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The Financial-Economic Aspect of the Media and the Public Service in the Globalization Era (Budget and Ownership Framework)

Abstract: This study deals with influence of globalization on the economic aspect of the media. Financing the media and the issue of ownership over them represents the fundamental framework on which basis the media work and direct their editorial policy. Principle position implies that owners of the media use power of media to promote their economic, political, cultural and other stances. A particular issue, especially in European countries in transition, represents the financing of public service, as a socially beneficial good. Many commercial media, on the basis of their financial and political power, are trying to diminish or discredit the power and role of the public service. Former socialist countries, now countries in transition, seek from their national budgets to maintain this kind of informing, that is, the public interest, education and promoting cultural values. The era of globalization brought, as one of its negative traits, the domination of profit over culture, education, and even over the right to have quality informing. So the mass media have become a sort of hostage of confrontation of different political and economic interests, which reflects on the quality of media content that strive towards sensationalism, advertocracy, tabloidization. Based on the case study of Montenegro, as a country in transition, the development of mass media is shown, including their financing, ownership structure, and profit.

Key words: Globalization, media, financing, ownership, public service, Montenegro

JEL classification: H10, E62

1. Introduction

Mass media are technical resources with a great possibility of spreading information to a vast number of recipients. Mass media play a very important role in the process of political communication, advertocracy, and consumerism. Sociological analysis of media globalization in its basic setting show complex social relations and inherent paradigm of values. The phenomenon of global media system is reflected in the dominant commercial interests, which has consequences for social freedom and the right to be informed. Global society of economics, politics and culture in the XXI century is largely generated by the power of media and access to information character. To summarise, the financial and media corporate globalism and the postmodern popular culture define a crisis of global society as a civilization of information.

Hypothetical framework of this study is set on the basis of selected subject and a research process. Work is based on several hypotheses that have meaning in the content structured article text:

- Market economy and fight for sustainability of the media market devalue the concept of public interest in the field of freedom of expression and information, which leads to a change in paradigm of media content, which uncritically and indiscriminately favours space for tabloid news, sensationalism, consumerist culture and advertocracy;
- Financial, commercial, corporate globalism, and postmodern media culture determine the crisis of public service.

Objective of this study is to point to complex sociological and economic consequences arising as a result of the global media power:

- a. Mutual cooperation-relations, advertising media and global ideological substratum of culture of consumerism,
- b. Analysis of some relevant phenomena that characterize the global media industry trends,
- c. Media ownership implies a certain media policy and therefore the imposition of wanted ideological, political, economic, cultural, geopolitical views and interests.

Therefore, this study aims to point to the enormous power of media, which is present in every segment of society. The information age, in which we live at the beginning of this new millennium, is filled with an abundance of information to which we are exposed on daily basis.

2. The epoch of globalization and its impact on the media scene

The end of the 20th and the beginning of the 21st century were marked by the elimination of boundaries driven by the establishment of interdependence, linkages, cooperation and integration between the regions, states, nations, cultures, and the like. Simultaneously, it was also a time for many global changes - collapse of the socialist system, the modernization process, IT revolution, globalization, and the establishment of a new political world order. It was a period when politics and the media received new global and phenomenological conceptual meaning. All the levers of power in developed countries: national, transnational, economic, political, military, institutional, cultural, media, and others, as never before, directly strived to achieve the greatest possible degree of globalization and impact different areas. It is a well-known fact that globalization processes affect the ever growing information flow, rapid technological development, and thus the communication possibilities, the post-national planetary integration of the world.

The role of mass media in the desubjectification of a man is a primary model of the new conceptuality and a new value matrix of a 21st century man. The reshaping of a public and private concept, interweaving and supplementation, but also the equation of once divergent terms made futile the predictability of the traditional media programming. Maintaining attention, making the principles meaningless, dominated by only one supreme principle - money and profits, won and dominantly established a matrix of today's global media. Reality of shock, sensation, voyeuristic exhibitionism, is a media platform predominantly offered and demanded.

The globalization phenomenon far exceeds the philosophical and economic framework and covers virtually all aspects of life and society. The concept of globalization today represents an omnipresent phenomenon or, more precisely, the process of connection, intricacy, and the interdependence of society in many ways. It is important to note that it was the industrialization that marked the sudden acceleration, not just in production and economy, but also in social relations, social processes, institutions, and means of communication. Globalization is a complex and biased social phenomenon as it has two sides, contradictory objectives and interests, the explanation of which requires a multidisciplinary approach. The Third Millennium is characterized by a new civilization paradigm of social development, which was in its infancy two decades ago, while it has already won global spaces today. This paradigm is characterized by a growing and increasingly rapid exchange of capital, information and knowledge, and communication networking at all levels and in almost all areas, often creating a virtual reality. In this civilization transformation, which is today often characterized by

the revolutionary, the media have but one central role, which is why certain authors use the term “media society” for today’s modern society. Of course, the term is primarily meant for the mass information, not the dominance of competences.

It seems paradoxical, but it is true that the only limit to the availability is virtually unlimited availability of information, i.e. their huge mass. After all, as Bauer writes, *understanding the media is a prerequisite for understanding the world* (2007:7), which is very important to bear in mind, in the perspective of postmodern media concept embodied in weakened boundaries between reality and media representation, and as a principal place of (re)shaping of the identity of a man today. Media, as an active part of the culture, play a huge role in the formation of individual and collective identity. The media have long been considered the fourth sector of government (in addition to legislative, judicial, and executive), as they provide most knowledge of the world (society) where we live, over the news as the most abundant source of information. That is why people in some specific way and to a significant degree, have a dependent relationship with the media as an open “window” through which one looks at the world and its processes. Thanks to the media influence, especially the expansion and development of new media, which often create a virtual reality or the so-called cyberspace of the general culture of the media, the world of illusion remains present by dominantly generating the cultural concept.

Media culture significantly contributes to shaping the dominant people’s perception of the society, i.e. the world surrounding them, largely determines the patterns of behaviour and exemplary models, provides the basis for the creation of identity, and produces a new form of global culture (Kellner 2004, 5). It is certain that through the networks of diverse influences, through a variety of media, the differently connoted concept of power is construed to annul the power and actualize whatever power finds appropriate. Bearing in mind the fact that the mass media do not only represent but also shape the public opinion, their importance and, therefore, the consequences are multiple from the aspects of the globalization process.

On the economic front, globalization is manifested by increasing levels of scale and pace of capital relocation, the rapid displacement of infrastructure for the production of standardized and unified goods, the formation of the world’s financial markets, etc. Joseph Stiglitz sees globalization primarily as the removal of barriers on the way to free trade and closer integration of national economies (Baburin, 2009, 525). Sociologist M. Castells defines globalization as “the new capitalist economy” grounded on information, knowledge, information technology, network management structure, production and distribution, global market

and the competition. Wertheim equates globalization with “international currency fundamentalism” (1997, 22). According to neoliberal teachings, a state is only one of the participants in the economy market - in their view, the best state is the one that can hardly be seen, and it is in this spirit that neoliberalism declared Social Darwinism potential of the free market as inviolable principle. The doctrine of economic neoliberalism positioned itself on these principles as an ideological product of globalization, where the principle of competition is imposed by the transnational market neo-liberals, the globalists and the socio-political economists as a dominant and unconditional approach.

The definition of public interest is an inherently complex and comprehensive question. This is often a controversial matter, with all its challenges and dilemmas. To bring the media to the service of public interest, they must first meet requirements such as: plurality of media ownership; freedom of publication; diversity of information available to the public; diversity of expression of opinion; extensive (almost universal) reach; quality of information and culture available to public; adequate support for the democratic political system, respect for judicial system; and respect for individual and general human rights. (Mc Quail, 2000, 144). New media opportunities correspond to the size of the profits and power of political influence. Even in the zone of the trivial, one should wonder whether democracy brings economic benefits to the media. Displaced from the ideal and typical positions of the intended role of the media in a society, the answer is no.

The technology might have accelerated things, but did not change human nature. Many domains of human activity are now imbued with ethical considerations. Such is the case, inter alia, with information, the significance of which for the contemporary society is so clear that it needs not be proven, as the mass media take third place by the amount of time a modern man devotes to them, just behind work and sleep. (Corney, 1999, 7). Alexis de Tocqueville in the early 19th century claimed - “In order to enjoy the inestimable benefits that the liberty of the press ensures, it is necessary to submit to inevitable evils it creates” (de Tocqueville, 2002, 117). In the field of media, liberal theories are based on the principle of a free market of information and ideas, aiming to ensure pluralism as a prerequisite for bringing the truth to the surface.

3. Power of the private media, ownership and domination of profit

Sharp market challenges, unstable advertising market, unauthorized media ownership concentration, the introduction of new media platforms, as well as various forms of hidden media meanings are challenges posed before self-regulatory me-

dia mechanisms. The question of concentration and monopoly of media outlets and the creation of transnational media empires called into question the independence of the media in the liberal democracies as well. Thus, for example, three men in Britain - Murdoch, Maxwell, and Stevens control 82 percent of sales of weeklies and 73 percent of dailies. Global competition has forced the owners to create large corporate chains and press groups. Local newspapers are perishing; many newspaper companies go bankrupt today, paving the way to the competition to acquire them under favourable conditions. Speaking about the media scene, a Slovenian media expert Sandra Bašić Hrvatin, in the above context, notes: "Media tycoonization has reached such proportions that we are approaching the former media monopolies, where one or two owners oversaw most of the media" (2011:7). The emergence of media concentration is in full swing, with the development of new communication technologies that can stimulate the tendency of integration and the appearance of new types of operators in the media sector. This phenomenon will probably take the pan-European dimension, which, from the perspective of media transparency, could create a twofold problem. On one hand, it is more difficult or might become more difficult for the public to find out who are the owners of the media they use and on that basis form an opinion about the value of information, views and ideas that these media are broadcasting or spreading in the light of (un)hidden ulterior motives of their owners or those who might be behind them. On the other hand, this trend complicates activities of antimonopoly authorities responsible for the enforcement of laws in the field of media, especially the laws governing the control of media concentration. Recommendation No. R(99)1 of the Committee of Ministers to member states on measures to promote media pluralism recommends that Member States adopt legislative instruments designed to prevent media concentration that might hinder media pluralism at the national, regional and local levels.

According to the Recommendation, Member States should define thresholds to limit the impact of any single media corporation or group in one or more media sectors. Since the concentration of ownership means the control of production, employment, distribution and audience, the threats from the illegal concentration, except that they reduce the diversity, i.e. narrow the selection of titles, programs and ideas, obviously exist in the narrowed self-regulatory framework that subordinates the practices of the profession to the interests of capital. While discussing the causal context of ownership concentration and self-regulation one should always bear in mind that "the media are primarily an industry bringing its owners extremely high profits" (Bašić Hrvatin 2011:7).

The new advertising trends move towards redistribution, while budgets are diverted from traditional media to the internet. Online segment is likely to take

over the market of traditional television. According to an estimate, online advertising will take the largest share of advertising revenues, ahead of traditional television, print media and the radio. Today's media stem from and support a neoliberal economic policy that serves the personal interests of transnational corporations. The media apparently serve the citizens - but only under the terms dictated by owners and advertisers. On the other hand, companies respond that subjecting them to restrictive legislation would prevent them from enforcing effective commercial decisions, as companies see profitability as the basic imperative, which is also the goal of people in administrative positions whose general concern is to meet the demands of investors. So, the advantage is given to the investors and not to the voters! And investors - industrial mastodons from different areas conquer the information sector. In his book "The Media Monopoly," Ben Bagdikian noted that sustained concentration of media ownership means a *de facto* monopoly in media reporting.

In the early 1980s, along with the emergence of a truly global commercial media market, there was a dramatic restructuring of the national media industry. Newly established global media system is dominated by dozens of large transnational corporations (TNC), of which a dozen are conglomerates based in the USA which control the global market. In addition, with the centralization of media power, the main characteristics of the global media system are its overall commercialization and the obvious decline in the relative importance of public broadcasters, as well as the applicability of the standards of public service. Such concentration of media power in organizations that rely on the support of advertisers and are primarily responsible to shareholders, represents a clear and ongoing danger to the active participation of citizens in social events but also to an understanding of social problems and the effectiveness of democracy (Herman/McChesney, 2004:5). In the U.S., for example, in 1995, over 60% of airtime was controlled by three main TV channels, with the CNN¹ establishing itself as the worldwide news leader (Castells, 2002, 367). Ted Turner, whose CNN was formerly said to be the 16th member of the UN Security Council, reaching 208 countries through the image, with a population of about 500 million users, simultaneously owns 11 companies for the film production. (Jevtović, 2003:45). Undisputed primacy that the CNN achieved in the global media landscape encouraged other TV broadcasters to take a similar manner of reporting on a global scale.

Following the example of Ted Turner and Rupert Murdoch, financial and political magnates appeared in continental Europe with their media monopolies. The Agnelli family (the owners of Fiat) controls two national newspapers *La Stampa*

¹ Ted Turner established the CNN (The Cable News Network) in 1984.

and *Corriere della Sera*. Berlusconi's holding company *Fininvest* is the owner of the largest film production, distribution and cinema network in Italy, the owner of *Mondadori*, the largest publisher of books and journals, as well as the leading weekly, the newspaper *Il Giornale Nuovo*, ownership of which he transferred to his brother in 1993, as well as the department store chain, a major insurance company, football team Milan. Berlusconi had ownership of 44.5% of the shares in 1993 in the Italian broadcast media, and only in TV RAI - 46%. (Herman/McChesney, 2004, p. 205).

Inevitable question is whether the media are socially and politically neutral or by their very nature – as means of communication - serve certain social forces and interests that actually try to control them because of that? Positive and negative impacts of the media are intertwined and, depending on the circumstances, act in different ways. For example, television is truly a window to the world, but also limits the true forms of direct sociability, such as a conversation within the family, etc. Profitability of the mass media as an overriding imperative does not allow the checking and reviewing of information. In addition to that, some media owners have the exclusive interest for a particular type of information in order to achieve their economic interests.²

4. Financial and ownership media framework in Montenegro

Economic inefficiency of the political system in the former Yugoslavia in the 1980s initially looked like a transitory economic crisis, as another in a series of existing ones. The general illiquidity of the Yugoslav economy, enormous costs, inefficient, expensive and cumbersome administration, negligible investment and introduction of new technologies made the Yugoslav export products uncompetitive on the world market. Return of the large part of foreign workers in the country after the global economic crisis in the 1970s resulted in drastically reduced inflow of foreign currencies. Inflation and unemployment were growing with an increase in losses in the economy; production and living standards of the population declined. The growing economic crisis was inevitably more and more accompanied by emerging crisis in all other areas of life - particularly in intereth-

² During the Gulf War in 1991, the largest supplier of the French army in that war was the corporation Hascette, which has a significant impact in the media. In the U.S, one of the largest TV networks, NBC, is owned by General Electric, a multinational corporation, otherwise one of the largest companies in the U.S., which through the firm Westinghouse, which builds nuclear power plants, was the largest supplier of weapons of the U.S. Army in the Gulf War in 1991. So the biggest arms dealers were engaged in public informing although it was more of an advertising of own products rather than information sharing. (Tadić, 2002, 60).

nic relations. This manifested through the strengthening of polycentrism and increased disintegration processes, which broke the unity of the Yugoslav market, and more frequent and sharper conflicts and internal closure of the republics within the AVNOJ borders.³ Along with the rise of the crisis and an increasingly obvious manifestation of impotence of leading political elites to implement reforms and find a way out, grew the discontent of the nation by the situation in the country, weakened the reputation and influence of SKJ and political leaderships, while distrust in the system that had not been able to find the way out of the crisis grew⁴. In late May 1991, Jacques Delors, then President of the European Commission came to Yugoslavia to offer, in addition to the monetary and customs union, political and financial support for the plan of the then Prime Minister Ante Marković⁵, the “Yugoslav Maastricht”, but these offers did not have an effect on the main protagonists of the conflict.⁶

The global trend of increased importance of the mass media has not bypassed the Balkan region. Thus, Montenegro welcomed the political change in the late 1980s

³ More in: Radenko Šćekić, *Crna Gora u vrijeme izbijanja Jugoslovenske krize*, Podgorica, CANU, 2013

⁴ According to the P. Longworth in "The Making of Eastern Europe" who described the disastrous economic situation in the former SFRY: "In 1989, Ante Markovic became the federal prime minister. Inflation stood at 800%, the foreign debt has reached 20 billion dollars, unemployment 20% and real incomes were 30% lower than 10 years earlier. Markovic has introduced severe economic measures which have made some results. However, his plan out of the crisis required a greater sacrifice than people were willing to sustain. Slovenians protested against the taxes imposed, the Bosnians felt that the plan advocates low-cost sale of assets to capitalism, and Montenegrins on a proposal to liquidate loss-making enterprises reacted with dismay, because their four-fifths of companies were losers. Moreover, Ante Markovic could not control the flow of money, and the banks in the constituent republics have continued to lend. This year, inflation reached 1,256% ... "(Longworth, 2002, 39).

⁵ The government of Ante Markovic was able to stop inflation and increase earnings. Inflation was reduced from 56% in a month of December 1989 to 2.4% in March 1990. Foreign exchange reserves have increased during the same period from 5.4 to 8.5 billion US dollars. Employees' salaries were so high that most countries have not reached their level, even after two decades (except in Slovenia and Croatia) - (Jovic, 2005; 36).

⁶ In fact, it was about 5.5 billion US dollars of aid by the EC and a promise that Yugoslavia would become the first country to join the EC (EU) if leaders of the republics reached an agreement, prevented the breakup of the country and conflicts. The interview that Kiro Gligorov gave to Italian newspaper *Corriere della sera* in 1997, described the reactions of the Presidents of Serbia and Croatia on these proposals "S. Milošević and Tuđman were mad - "You cannot buy us with promises. We do not need your money! - they said, according to K. Gligorov. "First we heard from F. Tuđman, saying that he is not interested in any billion or the EC and that his basic aim is the restoration of Croatian state. Milošević explained that Yugoslavia would be a modern and solid Federation - or will not exist" - (Jović, 2005; 36). and "Memoirs of K. Gligorov,"Politika", 2005)

and the beginning of the disintegration of Yugoslavia with almost a monopoly in the media: a state run daily newspaper, one state-owned radio station, and one state-owned television broadcaster - all under the control of a single, communist party. However, new media were established during the 90's. In that period, large donations from abroad extensively aided the opening of new media in Montenegro. So, using a suitable atmosphere and obtaining financial support for the dissemination of democratic ideas and freedom of the media, some print and electronic media have become an important factor in the fluctuation of political discourse and dissemination of desired political messages and ideas.

On the other hand, S. Milošević sought logistical help to establish "his" media in Montenegro, and in 1998 he founded the daily "Dan", another private daily newspaper in Montenegro. Besides "Dan", official Belgrade, through the financial support of the then federal government helped the foundation of radio station "Radio D", "TV YU Info" and some other media, which were generally exponents of Milosevic's policy in Montenegro. The political struggle has significantly contributed to the development of a number of media on the Montenegrin scene. Interesting was the tendency to form the so-called *independent media*, which formally declared themselves as actually propagating certain economic and political views.

In Montenegro, with less than 650,000 inhabitants in 2015, there were six television channels with national coverage, 56 radio stations, four national daily newspapers, one weekly newspaper and several local editions of daily newspapers and tabloids from Serbia.⁷ In 2014, the Tax Administration for the first time published financial statements of media outlets that operate on the territory of Montenegro. They showed that in the currently crowded market, only a handful of media were able to operate sustainably. Lack of transparency of media ownership, poor application of antitrust measures and ineffective rules on media concentration have led to the creation of clusters that deeply polarized media landscape in the country. In order to protect the media pluralism, the state has in the past provided direct assistance to media through debt write-off and lower VAT rates for print media (7 percent instead of 19). (Brkić, 2015).

As part of a national campaign to combat informal economy, in 2014, the Tax Administration started to publish on its website the financial statements of all registered enterprises, including the media. The following tables present the financial results of the leading electronic and print media in Montenegro:

⁷ Agency for Electronic Media (AEM). Available at: http://www.ardcg.org/index.php?option=com_sobi2&catid=8&Itemid=84 accessed on 11 August 2016.

Table 1: FINANCIAL RESULTS OF THE LEADING TV STATIONS IN 2014 (IN EUROS)

TV STATION	GROSS REVENUES	REVENUES FROM MARKETING/SALES	NET RESULT
RTCG*	13,040,581	1,534,752	-158,400
STATE BUDGET:			
	(10,482,440)		
TV PINK M	2,070,635	1,807,548	226,338
TV VIJESTI	1,701,667	1,684,457	-1,055,886
TV PRVA	1,189,810	1,189,810	-272,103
TV ATLAS	723,048	715,318	-663,316

Source: Tax Administration of Montenegro.

Table 2: FINANCIAL RESULTS OF LEADING DAILY NEWSPAPERS IN 2014 (IN EUROS)

DAILY NEWSPAPER	GROSS REVENUES	REVENUES FROM MARKETING/SALES	NET RESULT
DAN (INCLUDING RADIO D)	3,769,436	3,582,925	33,248
VIJESTI	3,406,445	3,314,752	-249,146
POBJEDA*	176,319	175,833	28,533
DNEVNE NOVINE	771,138	771,138	-107,979

Source: Tax Administration of Montenegro, 2015.

From the above, one can conclude that despite the small population, the state of Montenegro has a developed media sphere. Private electronic and print media, advertising and information agencies, mainly manage to stably operate even in the harsh conditions of the global economic crisis.

5. Financing of the Public Service

Public Service as a non-profit, independent radio and television broadcasting organization, established on behalf of the general public, financed from public funds to create programs rather than achieve profit, simultaneously controlled by the public, has as the aim to satisfy the democratic, social and cultural needs of the society. The public interest in this context must be satisfied by all media in their own ways, regardless of whether they are public or commercial, and independently of the zone of coverage (local, regional, national).

Given that the public service has specific culture of public informing, so theoretical and research approaches have their own characteristics that range from ethi-

cal and anthropological principles that public broadcasting services must incorporate into their work for “the benefit of the general public” (Lorimer, 1998, 114) to opinions that see the model as something much more than public informing. Given that institutional transformation, *inter alia*, implies continuous search for optimal models of ownership, programming concepts, and the system of financing and management, thus lawful means to analyse social change of media culture model as representative of the public interest.

Unlike the American model of public broadcasting which strongly relies on commercial grounds, in Europe, because of the different experiences and different cultural and media forms, there came to the formation of the so-called dual broadcasting system, which involves the coexistence of two subsystems - public and commercial. Seen in hindsight, the positioning of the two sectors took a long time, filled with misunderstandings, suspicions and merciless competitive games. The idea of public service broadcasting was originally created in the UK in the third decade of the last century and was based on the idea that public broadcasting can be organized so that it does not serve partial interests - political or economic - but all citizens. The paradigm of public service is the BBC, a public network of the longest tradition. However, the BBC needed decades to get liberated from political influence and become a media and cultural institution above politics, protected by consensus of the citizens. Modern European media legislation rests on the fundamental premise that the public service is intended for the public, funded by public, and controlled by the public.

After the collapse of one-party communist system, the process of transformation of European state-owned (party) RTV systems into public services began. The adoption of appropriate legislation which guarantees editorial independence, professional autonomy and economic self-sufficiency formally ended the transformation process. Essentially and culturally, there were a lot of sections to be bypassed along the difficult road of transition from the state-owned to the publically owned. How to establish and institutionally transform state television into a public broadcasting service is an open dilemma in Western Europe, especially in countries undergoing transition and democratic consolidation. On one hand, possibilities of public broadcasting are limited, while on the other hand, we have increased demands of viewers, as well as stronger and better supply of commercial broadcasters, which have greater financial capabilities and interests to satisfy the needs of all users.

Unfortunately, the battle for circulation has been more important than professional journalistic postulates for a long time. In the causality of the media-man and media-profits relationships, a man allows for such a freedom of the media as far as it makes profit. Media content is not driven by the experienced, but

survived freedom of the twenty-first century man. So, this is not a capital in the function of freedom, but threatened human freedom and violated (by the media) privacy in operation of the capital. After all, tight historical conflict field between capital and freedom is linear, even today, only in this case with the sensitive new media manipulative tools that are collapsing human (self-) knowledge. Not coincidentally, Anders was saying that a task of those composing an image of the world “is to compose a false unity from many truths” (Anders, 1996, 100).

Public service broadcasters in the region are funded mainly from subscriptions or fees and advertising revenue while in Montenegro they are funded directly from the budget. The citizens of the region allocate between the 3 and 12 euros for public service broadcasting. Due to problems with billing, payment in some countries is linked to electricity bills, telephone bills or tax returns. In Croatia, the public broadcasting service is funded by the citizens through monthly subscription, which amounts to 80 kuna (10.5 euros), and it is paid separately from other bills. According to the Croatian Radio and Television (HRT), the citizens, by paying subscriptions, participate with about 70% in total revenues of HRT, while revenue from advertising accounts for 30%. In Bosnia and Herzegovina (BiH), Public Broadcasting System of BiH has three broadcasters - Radio-Television of Bosnia and Herzegovina (BHRT), RTV Federation BiH, and RTV Republika Srpska, all funded by taxes which, in the entire BiH amount to 7.50 KM (3.75 euros), while revenues are divided according to a special scheme. The RTV subscription is collected and distributed between the entities, of which 58% of the collection rate from the RS and the Federation of BiH is allocated to the entity public services, and 42% from both entities to the public service of Bosnia and Herzegovina. The subscription fee is separately collected in the Brcko District and fully allocated to the public service of BiH. The RTV fee is charged in BiH through the bills for fixed telephony, and citizens who do not have a telephone connection or have new IPTV packages, pay RTV fee directly to the collectors of the entity RTV broadcasters. This fee is defined as a tax for owning a radio or television. The Slovenian public broadcaster is funded from subscriptions and advertising revenues. Subscription costs 12.11 euros per month, and is required to be paid by all who possess a TV set. In Macedonia, the TV subscription fee is paid as a broadcasting tax, which amounts to 190 denars (about 3 euros). The fee is payable to the Tax Administration in order to ensure the best possible collection.⁸

Montenegro has transferred to the funding directly from the budget. When TV subscription was linked to the phone bill, the payment reached barely 60%, and

⁸ More at <http://www.energyobserver.com/vesti.php?lang=1&ID=40002> (accessed on 24 July 2016)

when it stopped, the collection fell to unsustainable levels. Tying television subscriptions to electricity bill also proved unsuccessful. Pursuant to the amendment to the Law of 2016 and the updated model of funding, the RTCG receives 0.3% of GDP.

Table 4: RTCG INCOME COMPARED WITH COMMERCIAL BROADCASTERS IN 2014 (IN EUROS)

ALLOCATION OF THE STATE FOR RTCG	MARKETING REVENUES OF RTCG	GROSS MARKETING REVENUES OF FOUR PRIVATE NATIONAL TV STATIONS
10.5 MILLION	1.5 MILLION	5.9 MILLION

Source: Tax Administration of Montenegro, 2015.

The model of financing the public service defined under the Law on Public Broadcasting Services of Montenegro in 2002, provided for the collection of subscription and broadcasting fees as the main source of funding. Through several years of application (2002-2008), this model proved to be unstable, complicated, and an expensive way of collecting funds because it involved monthly printing and delivering of a large number of bills of small values, voluntary payment of obligations, organization of special services for the collection, and management of a large number of small court claims.

Such a defined model, due to its shortcomings, was unable to provide a stable system of funding for public service and did not achieve its role in the society. Therefore, in accordance with the obligation of States in Recommendation 96 (10) on the guarantee of the independence of public service broadcasting to “take measures to maintain and, where necessary, establish an appropriate, secure and transparent funding framework which guarantees public service broadcasters the means necessary to accomplish their missions,” on the basis of proposals of OSCE experts, the Law on Public Broadcasting Services of Montenegro of 2008 defined the budget funding model for public service as the main funding source. Comparative European practices recognize this funding model as it is mainly used by small European countries.

A defined fixed index of 1.2% from the general budget revenues was the proposal of the OSCE experts in the working group for drafting the Law in the context of the then situation concerning the budget funds and growth forecasts of general budget revenues, and more favourable environment for short-term program and technical development strategy of RTCG.

However, due to the effects of the global economic crisis and the declining trend of the budget, funds based on the fixed index of 1.2% from the general budget revenues for the realization of the basic activities of RTCG and funds for the

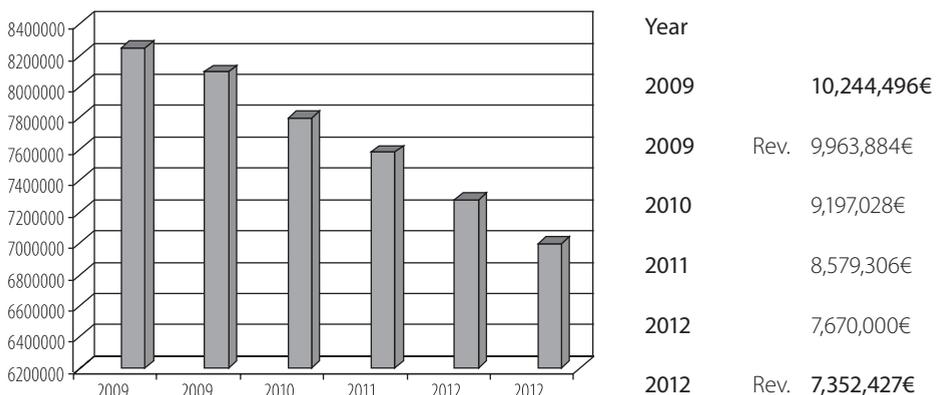
earmarked program content for the Ministry of Culture have declined over the years.

Based on the legally defined model of public service funding, a decline in funds of 2,892,069 euros was recorded from 2009 to 2012, i.e. from 10,244,496 euros to 7,352,427 euros (2012), and in the fall of 2013 by approximately 200,000 euros.

Bearing in mind the decline in budgetary resources allocated to the core business of RTCG, and in this context the impact on the financial viability of public service, obligations from the Recommendation R (96) 10 on the funding of public services, as well as the assessments of the European Commission in the reports on the progress of Montenegro for 2012, 2013, and 2014 generated the need for improving the funding model for RTCG, as a precondition for the exercising of delegated functions of public interest.

In this context, through the amendments to the Law on Public Broadcasting Services of Montenegro (“Official Gazette of Montenegro”, Nos.79/08 and 45/12) it was proposed to change the fixed index of funding for the national public broadcaster to 0.3% of GDP, compared to the previous model of 1.2% of general budget revenues. This model is driven by primary intention, within the limits of the possible and the general guidelines of macroeconomic and fiscal policies, to strengthen the financial sustainability of the national public broadcaster. It is an increase in the nominal amount by slightly more than three million euros. The Parliament of Montenegro adopted the law in July 2016.

Figure 1: REDUCING THE FUNDING OF MONTENEGRIN PUBLIC SERVICE IN THE PERIOD 2009-2012, AS A RESULT OF THE GLOBAL FINANCIAL CRISIS



Source: Data on the financial situation of the public broadcaster RTCG, Podgorica, 2013

Mass media have created the possibility for immediate communication between any two points of the globe - *the global village*, according to the famous McLuhan metaphor. The subject of this paper is the consequences that followed or corresponded to the processes of globalization of media, i.e. effects that it produces. One of these issues concerns the dominant question of cultural identity as a category, cultural and spiritual identity. Today we are witnessing a global phenomenon where the media not only arbitrate in establishing dominance of global value perceptions, but are trying to establish their commercial scale in a space that constitutes the framework of national and cultural identity.

The chosen topic is too demanding and wide and can be viewed from different angles, and even then fail to illuminate the entire complex, heterogeneous and contradictory segments. Therefore, the presented paper does not aspire to provide complete information and include all elements of a complex topic dealt with. Two dominant media market trends become the new global determinants of the postmodern media industry; at all managerial and executive levels and in all functional areas of media management, which ultimately aim at creating public opinion by the elite of power and authority - a symbiosis of capital, politics and the media. Competition has led to the creation of large media mastodon chains and press groups which caused, for example, a decline of small local newspapers and local programming.

Linkages between states and increasing globalization provided a basis for the consideration of questions of media globalization. Although the concept of the public sphere was developed within the national - state framework, well ahead processes of political, economic, security and cultural globalization extend this concept to its dimension in empirical, theoretical, and practical aspects. As in other areas of social relations, competition in the media landscape is determined by the market. Information obtained the status of goods and need to be sold as such, which might have a significant impact on its credibility. The characteristic of the market is a fierce battle for market and publicity.

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