratic Party. And throughout this period, the opposition parties argued that the representatives of civil society in the RTV Slovenija Council were only a smokescreen for the hidden political control exerted by the “left wing parties,” “the heirs to the former party.” In so doing, they most often referred to the fact that from 1998 to 2005 the RTV Slovenija Council was chaired by the representative of the Olympic Committee of Slovenia, Janez Kocijančič, who during the early 1990s had been the leader of the United List of Social Democrats (ZLSD), the party that evolved from the former Communist League of Slovenia.⁸

In 2003, supporters of the center-right parties put forward the initiative entitled “Something has to be done,” signed by 86 public figures. They proposed that the governmental and parliamentary representatives should engage in a debate with the opposition parties, civil society associations and journalists and reach a consensus on the full independence of national radio and television. They

6 Slovenec, May 15, 1992; based on the Report on the monitoring of RTV Slovenija's operation following the passing of the new law, Part 1, Peace Institute, Ljubljana, May 2006, p. 7.

7 Report on the monitoring of RTV Slovenija's operation following the passing of the new law, Part 1, Peace Institute, Ljubljana, May 2006, p. 7.

8 Janez Kocijančič resigned from the party leadership years before he was appointed a member of the RTV Slovenija Council in 1998. The United List of Social Democrats was later renamed the Social Democrats (SD). After the disintegration of the Liberal Democracy of Slovenia (LDS), several of its members joined the SD. As of October 2007, one year before the parliamentary elections, the SD is the largest opposition party in Slovenia.

emphasized that the amendments to the RTV Slovenia Act should provide for a Council that would truly manage RTV Slovenija in accordance with the public interest.⁹ Then came the 2004 parliamentary elections, the victory of the center-right parties, the appointment of Janez Janša as PM in December 2004, and the draft law on RTV a few months later. There was virtually no public debate during the drafting of the bill; the draft was published on the Ministry's web page on April 1, 2005, and the parliamentary procedure began on April 22, 2005 with a general discussion in the National Assembly. The idea of reaching a public consensus put forward in the "Something has to be done" initiative in 2003 was ignored by all the actors involved, including one of the leading signatories of the said initiative, Vasko Simoniti, who was now the Minister of Culture and appeared in the role of the law's proposer.

Once again, the greatest controversies surrounded the provisions concerning the composition and the appointment of management bodies. Despite heated debate and criticism from European and international organization,¹⁰ the law was adopted on July 15, 2005. The referendum on the law, initiated by the opposition parties, was held on September 25, 2005, with 50.3% of voters voting in favor of the law.¹¹ The law took effect on November 12, 2005.

The solution implemented by this law was as follows: the National Assembly appoints 21 of the 29 RTV Council members altogether (the RTV Council is the main management body of the institution). Of these 21 members, 5 are representatives of the parliamentary parties, and 16 are representatives of the viewers/listeners, civil society and university organizations.

The position of RTV Slovenia's managing director and the powers attached to this post changed over time. According to the law that was valid from 1994 to 2005, which was adopted during the term in office of the government led by the Liberal Democratic Party, the managing director was appointed by the RTV Slovenia Council, but the appointment had to be approved by Parliament. The mandate of the managing director did not extend to programming. By contrast, according to the law that has been in place since

⁹ Ibid, p. 10. See also Boris Vežjak at http://www.zofijini.net/mediji_nekaj.htm.

¹⁰ Among others who made critical assessments of the proposed law were the Council of Europe, the European Broadcasting Union, Article 19, the International Press Institute, the International Federation of Journalists and others.

¹¹ The turnout at the referendum on the RTV Slovenija Act was 30.71%, or somewhat less than 500,000 voters.

2005, one adopted by the center-right government led by the Slovenian Democratic Party (SDS), the managing director's mandate extends to the programming area, and it is the RTV Council that has the final word on the appointment. Knowing that the Council members, who now make the final choice, are people chosen by the National Assembly, the new provision only ostensibly provides for an independent decision. When in January 2006 the relevant parliamentary commission held a vote on the members of the RTV Programming Council, it turned out that the MPs from the ruling coalition parties had previously harmonized their stance and had written down the names that were to be circled on the list comprising more than 200 members proposed by way of public invitation.¹² Among the 16 Programming Council members appointed by the Parliament, there were five signatories to the earlier mentioned initiative "Something has to be done."¹³

When examining the role of the State in the management of RTV Slovenia, we should not forget a conflict between the trade unions and the RTV Slovenia Council that took place towards the end of 1999 and extended into 2000. The unions called on the Council several times to take measures against alleged irregularities in RTV Slovenia business operations, involving unlawful contracts and concerning the responsibility of RTV Slovenia's director. Since the Council failed to take action, the conflict escalated. The Council rejected the demand by the trade unions that voting in the Council should be public. At the same time, trade unions pointed out that some Council members had business relations with RTV Slovenija, which led to conflicts of interest. Eventually, when at the beginning of 2001 the Council re-elected the same general manager, a group of TV Slovenija journalists called on Parliament to step in and examine, before the final approval of the general manager, the irregularities alleged by the Union. In other words, the journalists called on Parliament to be "an arbitrator that would rectify the controversial decision of the RTVs Council and give an ear to what the employees had to say."¹⁴ The Parliament responded to the journalists' initiative and did not approve the general manager chosen by the RTVs Council. In the wake

¹² The Report on the monitoring of RTV Slovenija's operation following the passing of the new law, Part 1, Peace Institute, Ljubljana, May 2006, p. 18.

¹³ Ibid., p. 10.

¹⁴ Based on the book by Sandra B. Hrvatinić, *Serving the state or the public: the outlook for public service broadcasting in Slovenia*, Mediawatch, Peace Institute, Ljubljana, 2002, p. 33.

of this event, there ensued a public debate on the credibility of the Council and on the price and long-term implications of the alliance thus formed between the politicians in Parliament and the RTV Slovenia journalists.

The law on RTV Slovenia was amended twice, in 1999 and in 2001. Among other things, the 1999 amendments removed the right of journalists to approve the editor-in-chief chosen by the Council. The amended law stipulated that the journalists only issued an opinion on the candidate proposed by the programming director. The 2001 amendments introduced a compromise to resolve this disputable issue, giving journalists the right to propose their own candidate for the post of editor-in-chief if their assessment of the candidate proposed by the programming director was negative.

All laws so far stated that RTV Slovenia was supervised by a special body mainly composed of members appointed by Parliament, i.e. the government. This body never included representatives of the public. According to the 1994 law, the supervisory body was composed of seven members, of whom five were appointed by Parliament and two by the employees. In 2001, this provision was somewhat amended and from then on, the government proposed two of the five members appointed by Parliament, with the two members still being elected by the employees. According to the new law on RTV Slovenia adopted in 2005, the supervisory board consists of 11 members, of whom five are appointed by Parliament, four by the government and two by the employees. As a rule, the supervisory body was chaired by a member proposed by the largest parliamentary party. The only exception was made during the period prior to adopting amendments in 2001, when for some time the chairman of the supervisory board was Branko Grims, a representative of the Slovenian Democratic Party, at that time still the opposition party.¹⁵ This changed as soon as the amendments took effect and the government obtained the right to propose two of the five members of the supervisory board appointed by Parliament. The chairman of the RTV Slovenia supervisory board following the amendments in 2001 was Nikola Damjanić,¹⁶ one of the two members from the

¹⁵ Branko Grims is currently an MP from the ruling party, the chairman of the parliamentary committee for culture, education and sports. Only after the RTV Slovenija Act was passed did he reveal that he was the author of the text of the new law. During the debate on the proposed law, representatives of the government refused to reveal who was the author of the proposal.

¹⁶ Nikola Damjanić has remained a member of the RTV Slovenia supervisory board under the center-right government, since he has been nominated by the Liberal Democracy of Slovenia.

“governmental quota,” a candidate proposed by the then ruling party, the Liberal Democracy of Slovenia. The supervisory board formed in 2006, following the adoption of the new law on RTV Slovenia under the new government, was chaired first by Janez Jerovšek and then by Franc Orešnik, both candidates of the ruling party - the Slovenian Democratic party (the first was appointed by the government, and the second by Parliament).

FUNDING

Over the past years, successive managing directors gave different accounts of the financial state of RTVs. It was obvious from the public debate that with a system so complex and operating with such large sums of money, the situation could be presented in one way or another depending on the accounting approach used. At any rate, until the sale of Eutelsat shares in 2005,¹⁷ it was believed that RTVs had a serious financial problem. However, a closer look at the financial statements shows that its financial situation began to improve in 2004.

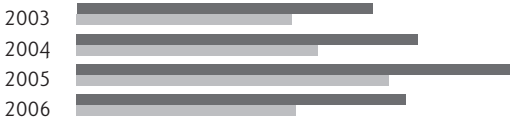
TABLE 1: FINANCIAL DATA FOR RTV SLOVENIJA

YEAR	REVENUES	REVENUES
		FROM LICENCE FEES (%)
2003	26,034,000,000 SIT (111,494,646 EUR)	72.80
2004	30,706,000,000 SIT (128,552,290 EUR)	70.70
2005	39,558,077,000 SIT (165,072,930 EUR)	71.40
2006	29,764,609,000 SIT (124,205,512 EUR)	66.50

Source: Annual reports by RTV Slovenia for 2003, 2004, 2005 and 2006.

¹⁷ RTV obtained shares in 2001 when Eutelsat was transformed into a joint-stock company. Before that, RTV Slovenia's rights and obligations, as a member of Eutelsat were different. The audit report on the business operation of RTV Slovenija issued in 2001 showed that during that period RTV Slovenija purchased a small interest in this European organization. For years this purchase incurred financial loss, provoking heated debate on the circumstances surrounding this transaction and on who approved it. When in 2005 it turned out that, by selling the Eutelsat shares, RTV Slovenija could escape a financial crisis, the initiators of this investment earned public praise.

CHART: FINANCIAL DATA FOR RTV SLOVENIJA
 (■ INCOME; ■ SHARE OF LICENSE REVENUE)



The State has various means to influence the financial state of RTV Slovenia, and its strongest weapon is the level of the license fee. According to the 1994 and 2005 laws, the level of the license fee was determined by the government. Initiatives requiring that the calculation of the monthly level of the license fee should be tied to the inflation rate or some other suchlike mechanism that would enable automatic calculation and would prevent the possibility of taking a political decision have not been accepted by any government so far. In 1999, the center-left government led by the Liberal Democratic Party launched an initiative to change the law on RTV Slovenija and introduce a more effective system of fee collection. The law stipulated that all payers of electricity are subject to license fee payment unless they submit a special statement declaring that they do not possess a TV set.

In 2005, at the time when the new law on RTV Slovenija was discussed in Parliament, the center-right coalition, trying to garner support for their proposal in the run-up to the referendum, asserted that the license fee would not increase, but would even decrease. Accordingly, the license fee has not increased since April 2004, meaning for almost four years. The new law also exempted from payment of the license fee those people receiving social assistance, thus decreasing the number of license fee payers and consequently also the revenues of RTV Slovenija. These moves, according to the annual reports of RTV Slovenija, significantly affected its financial standing, as well as the share of license fee revenue in its total revenue. As a result, in 2006 the share of license fee revenue fell to 66.55% of total revenue, bringing the share of commercial revenue in the RTV Slovenia budget to 31.75%. According to Anton Guzelj, the managing director of RTV Slovenija, who took this position in February 2005, this ratio “is not normal for the structure and stability of public service broadcaster funding, compared to that of other public service broadcasters in the EU, where this share [of commercial revenue] is no more than 20% and

that only in a few examples.”¹⁸ RTV Slovenija has concluded that since November 1999 the price of the license fee has radically decreased if assessed against the inflation rate. According to their calculation, the loss so incurred during the period November 1999 to December 2006 exceeds 15 billion tolar (65 million euros).¹⁹

This is not the only financial measure taken by the State that is unfavorable for RTV Slovenija. In 2001, the center-left governmental coalition adopted a law according to which RTV Slovenija was obliged to set aside 3% of its annual license fee revenue. This fund would be used to finance local and regional programming of non-profit radio and television channels based on public calls for applications. RTV Slovenija filed a complaint with the Constitutional Court which ruled that this provision was unconstitutional. On the other hand, the money set aside between 2001, when the law took effect, and 2004, when the Constitutional Court ruled in favor of RTV Slovenija, was never made available by RTV Slovenija for the use prescribed by the law. In the meanwhile, the Ministry of Culture, pressured by local and regional stations to fulfill legal obligations towards them, provided these funds from the state budget. The dispute between RTV Slovenija and the Ministry of Culture has not yet been resolved.

Another factor that for years impaired the financial standing of RTV Slovenia was the debt incurred by not paying the sales tax on license fees between 1996 and 1998, which was further increased by default interest accumulated by 2004 (for example, in 2003 this amount was almost one billion tolar, or approximately 4.3 million euros). In 2004, the Constitutional Court ruled, upon a complaint by RTV Slovenia, that it was unconstitutional for the State to calculate default interest on the unpaid claim until the decision is final. Consequently, the State had to repay RTV Slovenia the paid default interest, which in 2005 amounted to 3.8 billion tolar (approx. 16 million euros).

The State co-funds the production and dissemination of RTV Slovenia's radio and television programs for the Italian and Hungarian national minorities. In 2003 and 2004, these budget resources were used to co-finance the construction of a radio and television studio in Lendava catering for the Hungarian national minority. In 2004, the subsidy for this project and to co-fund RTV Slovenija's radio

¹⁸ RTV Slovenija Annual Report 2006, p. 14.

¹⁹ RTV Slovenija Annual Report 2006, p. 69.

and television programs for Hungarian and Italian minorities was 325,845,000 tolar, while in 2006 it amounted to 278,029,196 tolar.²⁰ RTV Slovenija negotiates the amount of subsidy on a yearly basis with the Government Office for Nationalities. For several years now, the co-funding has accounted for approximately one percent of the total revenues of RTV Slovenija.

PROGRAM

The main question repeatedly posed when discussing the role of the State in the operation of RTV Slovenia is who manages this institution and under whose influence. However, in so doing it is often overlooked that the main task and purpose of a public service broadcaster is to produce and promulgate radio and television programs through which the widest audience is ensured access to information, educational and entertainment content and through which the space for public discussion is created, shaped and maintained.

**TABLE 2: THE NUMBER OF PROGRAMMING HOURS
AT RTV SLOVENIJA**

	<i>RADIO SLOVENIJA</i>	<i>TELEVIZIJA SLOVENIJA</i>
2003	23,334	14,310
2004	24,531	13,497
2005	23,253	12,544
2006 ²¹	26,543	12,460

Source: Annual reports by RTV Slovenija for 2003, 2004 and 2005.

PR department.

²⁰ The State also co-funds the print media of the Italian and Hungarian national minority. In 2006, its contribution for the daily *La Voce Del Popolo* and the weekly *Nepujsag* amounted to 105,007,174 tolar; the subsidy for radio and television broadcasts intended for the Roma community was 14,378,400 tolar. For years now, the State has been directing the funds dedicated to the news programs for the Roma community to local radio and television stations in Murska Sobota and Novo Mesto, which produce broadcasts for the Roma, although an independent Roma station in Murska Sobota is in operation. The data on co-funding were supplied by the Governmental Office for Nationalities, on February 6, 2007.

²¹ Unlike in the past, the 2006 annual report by RTV Slovenija does not include systematized statistical data on the annual programming of Radio Slovenija and tv Slovenija, or ratings and audience shares for individual programs and broadcasts. The annual report for 2006 was compiled by the new management of RTV Slovenija that was appointed after the passing of the new law in 2005. Compared to previous reports, it contains more data on financial operations.

CHART: THE NUMBER OF PROGRAMMING HOURS AT RTV SLOVENIJA
(■ RADIO SLOVENIJA; ■ TELEVIZIJA SLOVENIJA)



When analyzing how the influence of the State and politics on the legislation regulating this area and on the management and funding of RTV Slovenija affects editorial autonomy and the quality and ratings of RTV Slovenija's programs, the most frequently mentioned indicators are the replacement of editors, the appearance of politicians on its programs, and individual instances of censorship or biased reporting. Attention is most often focused on news programs, especially television news

Quite revealing of the State's influence is the analysis of the structure of guests on *Dnevnik*, the main news program on RTV Slovenia. Marko Prpič's study on a sample of *Dnevnik* newscasts,²² broadcast in March 2004, March 2005 and March 2006, showed that, of all the guests who appeared on *Dnevnik*, those belonging in the category "The political system/the State" accounted for more than 40% (to be more precise, these percentages were 44.7% in March 2004 and March 2005 and 43.1% in March 2006). Add to this the category "Political sub-system – local communities," and the individuals who at the time when they appeared in *Dnevnik* had one or another function within state institutions accounted for almost one half of all guests in the main news program (49.5% in the news programs broadcast in March 2004 and 2005, and 48.1% in those broadcast in March 2006). Marko Prpič's analysis also included the main news program called 24ur on the commercial television channel POP TV during the same period. The comparison showed that the share of guests in the category "The political sub-system/the State" on 24ur news program was somewhat lower (in the news programs broadcast in March 2006 it was lower by 6.1%). The proportions of the governing parties' representatives and of the opposition parties' representatives will be clear when we know the final results of

²² Marko Prpič has been conducting a research study on the main news programs on TV Slovenija and POP TV as part of his doctoral dissertation at ISH, Graduate School for the Humanities, Ljubljana. Part of this research was included in the Peace Institute's project »Media For Citizens« (see <http://mediawatch.mirovni-institut.si/media4citizens>).

the research study that will be published following Prpič's doctoral dissertation.

Often in the past, the replacement of editors at RTV Slovenija has raised suspicions that the choice of staff was politically influenced. The 2005 law on RTV Slovenija and the new statute adopted in 2006 contain provisions that enabled a series of replacements of people in programming-related and editorial posts. The fallout from this was the replacement of program hosts and journalists specializing in particular subjects, especially those appearing in the news programs. Since the introduction of the new law and statute, RTV Slovenija's CEO has been Jože Možina, and the editor of the news programs Rajko Gerič.

We have already mentioned that the issue most often discussed when considering the political influence on RTV Slovenija is censorship, i.e. a threat to the professional autonomy of journalism. It was Jože Možina and Rajko Gerič who, during the term in office of the previous government led by the center-left Liberal Democratic Party, claimed that they were exposed to political pressure.

Jože Možina claimed that in early 2004 representatives of the government pressured the programming director to remove from the program his documentary about the post-war massacres (following protests from journalists and their associations, the documentary was broadcast in its unabridged version). Rajko Gerič stated that in April 2002 the editor of the news program was exposed to pressure from the President's cabinet, so his contribution about the controversial purchase of a plane for then president Janez Drnovšek had to be postponed until the next day. The programming director, for her part, stated that the removal of Možina's documentary was not a case of censorship, but that she decided to take this action because it was longer than agreed and longer than the available time allowed. Similarly, the editor of the news program said that he postponed Gerič's information because it contained a serious allegation and he wanted him to perform additional checks.

Both Jože Možina and Rajko Gerič, now that they hold high level posts, use similar types of argumentation to counter journalists' grievances about censorship and pressure. One such example was the explanation of the measure taken against the journalist Vida Petrovčič. Petrovčič claims that she was removed from her field of work and from the news program following her critical comments during the broadcast *Utrip* on October 7, 2006 about a move taken by the

Minister of Finance. Gerič denies this, asserting that she was assigned another field because “her work in the daily news program was generally poor.”²³

Another similar episode occurred in July 2007 at Radio Slovenija. The director of Radio Slovenija, Vinko Vasle, terminated a contract with the journalist Nataša Štefe. In a broadcast on Radio Slovenija the journalist stated that the “first hit at YouTube when you enter the search key ‘Janša’ comes from the dog world.”²⁴ The director was of the opinion that such talk was unacceptable for public service radio, so he dismissed the journalist. This led the editor-in-chief of Program Two at Radio Slovenija, Marko Štular, to resign in protest over the director’s decision. Following a discussion with the editorial board, the director revoked the termination of the contract, and the editor-in-chief withdrew his resignation.

In addition to indirect effects, legal provisions also have a direct impact on RTV Slovenia’s programming. The 2005 law extended the scope of public service programming obligations, adding a new national channel reserved for the live transmission of sessions of the National Assembly and its bodies. Despite demands from RTV Slovenija and part of the public, the law did not stipulate that this Parliament Channel should be co-funded out of the state budget, meaning that this additional programming obligation should also be financed from license fees paid by viewers and listeners. Two years on, this national channel has not yet come to life, but technical and programming preparations are currently drawing to a close.

The law also stipulates that RTV Slovenija should include radio and television broadcasts for the Roma community. Two years later, we only have announcements that two radio programs will soon be on air, while television programs are tentatively included in the 2008 programming plan.

JOURNALISTS

RTV Slovenija has slightly over 2000 employees, or more precisely, at the end of 2005 it had 2,173 employees, and at the end of 2006 their number was 2,134. In addition,

23 See the Report on the monitoring of RTV Slovenija’s operation following the passing of the new law, Part 2, Peace Institute, Ljubljana, November 2006 and www.mirovni-institut.si.

24 Janša is the surname of the current Prime Minister.

700 people work on a temporary basis.²⁵ In 2002, with the passing of the law on salaries in the public sector, all RTV Slovenija's employees, including journalists, became civil servants.²⁶ This change of status went by almost unnoticed during the final stage of the adoption of the law. The trade unions within RTV Slovenia, including the largest part of the journalists' union, endeavored to have their salaries categorized under the public sector salary system. Before the adoption of the law, this solution was opposed by the Association of Journalists of Slovenia, which pointed out that it represented a serious violation of the principle of media autonomy, and that such a move would make RTV Slovenija a state-controlled institution. Since then, the jobs at RTV Slovenia have been categorized into payment classes corresponding to those for jobs in state bodies, local communities, public funds, public agencies and institutes. The systematization methodology and the salary scales are the subject of negotiations between the RTV Slovenija employees, including journalists, and the government. In the previous government, the main negotiator was the then Minister of the Interior, while in the government that took over in 2004 the negotiator is the Minister of Public Administration. During the first years following the introduction of this system, it became evident that such a systematization did not ensure higher salaries for RTV Slovenija journalists. However, recently the Minister of Public Administration has been issuing assurances that the search for a suitable solution is underway, one that would enable journalists' salaries to be placed into a higher salary group.

These changes therefore established a system in which RTV Slovenija is directly financially dependent on the government (which determines the level of the license fee), and not only RTV Slovenija as a whole but also its journalists, given that the government determines the level of their salaries. Instead of designing finely tuned mechanisms that could ensure the autonomy of RTV Slovenija and its accountability directly to the public, the agreement between RTV Slovenija and the politicians, to which RTV Slovenija's employees consented, produced a mechanism ensuring its dependence on the government in office.

²⁵ The programming-business plan of RTV Slovenija for 2007 mentions 688 contractual collaborators as of November 30, 2006; of these, the majority work for TV Slovenija – 302. See p. 18. www.rtvsl.si (accessed on October 5, 2007).

²⁶ See Sandra B. Hrvatin, *Serving the state or the public: the outlook for public service broadcasting in Slovenia*, Mediawatch, Peace Institute, Ljubljana, 2002, p. 76.

It seems necessary to add here that the salaries for RTV Slovenija employees are not funded from the state budget. State aid accounts for approximately one percent of the revenues of RTV Slovenija; two thirds of the revenues are composed of license fees, which is not a chance solution, but one of the planned and systematically envisaged mechanisms for ensuring autonomy.

This situation became particularly absurd in 2004, when the Trade Union of Journalists went on a general strike because of an ongoing dispute with the employers, i.e. media companies, regarding the revision of the collective agreement. The main bone of contention involved issues relating to the status and rights of free-lance journalists within this agreement, which the employers refused to recognize. The strike took place on the day of parliamentary elections in October 2004. The journalists employed at RTV Slovenija expressed their solidarity by joining the strike and refusing to monitor the elections, with their election reports consisting only of short agency-style news read by a news presenter. What made the situation absurd was the fact that the employer of RTV Slovenija's journalists is actually the State, i.e. the government, as proceeds from their civil servant status. Paradoxically, it was precisely their employer that the people were electing during this strike.

CONCLUSION

Much as in other post-socialist countries, in Slovenia, too, the process of transforming state-owned television into a public service broadcaster was characterized by political disputes and institutional crisis, which in most cases stemmed from state control over funding, management and human resources/appointment methods.

The public debates on RTV Slovenia made it clear that the key protagonists of transformation mainly had deficient knowledge about and insufficient understanding of the principles involved in the operation of a public service broadcaster. This applies equally to politicians, who determine the legal framework and have at their disposal other mechanisms to influence a public service broadcaster, as well as the employees, i.e. journalists, editors and managers. That this is so becomes clear from the lack of will on the part of politicians to shape such a system for RTV Slovenija management and funding that would enable the public

service broadcaster to be autonomous and to develop as a true public service.

Even in 1994, when the law prescribed direct appointment of the representatives of the public, which made the majority in the managing body of RTV Slovenija, the obvious deficiencies and anomalies of the system were not eliminated despite warnings by the opposition parties and part of the public. The system was not upgraded in such a way as to enable the greatest possible participation of the public in the managing of the public service broadcaster. As regards the management bodies and the authors of RTV programs, while lurching from one institutional crisis to another, they neglected the need to develop and continually upgrade the system of responsiveness and accountability to the public. This could have been achieved by, for example, appointing an ombudsman or a similar mechanism that would process the proposals and complaints by the audience, or by introducing programming formats that would enable citizens' voices to be heard and would enable them to adopt an active stance in public matters instead of reducing them to consumers and tele-voters.

Therefore, similar to what can be said about the area of media ownership, we could justifiably assert that the process of transformation is still not complete in this media segment either.

AUDIOVISUAL CULTURE

TABELA 1: UDELEŽBA DRŽAVE V AVDIOVIZUALNI KULTURI

PRODUCTION	Film Fund – public fund (selection and co-funding of film projects)
	Viba film – public institution (technical infrastructure for the realization of cinematic projects)
	Ministry of Culture (co-funding audiovisual works made for television)
	Ministry of Culture (co-funding the programs of RTV Slovenia for foreign markets)
DISTRIBUTION	Film Fund – public fund (co-funding of film distribution in Slovenia)
	Ministry of Culture (co-funding the distribution of European, art and cinematheque films in Slovenia)
CINEMAS	Ministry of Culture (co-funding of art cinemas across Slovenia)
PROMOTION	Film Fund – public fund (co-funding of film promotion at home and abroad)
	Ministry of Culture (Film Fund) co-funding domestic festivals and the costs of participation in international festivals
EDUCATION	Ministry of Higher Education and Development (co-funding the operation of the Academy for Theatre, Radio, Film and Television, which is a public higher education institution)
	Ministry of Culture (co-funding small-scale educational projects, e.g. screenwriting courses etc.)
CINEMATHEQUES AND ARCHIVES	Slovenian Cinematheque – public institution (The Ministry of Culture co-funds the costs of operation, investments and day-to-day operation)
	Slovenian Film Archives, part of the Archives of the Republic of Slovenia (the Ministry of Culture)
PUBLICATIONS	Co-funding of the Ekran journal
	Co-funding of the Kinotečnik journal
	Co-funding the publishing projects of the Slovenian Cinematheque
INTERNATIONAL COOPERATION	Co-funding the membership in Eurimage (Ministry of Culture through the Film Fund).
	Co-funding the operation of the Media Desk in Slovenia (Ministry of Culture through the Film Fund)

The State is involved in the audiovisual sector in many ways, with domestic film production being practically entirely dependent on it. While, on the one hand, the reasons for such a situation are rooted in the past, we should not overlook that in the European context a domestic film industry is encouraged as one element of national and European cultural identities.

The State is the founder and provider of funds for Viba Film and the Slovenian Cinematheque. It is the founder of the Film Fund, a public fund financed from the state budget. The Film Fund, in turn, awards money to cinematic projects, film production, promotion and distribution. The State further secures the finances for Slovenia's membership in Eurimages and co-funds the operation of the Slovenian Media Desk. In addition, a certain portion of the Ministry of Culture's budget is earmarked for the co-funding of content production (television broadcasts), and state funds are also used to co-fund the distribution of European, art and cinematheque films and the operation of art cinemas.

Recent figures indicate that the State's annual financial support for film production and other audiovisual work ranges between 5 and 6 million euros.

2007: A CRITICAL YEAR

As regards the State's role in audiovisual culture, the year 2007 saw the adoption and implementation of the funding program, but was also characterized by a series of disputes over the legality, transparency and effectiveness of the management of the Film Fund.

These disputes caused stalemates and were also responsible for procedural irregularities in adopting the annual funding program. Consequently, film-makers entered the second half of the year without having essential information that they should have been given at the very beginning of the year: which projects had been approved and to what extent. In other words, halfway through the year a large group of people involved in film production and provision of technical services did not know whether they would be able to realize their projects, when they would be able to do that, and how many projects would be approved.

Controversial relations were further aggravated when decision-making power was given to the Ministry of Culture and the Minister in particular. This led to disputes between filmmakers and the Minister of Culture, and even

more importantly, to staff replacements within the Film Fund.¹ When in September 2007 the director of the Directorate for Media and Audiovisual Culture became the acting director of the Film Fund, the Association of Slovenian Filmmakers issued a public statement describing this move as the nationalization of the Film Fund and saying that »the Ministry of Culture and the Fund have for almost a year been systematically destroying the Slovenian film industry,« and that »instead of creating, as stipulated by the law, conditions for the professionally flawless and effective operation of film organizations (Film Fund, Viba), the State interferes with the operation of these organizations brutally, unprofessionally and unlawfully.«²

Between the autumn of 2006 and the autumn of 2007, there were many instances of staff replacement in public institutions involved in film production. The State demonstrated its power by entrusting control over the three film-related public institutions, the Film Fund, the Viba Film studio, and the Slovenian Cinematheque, to two persons chosen by the political elite: Stane Malčič, a retired filmmaker, and Igor Prodnik, the director of the Directorate for Media and Audiovisual Culture with the Ministry of Culture. Stane Malčič was simultaneously chairman of the supervisory boards of both the Slovenian Cinematheque and the Film Fund, as well as the acting director of the Film Fund. When they swapped their roles, Igor Prodnik became the chairman of the supervisory boards of both Viba Film and Film Fund as well as the acting director of the Film Fund. The staff replacements carried out under their auspices led to a number of legally controversial acts and a one-year standstill in film production.

In an open letter dated September 19, 2007, the Association of Slovenian Filmmakers, the Economic Interest Group of Film Producers and the Association of Slovenian Film Directors demanded that the Minister of Culture remove Stane Malčič and Igor Prodnik »from all film-related organizations because of the almost one-year long standstill in film production, /.../, and their arbitrary interference on behalf of the State with the autonomy of film organizations.«³

1 In accordance with the law on public funds, the minister responsible for the field in question appoints and dismisses the director and the supervisory board members.

2 A Statement by the Association of Slovenian Film Makers, available at <http://novice.matkurja.com/novice.php?dm=110&idn=366109> (accessed on September 12, 2007).

3 The letter also proposed a joint commission that would be formed in cooperation with the Minister of Culture. It would be composed of the members who enjoy wide support of professional circles. The commission would draw up a proposal to "rem-

Given these developments and their effects, the question that arises is what the State actually wants. If it is striving to secure direct influence on the staff and money flow, particularly within the Film Fund, why does it maintain the Fund and create the impression that powers have been delegated to an independent organization, in imitation of democratic models?

A partial answer to this question can be found in the coalition agreement signed by the center-right parties that formed the government in 2004. It mentions the commitment on the part of the coalition to »increase the role of the founder [the State], /.../ in legal entities [in this case, the public fund for film and audiovisual activities].« It further states that it is necessary to »prevent the furthering of narrow, partial interests in these institutions« and that »the founder must have the major role in management.«⁴

HISTORICAL CONTEXT

The history of the State's role within the field of audiovisual culture dates back to 1931 and the Kingdom of Serbs, Croats and Slovenes. The law valid at that time stipulated that the program had to include at least 15% domestic films, also referred to as cultural films.⁵ After the Second World War, state-owned film production and distribution companies and cinemas were established across Yugoslavia and Slovenia. Viba Film, which provided the technical basis for film production in Slovenia, was established in 1956. A law stipulating that 20% of the price of a cinema ticket should be set aside to encourage domestic film production was in place for some time. After 1974, this mechanism was removed, and the republic's fund for cultural activities was established by law. It collected and distributed money, including for film projects. Approval of projects was within the competence of the Fund's internal commission. The law on cultural and art activities and on the communication of cultural values, which was adopted in the mid 1980s, made possible the establishment of independent production companies. However, Viba Film experienced financial collapse

edy the situation and the long-term plan for the legislative reform of the audiovisual field." See www.drustvo-dsfu.si/novice (September 19, 2007).

⁴ A Proposal of the law on the Film Institute of the Republic of Slovenia (Chapter "Goals, Principles and Main Solutions"), published on September 22, 2006. Available at www.kultura.gov.si

⁵ See the Introduction to the draft law on the Institute for Audiovisual Content of the Republic of Slovenia (subsequently the draft was somewhat modified and the document renamed the Proposal for the law on the film institute), p. 1, published on June 19, 2007 at www.kultura.gov.si

during that period, because of non-transparent and irrational use of state funds in the production of films. In 1991, the formulation of program plans and decisions concerning the funding of national film production were entrusted to the Ministry of Culture.⁶ Viba Film was liquidated and evicted from its premises, which went back to the Roman-Catholic Church during the denationalization process.⁷ This happened during the Demos government's term in office, with Andrej Capuder as the Minister of Culture.⁸

Toni Tršar, the former chairman of the Slovenian Film Fund, noted in 1997 that during the 1980s the State was the sole provider of funds for film production, i.e. the state-owned film company. The films were certainly produced, but when they had to be shown in cinemas at home and abroad, the money and the audience could not be found. Tršar also added that the country's independence had brought a radical reduction in funds and »unfortunate statements« that Slovenian film was under the control of the regime.⁹

In 1994, during the first term of the government led by the center-left Liberal Democratic Party, the public institution Filmski studio Viba Film was established.¹⁰ Its main purpose was to provide technical and organizational services needed for film production. The 2003 law on the realization of the public interest within culture delineated the purpose of Viba Film in more detail. One of its tasks was to provide a »continual and undisturbed technical realization of the Slovenian national film program that is selected and funded by the Film Fund – a public fund.«

The Film Fund was also established in 1994 by a separate law. Its purpose was to realize a specific part of the national cultural program, that is to say, the part pertaining to film production, cinemas, organization of film festivals and film awards.¹¹ It is interesting to note that the law initially

6 Introduction to the draft law on the Institute for Audiovisual Content of the Republic of Slovenia, p. 1, published on June 19, 2007 at www.kultura.gov.si

7 Viba film had its premises in the Church of St. Joseph in Ljubljana and the attached monastery. When Viba moved, the State renovated the church and returned it to the Roman-Catholic Church. See a text by Milan Ljubič, published on the 50th anniversary of the Association of Slovenian Filmmakers in 2000 (www.drustvo-dsfu.si/dokumenti/50letDSFU.pdf, accessed on September 15, 2007).

8 A more accurate definition would be "the Chairman of the Republic's Committee For Culture," as this function was then called.

9 Toni Tršar, the chairman of the Film Fund, in the material prepared for the panel discussion, dated March 28, 1997, available at www.filmski-sklad.si/client.si/index.php?table=articles&ID=115 (accessed on September 15, 2007).

10 The Minister of Culture at that time was Sergij Pelhan, a member of the Party of Social Democrats.

11 Introduction to the draft law on the Institute for Audiovisual Content of the Republic of Slovenia, p. 2, published on June 19, 2007 at www.kultura.gov.si

prescribed a three-member supervisory board appointed by the government on the proposal of the Ministry of Culture, the Ministry of Finance and the Ministry of Foreign Affairs. With the passing of the law on public funds in 2000, this and many other provisions of the law regulating the operation of the Film Fund were revoked.

In Tršar's opinion, the establishment of the Film Fund was the most important development for the film sector since Slovenia gained independence, because »the law establishing the Film Fund eliminated the monopoly-holding state-owned producer, which was an institutional fortress, and replaced it with many (independent) producers who were to shape the image of the Slovenian film landscape.«¹²

The rules regulating the co-funding of film projects via the Film Fund stipulated that a producer had to secure resources amounting to 20% of the project's value, and that projects would be assessed by an expert commission. Film production companies, which Tršar described (in 1997) as »private production companies with modest or zero capital established based on the Companies Act,« resisted both provisions. In Tršar's opinion, the realization of the national cinematic program was entrusted to film directors and former film project managers with modest experience in film production and especially in the »packaging« of financial plans, who strived to ensure their 20% share primarily by attracting television.«¹³

As early as 1997, the chairman of the Film Fund concluded that the greatest barrier for the Slovenian film industry was the impossibility of exploiting Slovenian films. In other words, the domestic market did not enable even a 20% return on investment, so Slovenian producers preferred to lobby for a 100% state investment. Just a few years after the establishment of the Film Fund it became clear how urgent it was to create conditions that would ensure long-term operation and growth of production companies.¹⁴ Another fact that soon became obvious was that the launching of the Film Fund represented a big change and challenge for everyone involved. Its operation was marred by conflict from day one. The producers and the Fund were in conflict over the selection of projects; the Fund and the Ministry of Culture were at loggerheads over the level of the annual contribution to the Fund and over unfulfilled promises about an increase

¹² Toni Tršar, the material prepared for the panel discussion on Slovenian film, March 28, 1997.

¹³ Ibid.

¹⁴ Ibid.

in the sum; the Fund and the Ministry of Finance disagreed over the Ministry's requirement that the money could be paid to producers only after they submitted the bills, meaning only after the completion of the project.

The rules regulating the operation of Viba Film studios also contain a controversial point that causes dispute. One provision says that Viba Film must make available two-thirds of its technical capacity for the realization of the national film production plan approved on an annual basis by the Film Fund. However, it turned out that the remaining one-third of its capacity could not be marketed freely either: setting a timetable for the realization of commercial projects proved impossible because the national program had to be given priority, but there was no coordination among the Fund, the producers and Viba Film studios.¹⁵ It is important to note that, thanks to the links between the Film Fund and Viba Film, state support for film production has doubled: the State finances film production directly by providing money for the Film Fund out of the budget, and it also contributes to it indirectly by paying for the technical services provided by Viba Film.¹⁶ Viba film is therefore ensnared in problems caused by the absence of coordination within the film production sector (with the Film Fund being the main player). As a result, it is not in a position to exploit its technical capacity economically and sell its services on the market, if only to a limited extent. The irrationality of such organization is further increased by the fact that, from 1999 to 2005, the State invested more than 2.2 billion tolar in the construction and modernization of the studio (around 10 million euros).¹⁷

FINANCIAL INDICATORS OF STATE INVOLVEMENT IN FILM PRODUCTION

Obviously, the State plays an important role in Slovenian film production, and to a smaller extent in the production of works for television. On the other hand, film distribution companies and cinemas are subject to market

¹⁵ Another author who dealt with this topic was Mojmir Konič, the then director of the Filmski Studio Viba Film. The material for the panel discussion on Slovenian film was dated April 11, 1997.

¹⁶ The analysis of the circumstances in the field of cinematography, prepared by Tone Frelj of the media department with the Ministry of Culture, published in the *Analysis of the Circumstances in the Field of Culture*, 2002, p. 191, see www.kultura.gov.si.

¹⁷ The precise figure is 2,297,359,751 tolar, as is clear from the annual reports of the Ministry of Culture for 1999, 2000, 2001, 2002, 2003, 2004 and 2005. See www.kultura.gov.si.

laws exclusively, except in a narrow segment where the State provides limited funds for the distribution of art films, European and cinematheque films and for the operation of arts cinemas. The State also co-funds the operation of the Slovenian Cinematheque and the Film Archives of the Archives of the rs.

The financial indicators showing the State's involvement in film production show an increase in the amounts allocated to film production as well as an increase in the percentage of the Ministry of Culture's budget allocated to the Film Fund. Between 1995 and 2002, for example, the amount provided by the Film Fund for film production increased by 141%.¹⁸

**TABLE 2: THE MINISTRY OF CULTURE'S BUDGET
AND THE PORTION ALLOCATED TO THE FILM FUND**

YEAR	BUDGET (SIT)	PERCENT OF THE MINISTRY'S BUDGET ¹⁹ (%)
1995	276,175,839	3.30
1996	271,800,900	3.31
1997	289,526,469	3.63
1998	355,186,940	3.66
1999	415,553,844	4.00
2000	465,500,000	3.94
2001	500,635,500	4.03
2002	655,000,000	-
2003	686,169,000	-
2004	762,411,000	-
2005	912,411,000	-
2006	1,067,411,000	-

Source: The Analysis of the Situation of Culture, Ministry of Culture, 2002. Annual reports by the Ministry of Culture for 2003, 2004, 2005 and 2006.

¹⁸ The analysis of the circumstances in the field of cinematography, the Ministry of Culture, 2002, p.194.

¹⁹ Data in this table are based on the text entitled "The analysis of the circumstances in the field of cinematography" that covers the period until 2002. Data for subsequent years have been taken from the annual reports of the ministry. These reports give the annual amounts of state aid allocated to the Film Fund. We could not calculate the share of this amount in the annual budget of the Ministry of Culture, because we do not know which methodology was used to calculate these shares before 2002, so our use of a different methodology could have led to erroneous conclusions.

CHART: PORTION OF THE MINISTRY OF CULTURE BUDGET
ALLOCATED TO THE FILM FUND



The average cost of a feature film between 1995 and 2002 was 124,477,000 tolar; the share of the costs covered by the Film Fund ranged from 60% to 80%.²⁰

Following the change of government in 2004, the resources allocated to the Film Fund conspicuously increased. In 2005, during the first year of the center-right government led by the Slovenian Democratic Party, the amount increased by 31%. This enabled the production of more films, completion of unfinished projects launched during the previous years,²¹ and the funding of debut films by new directors.

In 2002, the funds earmarked for film production amounted to approx. 1 billion tolar (this included 655,000,000 tolar for the Film Fund, 140,000,000 tolar for the regular operation of the Viba Film film studio, 153,000,000 tolar for the operation of the Slovenian Cinematheque, and 73,500,000 tolar for the operation of the Film Archives with the Archives of the RS).²²

In 2005, the Film Fund and Viba Film received more than 1 billion tolar (the Fund received 912,411,000 tolar and Viba Film received 184,128,000 tolar). In that same

²⁰ The analysis of the circumstances in the field of cinematography, Ministry of Culture, 2002, p. 195.

²¹ For example, during this period additional funds were provided to complete the films entitled *L... kot ljubezen* (L for Love) and *Mokuš*, each receiving 20 million tolar. See *Pregledno poročilo Filmskega sklada 2001-2005* (Report by the Film Fund of the RS 2001-2005), p. 24. It should also be noted that in 2000 Stane Malčič was the project manager for *Mokuš*.

²² The analysis of the circumstances in the field of cinematography, Ministry of Culture, 2002, p. 194.

year, the Slovenian Cinematheque received 207,237,000 tolar.²³

In 2006, the State funds dedicated to audiovisual work amounted to 1.6 billion tolar, or approx. 6 billion euros (the Slovenian Cinematheque received 215,000,000 tolar, the Film Fund received 1,067,411,000 tolar, Viba Film 170,350,000 tolar, and audiovisual projects intended for television received 164,500,000 tolar).²⁴ Of this sum, 5 million euros of state aid were allocated to production activities.

When speaking about the size of state aid allocated to audiovisual culture, we should also mention the number of co-funded films, to present a more complete picture. From 2001 to 2005, the Film Fund co-funded the production of 25 full-length feature films; the amount of state aid dedicated to these film projects was 2,780,209,863 tolar, meaning more than 12 million euros²⁵ (this sum also includes, in addition to the funds received by the Film Fund, the price of production and technical services provided by Viba Film).²⁶

During the 1990s, the common belief was that, given the creative and material potential, it would be rational to plan 4 to 5 full-length feature films and ten short films per year.²⁷ Ten years later, the draft National Program for Culture for the period 2008-2011, drawn up by the Ministry of Culture and made public on July 9, 2007 specified that »every year the State will ensure the conditions for the production of 5-8 full-length feature films, at least 20 short, animated and student films, and at least 6 documentary films, of these at least one full-length documentary.«²⁸

The 2001 Mass Media Act provided for the setting of a separate account within the national budget to fund audiovisual media. Money would come from the taxes paid by radio and television broadcasters for the dissemination of programming, and the taxes paid by operators who provide technical infrastructure for the dissemination of this content. In addition, the State was obliged to contribute 400 million tolar annually to this account. However, not

23 Ministry of Culture, Annual Report 2005.

24 Ministry of Culture, Annual Report 2006.

25 The average exchange rate for the euro between 2001 and 2005 was 231.128 tolar.

26 Report by the Film Fund of the RS 2001-2005, p. 35. During this five-year period Viba Film provided services for 15 film projects. The value of these services amounted to 12 percent of the total value of projects. At the same time, the share contributed by the Film Fund for the realization of 25 films produced during this period amounted to 61 percent.

27 Toni Tišar, the material for the panel discussion on Slovenian film, March 28, 1997. Jaroslav Skrušny, the material for the panel discussion on Slovenian film, March 24, 1997.

28 The Draft National Cultural Program 2008-2011, July 9, 2007.

one of these provisions was implemented in practice. The broadcasters and the operators lodged a complaint, and the Constitutional Court annulled the provision pertaining to taxes. The actual contributions by the State never came anywhere close to the sum stipulated by the law, meaning that the State ignored its own set limit. The 2006 amendments, which were implemented when the new governmental coalition took over, changed these provisions. The amended law no longer mentions a separate account within the national budget, but rather speaks of budget resources allocated to audiovisual culture; it also prescribes regular annual calls for applications to co-fund audiovisual projects. The provision that had required that the State contribute a fixed sum to the fund was removed. Finally, the governmental resolution that laid down detailed rules for the procedure and criteria for the public call for applications was changed. The resolution dating from 2002 stipulated that the decision was made by a commission composed of the representatives of television program broadcasters and independent producers; the 2006 amendments stipulate a commission composed of »experts in the field of audiovisual culture.«²⁹

TABLE 3: CO-FUNDING OF AUDIOVISUAL WORK
(BUDGET FUND FOR AUDIOVISUAL MEDIA)

YEAR	AMOUNTS (SIT)	NUMBER OF PROJECTS
2002	96,000,000	21
2003	54,690,742	17
2004	80,000,000	15
2005	131,871,600	20
2006	164,500,000	30
TOTAL	431,062,340	103

Source: Annual reports of the Ministry of Culture for 2002, 2003, 2004, 2005
and 2006, available at www.kultura.gov.si

²⁹ After the adoption of the new governmental resolution, Staš Ravter, the director of the Slovenian Cinematheque, became the chairman of the expert commission with the Ministry of Culture. In the autumn of 2007, when the acting director of the Film Fund became Igor Prodnik, the director of the Directorate for the Media and Audiovisual Culture, Staš became the chairman of the programming commission with the Film Fund, which takes decisions on the co-funding of film projects.

OTHER LEVERS OF INFLUENCE

In the words of Miran Zupanič,³⁰ when assessing the role of the State and politics in the fields of film and audiovisual culture, one should adhere to the rule »follow the money«. It teaches us that the political sector, when distributing public money, acts as an instrument of interrelated interests that operate from behind the stage and are mainly, although not exclusively, the interests of capital.

Apart from the interests of capital, what is also in play is the struggle to secure the domination of concepts, symbolic power and personification. Under the governments led by the Liberal Democracy of Slovenia, says Zupanič, networks of interests and relations were established, which the new government has been endeavoring to dismantle and replace with its own ever since it came to power in 2004. The problem is that these networks are positioned on an equal footing with, or even above the professional interests.

Zupanič is of the opinion that in the field of cinematography two types of power centers were formed after Slovenia gained independence, with the State appearing in the role of a founder in both. One is the Film Fund, which obviously has the financial power placing it in command, and the other is the Slovenian Cinematheque, which, under Silvan Furlan as its director (Furlan died in 2005), first developed into an interest group that established itself as a major reference in aesthetic-normative matters, and then into an independent power center, or an »aesthete-commissioner«, as Zupanič put it. His view is that the operation of the Slovenian Cinematheque was guided by the critical, essayist trend headed by Furlan. Although it irritated the Slovenian filmmakers, the Cinematheque became a vital and creative meeting point and a lobbying center. Besides Furlan, who was its personification, the circle included Simon Popek, Majda Širca, Stojan Pelko, and even Slavoj Žižek. They share the same approach to film, whose main traits are reflection, theory and film essay. On top of that, they all belong to a world view that is incompatible with that of the center-right government; Majda Širca even participates actively in the field of politics and is currently an opposition MP. Under the previous government she was an MP from the ruling party. During that period she chaired the

30 Conversation with Miran Zupanič, a member of the national council for culture, a filmmaker and a professor at the Academy of Theater, Radio Film and Television, May 23, 2007.

Council of the Slovenian Cinematheque, but was dismissed in September 2005 by the new government.³¹

A conflict provoked by the appointment of the successor to the Cinematheque's late director Silvan Furlan, which evolved between April and September 2005, clearly revealed the new government's intention to demonstrate its power in the cinematic field. It appointed as the new director a trusted colleague of the Minister of Culture against the will of the employees and the circle that created the Cinematheque. Since then, says Zupanič, the Cinematheque's operation in terms of program offering has been fairly good, but it has ceased to be an influential factor.

In the case of the second power center, the Film Fund, it is clear that, taking into account the circumstances described above and its financial power, the appointment of the director and the supervisory board members is influenced by the political elite that leads the country at a given moment. Moreover, their influence is direct and legitimate, because the Film Fund is a public fund, and the legal provisions regulating the operation of public funds stipulate that the minister responsible for a specific field appoints and dismisses a fund's director and supervisory board members.³² If these appointments and dismissals are done in an aggressive manner, they can be interpreted as aimed at dismantling and replacing specific interests and personal networks. In Zupanič's description, it is a state of political metastasis.³³

RECENT DEVELOPMENTS

The lack of coordination among protagonists and the financial undernourishment of the film sector have been the hallmarks of Slovenian cinematography for more than a decade now. The State is in a position to act on both factors that determine the performance of the sector by way of

31 The government cited conflict of interest involved in the renovation of the Slovenian Cinematheque as the reason for dismissal. The architectural company selected for the renovation was partly owned by Vojteh Ravnikar, the husband of Majda Širca (*Delo*, September 30, 2005, www.sobotnapriloga.si/article.print.php?ID=90740, accessed on May 25, 2007).

32 The law on public funds, passed in 2000, stipulates that the founder (a relevant ministry) appoints and dismisses the directors and the members of the public fund's supervisory board. The provisions in the 1994 law on the Film Fund were thus annulled. According to the 1994 law, the director was appointed by the management board and approved by the founder, i.e. the Ministry of Culture. The management board was appointed by the Ministry (the founder); four of the seven members were appointed directly, two were proposed by professional associations and one by the Academy of Theatre, Radio Film and Television.

33 Conversation with Miran Zupanič, May 23, 2007.

legislation and distribution of budget resources. At the time when the Film Fund was established, says Peter Kolšek, it seemed that the funding approach, presumably modeled on the Danish one, would be effective.³⁴ During the early stages of the Fund's operation, Kolšek was a member of the expert commission responsible for the selection of screenplays. In his words, during these early stages there were some indications that the State did not wish to interfere. However, money was always in short supply. Kolšek estimates that the available funds were in the range of half the budget available to some European film. Or, as the producer Danijel Hočevár noted a decade ago, the resources matched the annual budget of one Slovenian theater.³⁵ Such a financial situation led the Ministry of Culture to conclude, in 2003, that because of meager resources, the price of film production in Slovenia was several tens of times lower than elsewhere in Europe. Such a situation had taken Slovenian cinematography to the margins of professionalism, forcing film authors to struggle to keep afloat or even to abandon the profession.³⁶

Apart from under-funding, which is a persistent problem despite the regular annual increases, another obstacle hampering the operation and management of the Film Fund is the inability of Slovenian producers to plan realistic budgets, which became obvious a few years after the establishment of the Film Fund. It had many implications, including demands for budget re-balancing, carrying-forward of projects into the next year which, in turn, reduced the resources reserved for regular annual programs, and difficulties with ensuring the envisaged 20% share of the budget. All of this led to conflict between the producers, on the one hand, and the Fund and Ministry of Culture, on the other.

Zupanič argues that the source of the problem is an erroneous assumption embedded in the system: the private sector's ability to co-create the conditions and assume responsibility for the realization of the national film program has been overestimated. The design of the system is such,

³⁴ Conversation with Peter Kolšek, June 8, 2007.

³⁵ This statement dates from 1997, but even in 2006 the total amount of state aid intended for film production was nearly equal to that intended for the operation of the Slovenian National Theater in Ljubljana, or the Slovenian Philharmonic (the two received around 1 billion tolar) and much less than the sum allocated to the Slovenian National Opera and Ballet in Ljubljana or Slovenian National Theater in Maribor (around 2 billion tolar). The statement by Danijel Hočevár of the E-motion production company referred to in this text is taken from the texts prepared for the panel discussion about Slovenian film, April 7, 1997.

³⁶ The conclusion is found in the assessment of the situation in the working version of the law on the promotion of audiovisual culture that was prepared in 2003 by the Ministry of Culture but was never submitted to legislative procedure.

says Zupanič, that the responsibility always lies with film project-teams, while the Film Fund and the State (or rather, the political players) do not suffer any consequences of bad decisions or failed projects. Moreover, public debate sometimes even creates the impression that film crews behave like thieves. Instead of fostering partnership and creating a transparent funding system that would function professionally and be driven by automatism, the Fund and the State, argues Zupanič, have assumed a power position free from any responsibility. These erroneous assumptions and operation mechanisms are pursued by both the left and the right wing political actors that happen to be in power at a given moment. Zupanič further sees as erroneous the assumption that the public cinematography program in Slovenia can be realized without 100 percent financial support from the State and without the responsibility of decision makers. When a film project is undertaken by the private sector, the creative and the financial part of the team form a dynamic partnership and become mutually dependent. However, in our system, the State, which manages public resources by way of the Film Fund, operates as a self-sufficient unit refusing to accept responsibility for the success or failure of the project.³⁷

ANNOUNCED CHANGES

In response to the objections about the system deficiencies and under-funding of the audiovisual field, particularly film production, Andreja Rihter,³⁸ the Minister of Culture under the last center-left government, put forward in 2003 the draft »law on the promotion of audiovisual culture.« It envisaged the introduction of supplemental financial sources and a funding system based on »resource rotation.« It proposed taxes on cinema ticket sales, on revenue from advertisements earned by television program broadcasters, on video rentals, and on revenue accrued by distributors for every copy of the film shown in cinemas. The funds accumulated in this way were planned to be managed by the newly established Audiovisual Fund that was to replace the Film Fund, meaning that the new fund would also manage the budget resources. According to estimates, these supplemental resources would secure an additional 1 billion tolar. This money would be allocated to cinematography

³⁷ Conversation with Miran Zupanič, May 23, 2007.

³⁸ Andreja Rihter was a member of the Party of Social Democrats.

and other activities related to audiovisual culture (including audiovisual work intended for television).³⁹ The draft text had never been completed nor harmonized, so it never reached the stage of parliamentary procedure. One reason was resistance on the part of scheduled tax payers and their lobbying of the government.

In 2006, the Ministry of Culture, which at that time was under the control of the largest parliamentary party in the center-right coalition, presented a new bill, whose aim was not only to strengthen and change the funding system, but also to introduce radical changes in the status of and relationships among various actors involved.

The bill was presented to the public in June 2006. It proposed the abolition of the Film Fund and the establishment of the new public fund that would be named the Institute for Audiovisual Content (IAV). It was envisaged that the new fund (institute) would have the highest »powers« as regards the management of state resources and other film institutions in Slovenia. The bill proposed that the IAV should obtain from the State the founder's rights for the Film Studio Viba Film and the Slovenian Cinematheque (meaning that it would be its superior). The public institution Viba Film was planned to be transformed into a legal entity of private law, i.e. a public limited company owned by IAV. IAV would also obtain the right to establish, upon securing approval from the Ministry of Culture, other legal entities in private law for carrying out the profit-making or specialist activities. IAV would have financial and administrative control over the business operations of these companies, while larger and more risky projects whose value exceeded 15% of the company's total assets would also be subject to the minister's approval. The culture minister would appoint the director and IAV's supervisory board, and there would be an IAV Program Council acting as the director's consultative body.⁴⁰ Stojan Pelko, the former chairman of the Film Fund's supervisory board, described this plan as a »political combining of all possible film institutions into one film combine.«⁴¹

39 Working version of the law on the promotion of audiovisual culture, September 22, 2003.

40 Draft law on the Institute for Audiovisual Content of the Republic of Slovenia, www.kultura.gov.si, June 19, 2007.

41 Stojan Pelko, "Proti fondu za privatizacijo slovenskega filma" (Against the Fund For Film Privatization), *Mladina*, June 30, 2007, see www.mladina.si/tednik/200726/clanek/kul-komentar-stojan_pelko/index.print.html-12 (accessed on September 28, 2007). Stojan Pelko was the chairman of the supervisory board of the Film Fund between 2001 and 2005.

This bill also envisaged a supplemental source of financing: taxes that would be paid on cinema screening and distribution of films and other audiovisual works. However, it envisaged a 2 percent tax, compared to the 5 to 6 percent tax proposed in 2003.

The public presentation of the bill in June 2006 brought criticism from certain experts and opposition politicians, including accusations about centralization and the strengthening of state control over the film industry. On July 10, 2006, Majda Širca, an LDP MP, stated that the announced changes represented »the discrediting of everything done so far in the field of film production, and the establishment of a system based on the centralist approach.«⁴² She accused the Ministry of Culture of failing to produce an analysis that would confirm the suitability of the proposed system, and of failing to initiate an expert public debate. Instead, the Ministry invited interested individuals to send in their remarks and proposals based on the draft law that was published on its web page.⁴³

In September 2006, the Ministry of Culture proposed a new bill entitled »Proposal for the law on the Film Institute of the Republic of Slovenia.« The bill proposes a new name for the institute that should replace the existing Film Fund, but it does not put the Slovenian Cinematheque in a subordinate position; the State would not transfer founder's rights in the Cinematheque to the new institute, but cooperation between the institute and the Cinematheque would be regulated by a new agreement. The bill also proposes the transformation of the film studio into a private company, i.e. a limited liability company whose owner would be the Film Institute.

The new bill, which went into the parliamentary procedure in autumn 2007,⁴⁴ also envisages a very influential role for the Minister of Culture. The drafters of the bill, i.e. the Ministry of Culture, have not attempted to conceal this. As they explained, one of the »main solutions proposed by

42 STA, July 10, 2006.

43 Ibid.

44 We should also mention the measures proposed in the national cultural program for the period 2004-2007 that was submitted by the Ministry of Culture under the previous government and adopted by the previous Parliament. Among the proposed measures aimed at achieving the economic operation of the technical and organizational infrastructure needed for the creation of audiovisual works, was the "transformation of Viba Film into a commercial company whose founder and owner would be the Republic of Slovenia."

this law« is an »emphasized role for the founder of the public fund, particularly the culture minister.«⁴⁵

Accordingly, the minister proposes to the government the members of the Film Institute's supervisory board, with two candidates being people of his own choice, and appoints the director of the Film Institute following the proposal of the supervisory board. The minister is also the only person who can decide on changes in the planned distribution of funds allocated to the Film Institute if there is an extraordinary situation. The Film Institute is also obliged to seek the Minister's approval if it wants to establish a commercial company (an additional approval is required from the Minister of the Economy). The Film Institute must further seek the Minister's approval if it wants to increase or reduce share capital or liquidate the company. The Minister approves concession agreements concluded between the Institute and other legal or physical persons. He exerts control over the functioning and business operations of the Institute, and draws up semi-annual reports on the basis of which the government conducts control over the management of funds allocated to the Film Institute.

The Ministry explained the need for the introduction of systemic changes by the untenability of current regulations and irrational organization. As to the transformation of Viba Film into a commercial company and the creation of the basis for the privatization of public production facilities, it finds justification in EU regulations pertaining to state aid and competition protection. According to the Ministry, part of the current activities of state-funded Viba Film and Film Fund have some characteristics of a profit-making activity, which is in contravention of the principles of market equality. To harmonize this with the EU rules, such activities have to be transferred to a private company.

Although the Draft law on the Institute for Audiovisual Content, published in June 2006, stated that »the bill envisages the partial privatization of the public institution Viba Film« and that this »simplifies the potential full privatization of Viba Film at some later stage, /.../ when the market and the level of competition will allow for the creation of suitable circumstances,«⁴⁶ the new bill proposed in September 2007 no longer contains this novelty. An explanation could be found in a comment by Igor Prodnik, the director of the Directorate for Media and Audiovisual Culture with

⁴⁵ Draft law on the Film Institute, Introduction.

⁴⁶ Draft law on the Institute for Audiovisual Content, p. 5.

the Ministry of Culture, who said that »privatization of the existing production and other capacities is not needed.«⁴⁷ On June 14, 2007, the Minister of Culture, Vasko Simoniti, wrote that the Ministry of Finance supported the privatization of the Film Studio Viba Film, but the Ministry of Culture »strongly opposed« such an approach.⁴⁸

CONCLUSION

Ten years ago, when on the initiative of the Film Fund's management board a panel discussion entitled » Slovenian Cinematography At The End Of The Millennium« was organized in April 1997, all deficiencies of the system were already well-known and recorded. A number of proposals for changes and improvement were presented, but these have never been put into practice. In the meantime, the State invested in the construction of new Viba Film studios. Funds dedicated to the film industry have increased every year. Slovenia became a member of various European organizations for the promotion of film, and several films have won international acclaim. Nevertheless, the system continues to be plagued by conflictual and unproductive relations. The change of government, the dismantling of previous interest networks and the establishment of new ones by the new government brought the crisis to a head in mid-2007, when the seemingly procedural and personal conflicts relating to the Film Fund almost blocked the funding system's operation.

The Minister of Culture announced that the bill on the Film Institute would enter the parliamentary procedure in the second half of 2007. It is expected to establish a completely new funding system. The actors involved in audiovisual production and the expert circles have repeatedly demanded the reform for a whole decade, but it seems that no consensus has been reached regarding fundamental change.

Taking into account the role of the State in the field of audiovisual culture described above, it seems worthwhile to reconsider the idea put forward by Jelka Stregel, the former chair of the Film Fund's supervisory board.⁴⁹ She argues that

47 Igor Prodnik's answers to our questions, May 31, 2007.

48 A letter by Minister Simoniti in response to a text by Igor Koršič of the Association of Slovenian Filmmakers, available at www.mk.gov.si/si/novinarsko_sredisce/deman-tiji (June 14, 2007).

49 Jelka Stregel chaired the supervisory board of the Film Fund from April 2005 to May 2006.

the establishment of the fund in 1994 created a basis for the modern organization of national cinematography. However, this basis should be further enhanced. The system of subsidies should be improved in such a way that the decision-making is as democratic as possible. »Autonomy is worthless if power is only transferred from one power center (the ruling political party) to another (the political-cultural elite of a given moment).«⁵⁰

50 Jelka Stergel in Pregledno poročilo Filmskega sklada RS 2001–2005 (Report by the Film Fund of the RS 2001–2005), p. 18.

THE ROMAN CATHOLIC CHURCH,
THE MEDIA, THE STATE

TABLE 1: THE RCC AS A PLAYER IN THE MEDIA FIELD

MEDIA	RCC'S ROLE	PERIOD	STATE'S ROLE
<i>Slovenec</i>	Co-owner (via the weekly <i>Družina</i> and Janez Gril), creditor (via Krekova banka and Info grafika).	1991–1996	The establishment of <i>Slovenec</i> was co-funded from the state budget in 1991.
<i>Delo</i>	Co-owner (via Krekova družba).	1995–2003	-
<i>Mag</i>	Co-owner – “ownership through loan” (Krekova banka).	1995–1999	-
<i>Družina</i>	Founder, owner.	1952 to the present	The former socialist government placed restrictions upon the weekly. In 2006 and 2007, its content was co-funded from the state budget.
<i>Ciciban</i> , <i>Cicido</i> , <i>Pil</i> , Co-owner of Mladinska knjiga Založba (mkz), <i>Pil Plus</i> , <i>Gea</i> itn. (via Zvon Dva Holding).		2006 to the present	The Competition Protection Office and the Securities Market Agency approved Zvon Dva's takeover of mkz on June 9, 2006.
<i>Delo Prodaja</i>	Co-owner (via Krekova družba and Zvon Ena holding company).	2004–2005	-
<i>Radio Ogrjišče</i>	Founder, owner.	2004–2007	Allocated national broadcasting frequencies before the introduction of the public call for applications. Granted the status of non-profit radio program of particular interest; programming and technical infrastructure co-funded from the state budget.
TV3	Founder, owner.	1995–2003	Allocated license for country-wide coverage; approved the transfer of the broadcasting frequency license from RTV Ogrjišče to TV3.
T-2	Founder, owner.	2005 to the present	The state-owned Telekom is believed to have delayed T-2's market entry.
RTV Slovenija	Influence on religious programming, membership in the RTVs programming council.	1990 to the present	In 2006, following the passing of the new law on RTV Slovenija, the National Assembly appointed several RCC representatives to RTV Slovenija's programming council (one was proposed by the President).

Ever since Slovenia gained independence and the political system changed, the Roman-Catholic Church (RCC) has participated in media activities as a publisher/broadcaster or (co)owner of daily or weekly newspapers, radio and television stations and on-line media. After 2003 it withdrew from certain media. As some representatives of the RCC explained, the reason was that the media were “a delicate matter” and because “the Church must preserve neutrality.”¹

In this chapter we look into the State-Church relationship in the media field. We focus on the period immediately following the gaining of independence and on the present circumstances, examining the thesis that during the said period, the State allowed the RCC to have a privileged position in the media field compared to other religious communities and civil society organizations in Slovenia.²

The list of the media and media-related companies in which the RCC was, or is, involved as a publisher or a (co)owner includes two daily newspapers, two weeklies (one news weekly and one a special interest weekly), a distributor of the print media, a national radio station, a national television station and a telecommunications company that, among other things, offers access to television programs and the Internet. Furthermore, one should not neglect the influence of the RCC on the religious programs broadcast by RTV Slovenija and the strong presence of RCC representatives on the programming council of RTV Slovenija after the passing of the new law on RTVS in 2005.

1 Mirko Krašovec, the head of the economic department of the Diocese of Maribor, in an interview for *Mladina*, February 3, 2007.

2 According to the 2002 population census, 57.8% of Slovenian citizens are Catholics. At the previous census, this figure was higher – 72%. The 2002 census figures for other religious minorities are as follows: 2.4% Muslims, 2.3% Eastern Orthodox Christians, 0.8% Protestants, and 3.5 believers who do not belong to any denomination; 10.2% of the population are non-believers, 15.7% did not want to state their religion; the religious affiliation of 7.1% of the population could not be determined. See <http://www.stat.si/popis2002/gradivo/2-169.pdf> (accessed on October 10, 2007).

THE PRINT MEDIA

Under the socialist government of the former Yugoslavia, which came to power following the Second World War, the rcc in Slovenia was allowed to publish only the *Družina* (Family) magazine, founded in 1952.³ Until the 1960s, the government obstructed *Družina* in various ways, for example, by restricting its print run under the pretense of a “shortage of newsprint;” there were also legal proceedings against the *Družina* editors and the like. After the signing of the inter-state protocol between the Vatican and Yugoslavia in 1965, *Družina*’s position improved. During the succeeding years, its circulation rose to more than 100,000 copies, and during the early 1970s, the magazine began to be published weekly. However, its circulation steadily slumped over subsequent decades, and today it is around 50,000 copies. Initially, *Družina* was a strictly religious paper, but it should be noted that on the occasion of its 50th anniversary, Tine Hribar, one of the most prominent Slovenian philosophers, stated that the magazine was “a political bulletin of the right wing, which was evident at the time of each important political act.”⁴

In 2006, the center-right governmental coalition passed amendments to the media law that included new provisions concerning the co-funding of the programming and newspaper content. A new expert commission responsible for the co-funding of content was appointed. *Družina* first applied for co-funding under the 2006 call for applications (subsidies were provided from the fund for media pluralization, as it was named) and received 7,736,411 tolar (32,283 euros). In 2007 it received 42,477 euros.⁵ Asked why *Družina* did not compete for co-funding during the previous government’s term in office, the director, Janez Gril, replied that he did not know. In his opinion, there was nothing controversial about *Družina*, as a newspaper of the Roman-Catholic religious community, receiving funds intended for media pluralization, because, as he explained, other religious

3 The description of the past position of *Družina* is a summary of information provided by Janez Gril, the director of the newspaper company *Družina*, in a conversation on June 13, 2007, and by the journalist Simona Rakuša in her master’s thesis (p. 54).

4 Tine Hribar in *Delo*, May 7, 2002; quoted in Simona Rakuša’s master’s thesis (p. 55).

5 The annual report of the Ministry of Culture on the co-funding of cultural programs and projects in 2006, accessible at <http://www.mk.gov.si/si/podatki/porocila/> (accessed on October 10, 2007). The results of the regular annual call for applications for the co-funding of media content in 2007, accessible at http://www.mk.gov.si/si/razpisi_pozivi_in_javna_narocila/javni_razpisi/?tx_t3javnirazpis_pi1%5Bshow_single%5D=796 (accessed on October 10, 2007).

communities in Slovenia did not have media sufficiently developed to apply for co-funding.

In 2006 and 2007, the RCC also received a subsidy for the monthly *Ognjišče* (14,750,000 tolar in 2006 and 12,500 euros in 2007).⁶

Following the change of the system and gaining of independence, in 1991, the RCC also entered the daily newspaper market: through its legal and physical persons,⁷ it was a member of the consortium of the owners of the *Slovenec* daily. As already pointed out in the chapter on state subsidies, in 1991 *Slovenec* received the bulk of the budget resources earmarked for the “democratization of the media.” At that time, the government was headed by Christian Democrat Lojze Peterle, and the total amount of budget resources set aside for this purpose was 28 million dinars (approx. 2.8 million German marks).⁸ Soon after its ambitious start with a circulation of 80,000 copies, *Slovenec* became mired in problems. Over time, it accumulated debt and in 1996 it folded. At that time, its circulation was only around 5,000 copies. The newspaper was a political project of the three parties united within the Demos coalition – the Slovenian Christian Democrats, the Slovenian People’s Party and the Social Democratic Party of Slovenia (the same parties that form the present coalition in the 2004–2008 term). As Janez Gril noted, although it was clear to everyone that a new newspaper with a center-right political orientation in Slovenia was needed, failure was almost inevitable because each of the three parties wanted to grab the front page, but there was only one front page.⁹ Not only did the investment of the State in the newspaper turn out to be a failure, but the RCC also lost a considerable amount of money through this media project. The largest creditors of *Slovenec* included the company Info grafika (340 million tolar in claims), whose majority owners were several Roman-Catholic dioceses, other RCC-related entities and the Krekova banka bank (25 million tolar in claims), owned by the RCC.¹⁰ According to Janez Gril, the weekly *Družina*

6 Ibid.

7 Janez Gril, the director of *Družina*, was one of the founders of *Slovenec*. In a conversation held on June 13, 2007 Gril said that he invested 10,000 German marks in this media project. Gril was also a member of *Slovenec*’s management board.

8 Information on *Slovenec* is based on the book *Media Policy in Slovenia in the 1990s*, by Sandra B. Hrvatin and Marko Milosavljević, the Mediawatch series, Peace Institute, Ljubljana, 2001, pp. 27–29.

9 A conversation with Janez Gril, June 13, 2007.

10 Information on *Slovenec* is based on the book *Media Policy in Slovenia in the 1990s*, by Sandra B. Hrvatin and Marko Milosavljević, the Mediawatch series, Peace Institute, Ljubljana, 2001, pp. 27–29.

tried to help *Slovenec* overcome the crisis by lending 30 million tolar. This money was lost, or, as Gril says “burned up at the altar of media pluralism.”¹¹

The example of *Mag* described below is another proof that during the 1990s the RCC actively supported the introduction of news media affiliated with the right political wing. In 1995, Krekova banka granted a loan for the launching of the *Mag* weekly by which it secured a 36% interest in the company. The other two owners of *Mag* were Danilo Slivnik and Vinko Vasle. *Mag*, too, had financial problems, and especially so after the failure of another daily, *Jutranjik*, in 1998. In 1999, *Mag* was sold to Salomonov oglasnik. The interview with Vinko Vasle carried by *Demokracija* clearly showed that this sale transaction orchestrated by Danilo Slivnik left Krekova družba without its share and money.¹²

From 1995 to 2003,¹³ the RCC had an important interest in the newspaper company Delo through Krekova družba. It obtained Delo shares when these were distributed among the companies that managed the investment funds, following the conclusion of the collection of ownership certificates. These management companies decided to divide the shares among themselves by draw, and Krekova družba got one of the main prizes – 20% of Delo shares.¹⁴ Alluding to the then center-left governing parties, Janez Gril stated that someone was insufficiently watchful to have let this happen.¹⁵ However, Krekova družba never managed to substantially increase its stake in Delo and so achieve significant influence.¹⁶ In 2003, after years of guarding its stake, it sold its interest to Pivovarna Laško.

The RCC is a majority shareholder in Mladinska knjiga Založba (MKZ) via the financial company Zvon Dva Holding. MKZ is the publisher of the greatest number of children's and youth magazines in Slovenija, among these *Ciciban*, *Cicido*, *Poliglot*, *Pil*, *Pil Plus*, *Gea*, *Moj planet* and others.¹⁷

11 Conversation with Janez Gril, June 13, 2007.

12 Vinko Vasle in an interview for *Demokracija* “Maga ne berem več” (I don't read *Mag* any more), December 16, 1999, p. 12.

13 This information was supplied by Saško Lašič of Krekova družba, on October 24, 2007.

14 Ali H. Žerdin, “Korporacija RCC d. d.” (The RCC d.d. Corporation), *Mladina*, December 24, 2005.

15 Conversation with Janez Gril, June 13, 2007.

16 Following this slip of attention which enabled Krekova družba to come by Delo shares, they (the circles around the then center-left government) organized themselves, and Krekova družba could no longer hope to increase its interest substantially (Janez Gril in a conversation held on June 13, 2007).

17 The annual report by MKZ for 2006, available at www.mladinska.com/repository/2887/letno_porocilo_2006_itsek.pdf

From 2004 to 2007 (with a brief pause in between), the rcc was a co-owner of the company Delo Prodaja, once again through Krekova družba and Zvon Ena Holding.¹⁸ Delo Prodaja is “the largest Slovenian seller of domestic and foreign newspapers and magazines,” with 137 news-stands and 9 stores.¹⁹ From January 6, 2004 to June 14, 2005, Krekova družba was the owner of slightly more than 12% of Delo Prodaja shares, while Zvon Ena held, from December 16, 2004 to November 21, 2006, and from June 22 to October 9, 2007, slightly more than 13% of the shares.²⁰

RADIO, TELEVISION AND THE INTERNET

After Slovenia became a sovereign democratic state, the rcc decided to enter the electronic media field as well. “On the recommendation of the mixed umbrella commission of the rcc and the Government of the Republic of Slovenia,”²¹ the Telecommunications Administration allocated to the *Radiotelevizija Ognjišče* television station (owned by the Tiskovno društvo Ognjišče, whose co-owners are the Diocese of Koper and individuals from rcc circles) five broadcasting frequencies for *Radio Ognjišče* and three broadcasting frequencies for *TV Ognjišče*. As mentioned in the chapter on frequencies, Archbishop Alojzij Šuštar gave a recommendation dated June 28, 1994 stating that “the broadcasts by Tiskovno društvo Ognjišče coupled with the daily *Slovenec* will significantly contribute to the dissemination and explication of the cultural, historical and religious heritage of the Slovenian nation.”

Radio Ognjišče, a national radio station, began to operate in 1994. According to the Post and Electronic Communications Agency (APEK), in 2007 *Radio Ognjišče* had at its disposal 16 frequencies and 22 transmitters located across

18 Zvon Ena and Krekova družba have very close ownership links. Since 2004, the financial company Zvon Ena Holding has been a majority owner of Krekova družba. Both companies belong to the same financial group; Zvon Ena Holding was formed after the transformation of the authorized investment company (PID) Zvon Ena in October 2003. PID Zvon Ena was established by Krekova družba in 1998. The owners of Krekova družba before 2003, meaning before Zvon Ena Holding became its majority owner, had included prominent individuals from the rcc, for example Mirko Krašovec (49% interest), Janez Gril (10% interest), and Franc Bole (10% interest). See the annual report of Krekova družba at http://www.krekova-druzba.si/index.php?option=com_content&task=view&id=33&Itemid=66 (accessed on October 10, 2007).

19 See the web page of Delo Prodaja at www.delo-prodaja.si/predstav.html

20 The data is based on information found on the web page of the Ljubljana Stock Exchange at <http://seonet.ljse.si> (accessed on October 10, 2007).

21 Based on a letter by Zvonko Bajc, the director of the Telecommunications Administration of the RS, addressed to the director of the Governmental PR and Information Office of the RS, Borut Šuklje, June 21, 1995.

the country. APEK's records state that the frequencies at the transmitters Boč, Krvavec, Kum, Skalnica and Tinjan were "allocated before the introduction of the public call for applications procedure."²² In 2004, *Radio Ognjišče* obtained the status of a radio program of particular interest, meaning that it had to meet certain programming obligations, but it also had preferential treatment as regards access to public resources. Under the 2005 call for applications for the co-funding of programming from the state budget, *Radio Ognjišče* received 8,837,969 tolar (of this sum, 3,620,000 tolar were intended for technical infrastructure).²³ In 2007, *Radio Ognjišče* did not receive state aid, because the applications submitted were incomplete and were hence dismissed before the beginning of the selection procedure.²⁴

The three frequencies for television broadcasting allocated to Tiskovno društvo Ognjišče in 1993, before the introduction of public calls for applications, were not immediately used. In the words of Janez Gril, the circles around the RCC had extensive debates on whether to venture into the broadcasting field and which approach to choose. Many dilemmas emerged. In a separate development, in 1994 the State adopted the Public Media Act, which prohibited simultaneous engagement in radio and television broadcasting activities except in the case of PSB Radiotelevizija Slovenija. In the wake of this restriction, Tiskovno društvo Ognjišče, which was the broadcaster of *Radio Ognjišče*, endeavored to transfer the newly obtained but still unused television frequencies to the newly established TV 3 owned by legal and physical persons related to the RCC. Even though the transfer of frequencies was prohibited by law, the State allowed Tiskovno društvo Ognjišče to transfer the frequencies (at that time, the government was headed by the center-left Liberal Democratic Party, but the Ministry of Transport, which was responsible for the allocation of frequencies, was under the control of its coalition partner, the Slovenian People's Party). TV3 went on air in 1995. Much as in the case of the daily *Slovenec*, the ambitious forecasts that had put its market share at 20% turned out to be unrealistic. The lack of success can be attributed to inadequate programming and

²² Based on answers supplied by the Post And Electronic Communications Agency; answers received on June 22, 2007.

²³ Annual reports by the Ministry of Culture on the (co)funding of cultural programs and projects in 2005 and 2006, available at <http://www.mk.gov.si/si/podatki/porocila/> (accessed October 10, 2007).

²⁴ Information supplied by Tjaša Dornik Urankar of the Ministry of Culture, in a telephone conversation on October 15, 2007.

business incompetence. After several years of unsatisfactory programming and financial agony, in 2003 the television station was sold to four Croatian companies.²⁵ Mirko Krašovec, until then the chairman of TV3's supervisory board and the manager of the economic administration of the Diocese of Maribor, stated soon after that TV3 was no longer a RCC channel and that its programming should no longer be associated with the Church.²⁶ Currently, the owner of TV3 is the Swedish corporation Modern Times Group. The concession granted by the state thus made a meaningful voyage over the 15 years – starting in the Church, and with the aim of making contribution to the “dissemination and explication of the cultural, historical and religious heritage of the Slovenian nation,” it moved on to a multinational company now best known for pay-tv services.

The religious programming at Televizija Slovenija was introduced in 1990. The first editor was Drago Klemenčič, who was the editor-in-chief of the weekly *Družina* from 1964 to 1990. Currently, Televizija Slovenija produces four regular broadcasts within the framework of religious programming; of these, three are weekly broadcasts each 60 minutes long, and one is a monthly broadcast 70 minutes long. In addition, the editorial board of the religious programming, currently headed by Vid Stanovnik, also prepares the broadcasts of Sunday masses, church services, holiday masses and important events within the RCC.²⁷ Throughout this time, the religious program has been dominated by content related to the RCC. In the words of Vid Stanovnik, the reason is that in Slovenia “Catholics are by far the largest religious community, and the programming is shaped based on the size of the audience, among other things.”²⁸ Stanovnik also argues that the religious program of TV Slovenija should include more broadcasts dealing with religion and spirituality rather than with the church, adding that it is the RCC that exerts

25 The Croatian companies bought a 75% interest. The owners from the RCC circle retained a one-quarter interest, hoping for better business results in the future. The 75% interest was worth 5 million euros. This sum was reduced by 1.3 million euros of liabilities, so the actual purchase price was 3.7 million euros. The agreement was that the new owners would pay 2.2 million euros in eight installments, while the remaining 1.5 million euros were exchanged for advertising time granted to the former owners from the RCC (for their own advertisements or for re-sale). This information is based on an article by Petra Šubic that appeared in the *Mediawatch* journal on March 16, 2003 (Novi lastniki medijev: zakaj je Laško kupil delež v Delu/New Media Owners: Why Laško Bought An Interest In Delo), accessible at <http://mediawatch.mirovni-institut.si>

26 The statement by Mirko Krašovec, published in *Dnevnik* on February 19, 2003, is taken from the master's thesis by Simona Rakuša, p. 56.

27 See Simona Rakuša's master's thesis, p. 45.

28 Ibid., p. 51.

pressure, both officially and unofficially, towards obtaining more opportunities to explicate, deepen and strengthen its official standpoints through religious programs.²⁹ Janez Gril, on the other hand, maintains that the RCC only draws attention to what should be broadcast, while selection of the religious program's editor is an autonomous decision of RTV Slovenija.³⁰

During the period when the previous RTV Slovenija Act was in force, which coincided with the government of center-left political parties, the top management body, the RTV Slovenija Council, was composed of 25 members, including a common representative of the religious communities in Slovenia selected jointly by all religious communities. During the last eight years this law was in force (it was passed in 1994 and revoked in 2005), the religious communities never appointed a representative of the RCC to the Council. The RCC endeavored to secure a separate place for its own representative on the Council, in addition to one chosen jointly by the religious communities. It even submitted a protest in writing to the Council, but until 2005 the rules were not changed.³¹

The new RTV Slovenija Act, passed in 2005 by the center-right governing coalition, granted two seats on the programming council to religious communities. On the proposal of the President of Slovenia, the Parliament appointed Janez Gril, a representative of the RCC, as one of the two members representing religious communities. The RTV Slovenija Council also includes other representatives of civil society organizations, among them those related to the RCC.

The RCC is also the majority owner of the T-2 telecommunications company. T-2 began its operation in October 2005, offering telephony, distribution of television programs and wideband Internet access using state-of-the-art technology, its own network and offering all this at competitive prices. From the very start, T-2 has been engaged in the construction of its network across Slovenia, and its ambition is to become "the leading alternative telecommunications operator/provider in Slovenia."³² No doubt, to realize such an ambitious project and maintain the tempo set at the time of market entry, one needs to have substantial funds as well as a green light from the national strategists

²⁹ *Ibid.*, p. 46.

³⁰ Conversation with Janez Gril, June 13, 2007.

³¹ See Simona Rakuša's master's thesis, p. 39.

³² Matevž Turk, the director of T-2, www.24ur.com, October 4, 2005.

of telecommunications sector development as well as the local governments which issue permissions for construction of the new network.

The founder and the sole owner of the company T-2 is Zvon Ena Holding. According to estimates in 2005, the Church had a 50 million euro interest in Zvon Ena.³³ The RCC acquired Zvon Ena in 2005, investing in this transaction the money it earned by selling the Krekova banka bank to the Austrian Raiffeissen bank in 2002, a deal worth approx. 35 million euros.³⁴

According to T-2 and the Post and Electronic Communications Agency, the national company and the largest telecommunications provider in the country, Telekom Slovenija, obstructed T-2's entry onto the market by delaying the signing of the umbrella agreement and provision of collocation and optical connection services. At the beginning of 2007, T-2 filed a lawsuit against Telekom.³⁵

CONCLUSION

The overview of the participation of the RCC in the media sector following Slovenia's independence and the change in the political system, indicates that the RCC is a very active media player. It is involved not only in Church-related media, but mainly in news media of a specific political orientation. Furthermore, its activities have been aimed not only at disseminating the spiritual heritage of the Roman-Catholic religious community, but in many cases at influencing the political situation. These were harmonized with the activities of the center-right political parties during periods when they were at the helm of the government. This media enterprise brought some financial loss to the RCC and possibly also a loss of reputation. The State, on the other hand, enabled the RCC to obtain a privileged position with regard to other religious communities and civil organizations by allocating to it frequencies for radio and television programs while disregarding the valid law. The damage incurred to the public interest and the loss of a strategically important

33 Ali H. Žerdin, "Korporacija rkc d. d." (The RCC d.d. Corporation), *Mladina*, December 24, 2005. See http://www.mladina.si/tednik/200552/clanek/slo-rkc-ali_h_zerdin/ (accessed on October 10, 2007).

34 Ibid.

35 See "T-2 trdi, da ga je Telekom stal vsaj 124 tisoč naročnikov" (T-2 Asserts That Telekom Is Responsible For The Loss Of At Least 124 Thousand Subscribers), *Dnevnik*, January 31, 2007, p. 21; "T-2 vznemiril konkurenco" (T-2 Upsets Competitors), *www.24ur.com*, October 4, 2005 and "Globa za Telekom" (Telekom Fined), *www.24ur.com*, August 23, 2006.

asset on the part of the State is most obvious in the example of TV3. For almost ten years the RCC used the allocated frequencies, which are a limited public asset and, as such, are of special significance and value, to experiment with ineffective programming concepts while lacking vision, funds, human resources and content. Eventually, the RCC sold the television station, so the frequencies are now used to broadcast a program that is of an entirely different nature than the program for which the broadcasting license was issued. In other words, this public asset used by one of the five national television programs has been wasted. Or, to paraphrase Janez Gril, it has been burned up at the altar of political-religious parallelism (clientelism).

No doubt, the conceptualization of *Radiotelevizija Ognjišče* during the early 1990s can be described as indicating the ambition of the RCC to establish a parallel radio and television service, which was prevented by the Public Media Act in 1994. The development of the T-2 telecommunications company owned by the RCC, has been assessed by analysts of the telecommunications market as an attempt to establish a parallel Telekom. The fate of this project will in many ways depend on who will govern the country in the coming years.

WHY ARE THE SLOVENIAN MEDIA
AS THEY ARE?

We began our study with a simple question: why are the Slovenian media as they are? In seeking to answer this question, we assessed the current situation and operation of the media against the backdrop of major political, economic and legislative changes since the early 1990s. In so doing, we devoted special attention to four influential factors: state control over the operation of media organizations (the influence of the State as an important media owner), media advocacy, integration and intertwining of media and political elites, and ensuring of media credibility.

We sought to confirm the initial assumption that the Slovenian media system shares certain traits with the Mediterranean, i.e. polarized pluralist model, as it has been designated by Daniel C. Hallin and Paolo Mancini in the book *Comparing Media Systems. Three Models of Media and Politics*.¹ This model is characterized by the late introduction of press freedom, late development of commercial media, strong presence of political parallelism in the media, and political instrumentalization of the media. In such a system, the owners exploit the media to intervene in a political situation, while the regulation and management of public service broadcasters reflect the relations on the political stage including government control or control by the parliamentary majority.² This type of media system is also characterized by weakly developed journalistic professionalism. Consequently, the dominant journalistic practices bear a close resemblance to political activism and advocacy journalism. At the same time, the media and political spheres are continually in conflict over journalistic autonomy, on the one hand, and over the techniques of political management, on the other. In such a system, the State plays an important role, as an owner, regulator and founder of the media, although the effects of such regulation are modest and in many cases savage. Political clientelism is widely present including in the economic and media sectors.³

Hallin and Mancini have established that countries with similar media systems in terms of the media-politics relationship also have a similar geographical location. It is therefore interesting that the Slovenian media system shares most

1 Daniel C. Hallin and Paolo Mancini, 2004, *Comparing Media Systems. Three Models of Media and Politics*. Cambridge: Cambridge University Press.

2 Peter Humphreys distinguishes four models of management and control over public service broadcasters: governmental, professional, parliamentary or representative, and the civil or corporate model. Peter Humphreys, 1996. *Mass Media and Media Policy in Western Europe*. Manchester: Manchester University Press. (pp.: 155–158).

3 Hallin and Mancini, 2004, *Ibid*, p: 73–74.

traits with the Mediterranean or polarized pluralist model rather than the western/central European democratic corporate model.⁴ »A transition« from the polarized pluralist model to the liberal model (typical of Great Britain, the us, Canada and Ireland), according to Hallin and Mancini, represents a major shift, or a shift from the political sphere to the economic sphere. In the liberal (North Atlantic) model, the media are deeply involved in the economic sphere and therefore subject primarily to market laws. The opposite pole is the Mediterranean model, with the media closely involved in the political sphere, continually under its pressure and subject primarily to political regulation.

The indicators chosen for this study show that a number of the mechanisms through which the State and the political sphere exert influence on the media system are in place in Slovenia. A review of the developments during the period following Slovenia's gaining of independence in 1991 shows that the State has always been present as an influential media owner. Trading in media stakes, particularly stakes in the main news media, has more frequently been motivated by changing political interests than by economic factors. Therefore, it can be considered part of a larger process of »oligarchization« of the Slovenian economy and politics. The Slovenian »oligarchs« came by media stakes during the non-transparent and politically guided process of privatization. »The corporate map« of Slovenia, as the economist Stanislav Kovač put it, is controlled by a small group of politically linked persons who owe their economic power to influential political connections. They value their media stakes primarily as political and ideological assets (influence and the struggle for influence on politics), and much less as an economic asset (profit and the development of the media sector).

For more than a decade, the prevailing maxim in Slovenia was »Slovenian media in the hands of Slovenian owners.« Media owners explained this attitude, which implied that any sale of the media to foreigners would not be a state-formative act, by arguing that the preservation of national identity, language and culture in such a small state

4 Hallin and Mancini's Mediterranean model includes France, Italy, Greece, Portugal and Spain; the western/central European model includes Austria, Belgium, Denmark, Finland, Germany, Netherlands, Norway, Sweden and Switzerland. The authors are of the opinion that the democratic corporate model was especially useful for the analysis of those East and Central European countries that share similar histories, e.g. Poland, Hungary, Czech Republic, and the Baltic states. Hallin and Mancini, 2004, *ibid.*, p. 305.

was possible only by retaining ownership of the media. Even while defending this attitude, all commercial television stations broadcasting on frequencies that covered the whole country gradually changed hands and ended in the possession of foreign companies. Although it would be possible to say that during the early 1990s these frequencies were obtained thanks to political clientelism, and that the first owners capitalized on them, today it is difficult to establish the political connections of owners. On the other hand, the State (the political elite in power) preserved its influence on public service radio and television. For more than a decade it also carefully guarded its interests in the main print media, which it obtained during the process of privatization and later sold to politically acceptable bidders.

One of the practices used by politics to influence the media in Slovenia is the channeling of advertisements for state-owned and state-related companies. In a media system where the largest advertisers are state-owned companies, there is a strong likelihood that the distribution of advertising money is guided by the political suitability of a particular media outlet. New »gatekeepers of advertising« have established a special system to »blackmail« the media.

Our study revealed that the State and the political sphere played an important role in the process of broadcasting frequency allocation. From 1989 to 1994, when the Public Media Act was adopted, the most important frequencies were allocated in a non-transparent manner, in the absence of clear criteria and based on the political connections of applicants. Only when the frequency spectrum was depleted and when power relations based on the possession of broadcasting licenses became firmly established, did the State introduce a regulatory institution: the Broadcasting Council.

Frequent changes to media legislation in Slovenia can be said to belong in the category of what Hallin and Mancini called »savage regulation.« The legislator simply legitimized the actual situation and acknowledged the already established interests of media publishers. Within the broadcasting field, the goal and direction of regulation was dictated by radio and television owners. Some of these even drafted extensive parts of the relevant laws and defended them in Parliament on behalf of the government.

As regards subsidies to the media, our analysis showed that the State has invariably given generous support to certain media, particularly a group of local and regional radio

and television stations, although no research on the media market has ever been done, no citizens' needs assessed or development strategy formulated. It is possible to say that state subsidies were used as an instrument to reward loyal media and as an extremely effective mechanism for political trading at the time of elections.

The status of the public service broadcaster is in a way the best indication of the relationship between the media and politics. Although the RTV Slovenija Act that was passed in 1994 introduced a corporate or civic model of public broadcaster management, the political sphere never let go of the main mechanisms of influence on that media outlet. With the passing of the new law on RTV Slovenija in 2005, it even made a grand »comeback«.

The conflicts between the media and the political sphere over journalistic autonomy escalated in 2007. The techniques used by politics to control the media include moving of intractable journalists to other positions, the censorship of journalistic texts and the abuse of the right of reply and the right of correction on the part of politically and economically strong groups. In the autumn of 2007, 570 Slovenian journalists signed a petition against censorship and political pressure, in which they drew attention to the restrictions on journalistic autonomy. The politicians and the politically controlled media endeavored to eliminate this issue from the public agenda. This was further proof that the disclosure of political clientelism was closely related to enabling (or disabling) the professionalization of journalism.

The picture of the media system in Slovenia would be incomplete if we omitted the strong position enjoyed by the Roman Catholic Church within the media sphere. The explanation can be found in political clientelism through various post-socialist periods.

While examining the role of the State and politics in the media sector, we noticed that certain names kept re-appearing all the time. Just as it would be difficult to discuss the Slovenian media today while avoiding mention of Slovenian politicians, privatization and clientelism, it would also be difficult to avoid the names of approximately twenty persons who govern the media space, appearing in various roles. Ever since 1990, a handful of people have been circulating within the Slovenian media and replacing each other in influential positions depending on the political situation. Their recycling capacities are enviable – they act as journalists, then as editors, then owners, chairmen,

members of supervisory boards, executive consultants and so on. They also appear in the media as political analysts offering recycled opinions. »When an American trade unionist discussed the journalists in his country he concluded: 'Twenty years ago, they dined with us, today they dine with industrialists.' By meeting only 'decision makers,' by drifting into the company of sovereigns and money, by turning into propaganda for the market mentality, journalism turned itself into a class and a caste. It lost readers and reputation. It accelerated the impoverishment of public discussion.«⁵

However, there must be an opposite pole to this system and the practices of political instrumentalization, clientelism and parallelism in the media. This opposite pole should be sought in the media and journalism that are determined to serve the public interest, and are capable of developing and promoting the system of professional criteria as a defense against the attempts at instrumentalization and clientelism. Just as the system that we seek to confront is complex and firm, the counter-system that should ensure autonomous media and bring forward the journalists serving the public interest should also be a combination of numerous intertwined mechanisms. Every type of linking among the journalists, organizing of citizens, responsiveness of owners and openness of legislators aimed at destroying a system based on political parallelism is a valuable contribution.

5 Serge Halimi, 2003, *Novi psi čuvaji*. Ljubljana: Maska, Peace Institute. p. 124.

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