

# La Prensa Pushes Ethics in Panama

*Independent Paper Builds on Success With Program  
To Guide All Journalists in the Region*

By I. ROBERTO EISENMANN JR.

**L**a Prensa, the independent Panamanian newspaper founded by inexperienced journalists, is moving to raise media ethical standards in Central America.

La Prensa not only drafted a code of ethics for itself, it also participated in the formulation of a voluntary code of ethics for all media in the region. Moreover, three La Prensa editors helped found the "Forum of Journalists for Freedom of Expression," which has five specific objectives, including a suggested code of ethics for all Panamanian journalists. The code calls for a yearly review of all ethical problems, with decisions to guide journalists through real-life dilemmas.

Not content to rest on academic approaches, the newspaper published a series by its four-person investigation team disclosing that journalists were accepting bribes, not only in the low-paying radio area, but also in high-paying television. The series was highly controversial. The dean of the journalism school at the University of Panama charged us with being the "Judas of Journalism." Another professor charged us with being "instruments of the CIA." Our young, university-trained journalists of the investigative unit went to the university and confronted the professors. We invited them to send their opinions in writing for publication. So far they have not.

Realizing that journalists would be less tempted to moonlight if they received adequate pay, we have instigated a policy to increase salaries on a regular basis. Today our wage structure is three times what it was when we started 12 years ago. We have also instituted a profit-sharing plan called "Fifty-Fifty,"

in which, after a predetermined percentage of profits is set aside for reinvestment in equipment, profits are split equally between employees and shareholders. Some employees are also shareholders so they participate both ways. Last year our lowest-paid employee received a profit-sharing bonus equivalent to six months wages, and our shareholders received a 20 percent dividend. Though high wages do not guarantee ethical compliance, they certainly greatly reduce needs that foster temptation.

In another move related to ethics, La Prensa editors were instrumental in organizing Panama's first presidential debates, hoping thereby to raise the standards of political discourse and consolidate democracy.

We at La Prensa were able to move vigorously on the ethics front because of the success of our experiment in multiple ownership of the paper.

We started in 1979, when the dictator Omar Torrijos Herrera ruled Panama, by forming a five-person core group of directors that included people from all democratic ideologies. These

included a Democratic Socialist, a Christian Democrat, two Social Democrats and one Independent. We wanted a truly independent press and wished to avoid any specific ideological party labels. At the same time these directors represented diverse disciplines; one was a poet, others were an entrepreneur, a criminal lawyer, a philosopher and a business lawyer.

These directors were asked to risk their lives, to give half of their work time and, should they decide to continue, to cement their commitment with \$5,000 in seed capital. For most, not being wealthy, this amount required raising money among many family members. Then we designed a "Pert Calendar," which programmed a year of work before start-up. Since none had been inside a newspaper plant, the first item on the list was learning about the business. With the aid of the InterAmerican Press Association, The Miami Herald and Carlos Castaneda, the Editor of *El Nuevo Dia* in Puerto Rico, we did things right, first world style, from the start.

In our feasibility study we included 18 months of operating losses, a deci-



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sion that later became a vital part of our success. The totally computerized newspaper required \$1 million in capital, an outrageous amount in a Third World country for a business with a 90 percent possibility of being shut down by the dictatorship.

As a measure of protection and total editorial independence, we developed a plan to raise small amounts of money from many people. For this we developed some marketing tools. A trial edition was printed in Miami and smuggled into Panama to show potential shareholders the first-rate newspaper we planned to publish. Our editorial board was made up of people from all sectors of society, from labor leaders to a priest. Most importantly, we limited maximum investment from individuals or groups to \$5,000 each; there was no minimum. Three months later we had the \$1 million, from 750 small shareholders, some investing as little as \$5. We also had close to 2,000 home-delivery prepaid subscriptions and 25 advertising contracts, including many from leading businesses.

When we tried to lease space we found no one willing to take the risk. Yet a bank, with a president who had profound democratic convictions, offered to finance a building. Construction was completed in four months. Our *Pert Calendar* was right on schedule.

Rumors started flying: the dictator would never allow us to open; equipment being unloaded would "accidentally" drop into the port. We worked as if no threats existed.

Sixty days before opening day we started to look for journalists. The dictatorship law required licensing and to be licensed required a university degree or five years experience. In effect, the licensing law meant that all journalists were working, directly or indirectly, for the regime. Our solution was to hire prestigious intellectuals—poets, writers, diplomats—and third-year journalism students. Thus it was difficult for the government to clamp down on us. We also brought in two international advisors to help us get started.

We decided that we would oppose the dictatorship from day one. The de-

cision was easy as no single shareholder had a big enough economic stake to fear closure.

The first issue was distributed August 4, 1980, the day specified in the year-old *Pert Calendar*. Although looking back it is hard to believe that we did it, the paper was an instant success.

Why did the regime allow us to publish? We found out that before we opened, General Torrijos held two meetings. He asked how much the four regime newspapers were losing and was told \$1.5 million a year. He laughed and said that if they were losing that much in spite of 100 percent of the government advertising, let *La Prensa* open, announce that Panama has a free press, and watch it run out of money. With 750 small shareholders they could not go back for more capital. "Let them open!" He did not realize that our plan called for 18 months of losses and that we had presold advertising and subscriptions.

When we opened with great success and with a hard-hitting style, the regime was at a loss as to what to do and reacted with threats, judicial proceedings, censorship, jailing and exile of editors, and physical attacks on our reporters and photographers. After every attack our circulation increased dramatically. The fact that we had no owner made it impossible to kill the project. The paper had one editor and four associate editors. When one was jailed another would carry on. Eventually, after General Manuel Antonio Noriega took over from General Torrijos, soldiers closed the paper and destroyed the equipment.

After Noriega fell, stockholders rushed to put up money again. The *Miami Herald* gave us an advance on printing their Latin American edition and we resumed publication. Today we have 1,300 small shareholders, including all our employees. Profits are 50 percent of capital. We are the leading paper in Panama, with 30,000 circulation seven days a week. We publish an average of 90 standard-size pages per day, with 70 percent of space in paid advertising.

All of which proves that high ethical standards can generate success—and profits. ■

## Coming In the Summer Issue

### Responding to New Technological and Economic Realities

Nieman Reports will carry a detailed discussion of the impact on public-interest journalism of the new electronic and communication technologies. The report will be keyed to a Nieman Foundation conference in Cambridge, Mass. May 19-21. The conference theme is *The New Journalists' Agenda: Responding to New Technological and Economic Realities*.

Because virtually all decisions about the new world of communications have been driven either by technological or economic considerations, those concerned with public-interest journalism need to identify their requirements and define their roles in helping to shape the system and its instruments.

Among journalists who will take part in the conference are working editors and reporters from newspapers, magazines, radio and television along with those conducting on-line experiments. They will be joined by some of the most thoughtful and articulate thinkers of the future multi-media world. The overall goal of this conference, which will be the first of a series for the Nieman Foundation, is to assure a secure place for public interest journalism in the exciting new future. ■