The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

A Newspaper for Its Time

By Mark H. Gay

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MT founder Derk Sauer and editor Meg Bortin at the first issue of the daily newspaper on Oct. 2, 1992.

The Moscow Times has survived many nicks and scratches in its 20-year history: snipers firing at its editorial offices, staff rescued by helicopter from the midst of military mayhem, thugs muscling into the office to steal the wages, and a two-thirds plunge in the currency that wiped out many other companies.

However, the continuing global financial crisis may turn out to be the biggest challenge yet. Derk Sauer, founder of The Moscow Times, and chairman of Sanoma Independent Media's supervisory board, is candid about the risks ahead.

"1998 looked very dramatic, and it was dramatic for a couple of weeks," Sauer said in an interview in his office at Sanoma Independent Media. "But then things quickly started to normalize, especially for The Moscow Times.

"Now it is a much more complicated situation because there is a long-term economic crisis. Foreign companies are cutting costs everywhere because their headquarters are in trouble,

and the expat community is not that important anymore for Russian business, for the restaurants and airlines. Their main clientele is Russian now, and they are not advertising in The Moscow Times to reach the Russian clientele."

The newspaper's management has responded by refocusing on its core market while deliberately limiting circulation to control costs. The strategy has served the newspaper well in the past. Circulation grew from 30,000 copies a day in 1997, to 35,000 by 2000, where it has stayed. Sanoma Independent Media does not publish revenue figures for individual titles.

It is now a niche community newspaper for foreign businesspeople in Russia, Sauer said. "We used to be much broader, we wrote about everything," he said. "Now we write about what we think is relevant for foreign businesspeople to know in Moscow, and that's more than just business, because in Russia business and politics are so interconnected. You cannot just write about business without writing about Putin."

At its launch in 1992, the newspaper focused on local news along with international news, practical information, a going-out guide and a TV guide in English that proved popular.

Advertisers targeted the expat community. "From 1992 to '97 there was only one group of people who had money, maybe two groups: the mafia and expats," Sauer said. "They had hard currency, so all the restaurants, the airlines, the service industries were all geared toward the expat community."

Before long, however, advertisers were also targeting Russians, mainly through the job classifieds. Many companies had foreign directors who wanted bilingual Russian staff.

Despite that whirlpool of expat cash, The Moscow Times did not make money at first. "The first two years were a struggle," Sauer said. Advertising only picked up in 1994-95. In the early years, Sauer and his fellow founders, a group of Dutch friends, almost ran out of money. "Then my wife and my business partner Annemarie van Gaal said we should start a women's magazine," Sauer said. "That is how Cosmopolitan started, as a joint venture. From day one, in 1994, it made money. "

Frontier Community

The Moscow Times began in March 1992 as a twice-weekly publication, edited by Michael Hetzer, now a U.S.-based novelist. His successor, Meg Bortin, was hired from the International Herald Tribune to assemble a team and design a daily newspaper, which launched on Oct. 2.

"The spring of '92 was an incredibly exciting time to be in Russia because the Soviet Union had only just ceased to exist on Christmas Day, 1991, so everything was new," Bortin said from her home in Paris. "There was a huge expat community building up because people had come to seek their fortunes and our aim was to be a user-friendly newspaper for the foreign community and also for Russians who wanted to get the foreign take on the news."

Bortin became editor-in-chief in October 1992, a year before the newspaper faced one of its biggest stories: the parliamentary coup against President Boris Yeltsin led by Vice President Alexander Rutskoi.

The tensions built up to a crisis over the weekend of Oct. 2-3, by coincidence the first anniversary of the paper. The next day Yeltsin launched a tank assault on the Russian White House, where Rutskoi and his rebels were entrenched. "I had reporters and photographers out covering the story, under fire," Bortin recalled. "Michael Hetzer had to be helicoptered away from the besieged former Comecon building, and snipers on a roof across from our offices were taking pot shots as we put out the paper." No one from The Moscow Times was hurt, though other reporters were seriously injured that day.

Ellen Barry, now the Pulitzer-winning Moscow bureau chief for The New York Times, was then a copy editor, later reporter, for The Moscow Times. She was following crowds as they walked around the city, most of them in what she remembers as a "happy-go-lucky mood."

"Suddenly I saw that people were being dragged out and that they were bloody and saw the OMON drop their shields and helmets and run away," she said. "I heard later that day that several people had been killed. What struck me was how quickly something moves from being just curious to being dangerous and how crowds change."

That tendency to sudden inflection characterized business and politics, too. In 1993, a lot of people came to Russia on the chance of making a fortune. "But it was not a place where it was easy to make a ton of money and go home," Barry said. "You had to take it very seriously."

In 1996, that business climate claimed the life of American businessman Paul Tatum, whom Barry, as a journalist, had known well. "That was a moment when I understood how dangerous it was for people at that time who got themselves deeply into conflict," she said.

The newspaper quickly built a reputation for being at the leading edge of breaking stories, which it holds to this day. "The Moscow Times has a well-connected staff, working five days a week, so it often gets to stories that then go international and become the morality tales of contemporary Russia," Barry said. "It is unlikely that there would be any major bureau that does not read The Moscow Times before lunch."

Growing With a Voice

Anna Badkhen, now based in Philadelphia, writes about foreign policy mostly for U.S. magazines. Some of her first work as a foreign correspondent was for The Moscow Times, and she wrote a weekly column through 2000, often focusing on human rights issues. Before coming to Moscow, Badkhen had worked for its sister publication, The St. Petersburg Times, founded in 1993. Each newspaper had its role defined to an extent by its Russian-language rivals.

"In St. Petersburg there were three or four people in the newsroom who tried to bring down a corrupt mayor, and policymakers in the city would very often remark that it is ridiculous that The St. Petersburg Times is the only paper that we take seriously," she said. "In Moscow it was different. There were local Russian-language publications that were good at the time."

If Moscow was a bigger city with many more newspapers, The Moscow Times still had a unique voice.

"That was especially true in the 1996 elections, when Yeltsin was running and he was sick and had heart trouble, and that was widely known but not reported in the Russian press," said Marc Champion, who joined The Moscow Times in August 1992 and was editor-in-chief for three years from the spring of 1994.

"We did editorialize about it and one of the papers, I think Komsomolskaya Pravda, got quite upset and accused us of being passport journalists. They said that if things turned out badly and the Communists won, we would all go home but they would go to jail. Which is a fair point."

Champion is now a member of the editorial board at Bloomberg's opinion section, Bloomberg View, and a former Istanbul bureau chief for The Wall Street Journal.

During his time, The Moscow Times increased its business coverage, launching the first stock market index for Russia, several years before the Russian Trading System Index began.

The auction of state enterprises, and the individuals who acquired them in the process and became oligarchs, was another story about which the staff of The Moscow Times debated and editorialized.

"With hindsight, it is much clearer what it meant," Champion said. "There were people at the time who felt it was, as it turned out to be, a deep form of corruption. Others followed Anders Ƀslund's view that the most important thing for the government to do at that time was to transfer ownership from the state that would not be able to develop these assets. If you were not going to sell to foreigners you were going to have to sell at a low price. They felt the price was less important, which in hindsight seems to have been wrong."

Whatever the rights and wrongs of Russian business, it was growing and The Moscow Times was profiting. Russian newspapers had not yet established productive marketing and advertising departments so there was only one place to go if you were advertising, even to Russians. When Champion joined the newspaper in late 1992 it was publishing 16 pages a day. When he left five years later it was 32 pages a day and 40 on Saturdays.

In 1998 came the Russian financial crisis, when the ruble fell from around 5 to the U.S. dollar to 21, a decline of two-thirds that slashed the capital reserves of many companies and individuals' savings.

With the banking system frozen, Independent Media executives had to pay the staff in cash. One day in October 1998, armed men burst into the offices and left with the payroll of $250,000.

Independent Media not only survived but in September 1999 launched the business newspaper Vedomosti, a joint venture with the Financial Times and The Wall Street Journal.

In 2005, the Finnish media group Sanoma, which had acquired Sauer's former employer, the magazine publisher VNU, in turn acquired Independent Media. This led to a further expansion of Independent Media's magazines business, which both licenses magazine brands and runs them as joint ventures.

The Moscow Times has also evolved as a brand, with 30 percent of revenues now coming

from conferences and events. It has a successful website, though one, which Sauer acknowledged, "needs a lot of work."

The newspaper remains the core business, said the current editor-in-chief, Andrew McChesney: "With print circulation stable at 35,000 — and thank goodness not declining like many newspapers in the West — the big challenge for The Moscow Times is to find ways to grow without increasing costs. One area with potentially unlimited growth is the Internet, and we, like many newspapers, are looking for ways to tap into that market better."

The readership remains focused on Moscow, but sometimes it throws up surprises. "I am very proud of our newspaper's team," McChesney said. "They work extremely hard and make every effort to provide accurate, objective information in a timely manner.

"Newsmakers often notice. Just the other day a U.S.-based reader whose visit to Moscow was covered in The Moscow Times wrote the reporter a thank-you letter, saying U.S. media have often got the facts wrong in reporting his activities but our report was fair and accurate. Moments like this remind me of the importance of our newspaper's role and encourage me to keep pushing ahead."

In the 20 years since The Moscow Times was first published, the newspaper industry has been in decline, blamed first on television and 24-hour news and later on the Internet. What few publishers acknowledge is that society has dispersed, and with it the concept of a readership sharing common expectations, outlooks and constraints.

Russian society went through even bigger changes than those seen in the West, yet The Moscow Times has thrived by identifying its audience, both English-speaking and Russian.

Perhaps The Moscow Times' place in history is best summed up by this editorial, which it published 20 years ago: "We hope that, 100 years from now, this newspaper will be the kind of document historians will turn to for the study of this most fascinating if difficult era. We feel very strongly that we are here at a privileged moment in time, a moment that has made our existence possible. To serve the foreign community, to rediscover Russia's history, record its present and perhaps in our small way help create its future — these are our aims. Watch this space."

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