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Public service broadcasting in the digital age:
the British case

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The digitalisation of communications technologies in the 1990s poses a serious challenge to
the status, role and mission of public service broadcasting across western Europe.
Examining aspects of that challenge and the response to it by defenders of public service
values, this paper addresses the role of public service broadcasting in the digital age, with particular reference to the British case.

In particular, the paper asks whether in the changed conditions of the digital era there continues to be a role for the continued regulation of the broadcasting system to promote the norms and values of a public service approach in television. With the removal of the technological constraint and the opening up of the market to new players, services and programme providers, what case can be made by public service broadcasting institutions and their supporters for the continuation of regulation to protect and foster a public service presence in a more competitive communications media environment? How convincing is the case for the continued regulation of a part of broadcast provision as a public good? Even if specific public service provisions continue to be applied to a section of the broadcasting community for the foreseeable future, will the range of public service broadcast output be adversely and perhaps fatally affected by new range of channels and interactive services?

The paper situates current political and policy debates against the historical backcloth of the development of public service broadcasting in Britain. It concentrates particularly on the period from the mid-1980s, when the most sustained ideological attack on public service values began, to the present day. While the emphasis is on the public service broadcasting component of the television system, the paper also considers wider developments in British television over this period.

The communications media in the digital age

Since digital technology radically alters the way in which information is reproduced, stored and transmitted, it clearly has important actual and potential consequences for the structures and functioning of the communications media in Britain. One obvious impact is the growing convergence between previously discrete technologies, notably broadcasting, telecommunications and computers. The blurring or erosion of traditional sectoral boundaries is changing the terms of the policy debate in communications generally and broadcasting in particular. Convergence raises a host of regulatory issues as previously distinct regulatory regimes (for example, in broadcasting and telecommunications) are perceived to be moving closer together; it introduces new actors into the previously restricted policy community in broadcasting; and it is likely to produce new types of audience usage of the communications media, notably interactive services. In facilitating interactive communications digital technology is an integral part of the shift from industrial to post-industrial society in the developed world.

Yet for many domestic consumers, at least in the short term, the most obvious consequence of digital technology is considerably more mundane - the expansion of broadcast, and especially television, supply. Digital technology goes further than any previous technological development in increasing the number of channels and widening the availability
of programming. From being a very restricted service, which has grown incrementally during much of the postwar era, British television is now making a paradigmatic shift into a new age of extensive supply. Digitalisation will see the routinisation of multi-channel television in a majority of British households, fragmenting the audience and reducing the market share of traditional broadcasters. The digital age will be characterised by strong competition between media for audiences, revenue, programme rights and product, raising a range of regulatory issues in general and having a particular impact on the role of those broadcasters with a specific public service mission.

Public service values and the market challenge

It is apparent, therefore, that one of the key media policy issues in Britain concerns the future of public service broadcasting in the digital age. While British public service broadcasting may have had a long and distinguished history (Crisell 1997), the continued relevance of public service values and institutions can be seriously questioned. Traditional defences of the public service approach to broadcasting were based, first, on the technological limitations of the radio spectrum and, second, on Reithian notions of the educative and civilising missions of the broadcasting media. In Reith's vision the brute force of monopoly was to be used by the early BBC to provide audiences with programming which it was thought would be in their long-term interests rather than just satisfying their short-term desires. While this Reithian approach was altered over time in response to social change and the introduction of competition in television programming, public service values continued to inform the policy discourse on broadcasting for much of the postwar period (Curran and Seaton 1997). From the foundation of the BBC in the 1920s up until the broadcasting reforms instituted by the Thatcher government in the second half of the 1980s, policy makers in Britain generally accepted the desirability of broadcasting being organised and regulated as a public rather than a private good. Though other views were not absent from policy debates, they were either assimilated into the public service discourse or had little impact on decision-making.

Traditional defences of the public service approach to broadcasting are now anachronistic and inadequate. Spectrum scarcity arguments no longer apply and the Reithian vision appears condescending and paternalistic to audiences reared in a culture which emphasises consumerism and freedom of choice.

The ability to sell broadcasting, apparently like many other goods, has also made many question the need for public service broadcasting. This is now often seen as either unnecessary (spectrum scarcity has gone so there is no longer any case for public control), or as undesirable (because public service broadcasting is paternalistic), or as an anachronism (in the new world of competition and convergence, broadcasting policy should reflect the needs of industrial policy not the desires of a cultural elite), or as unsustainable (as other broadcasters expand people's willingness to pay the licence fee will disappear). (Graham and Davies 1997, p8.)
In these circumstances it seems reasonable to ask whether the organisation of broadcasting should not be left to the operations of the market, subject only to minimal regulation. On the face of it, the neo-liberal arguments put forward by the Peacock report in the 1980s would appear to be highly relevant to the broadcasting system of the digital age (Peacock report 1986). The Peacock report provided a fundamental challenge to the discourse of public service and Reithian values by proposing that as much as possible broadcasting should be organised on the basis of a new concept - consumer sovereignty. Peacock envisaged a scenario in which there would be a television market similar to that which already existed for the press. In this new era of electronic publishing, viewers should be allowed to choose their own programme menu and not be compelled to swallow a balanced diet, however healthy such a regime were deemed to be. While the general laws applicable to press output and certain technical regulations might need to be enforced, there would be little or no necessity to uphold traditional public service regulations in a genuine consumer-oriented market (Wheeler 1997). Peacock thus advocated what one of the committee's leading members described as a 'phased programme of deregulation' (Brittan 1987, p.12).

While its practical impact on broadcasting policy in the run-up to the 1990 Broadcasting Act was mixed, the Peacock report was important for the way in which it approached its subject matter and helped frame the terms of the subsequent policy debate. The report's significance lay 'as much in the manner in which it shifted the intellectual paradigm' of broadcasting policy (Negrine 1990, p.154). While previous committees of inquiry 'had considered broadcasting in social, cultural, and political terms ... Peacock ... applied a stringent economic approach and in so doing completely shifted the grounds of discussion' (Scannell 1990, p.21). Such a market-based approach was not in itself new. Previous examples of its use could be found in the publications of right-wing 'think tanks' such as the Institute of Economic Affairs (Altman, Thomas and Sawers 1962). However, for the first time in British postwar history the advocacy of a market liberal approach to the organisation of broadcasting was part of a broader change in the intellectual political climate which saw New Right ideas achieve a position of ideological dominance in policy-making across a variety of fields.

The Thatcher premiership thus witnessed the emergence of a conflict in broadcasting policy circles between those defending the public service legacy and those advocating a more commercially oriented, deregulatory approach. Public service broadcasting institutions were placed on the ideological defensive. As a public sector organisation, the BBC could not hope to be spared the thrust of the ideological assault on public service institutions by a radical right-wing administration. The government's belief in the primacy of the private sector, its sweeping privatisation programme (which embraced the telecommunications, gas, electricity and water industries among others) and its rejection of core elements of the bipartisan elite
consensus which had governed Britain between 1945 and 1979 (Kavanagh and Morris 1989) - all of these had important implications for the BBC. Indeed, the undisguised hostility of the Thatcher government towards the BBC qua institution can be viewed as nothing less than a sustained ideological assault on the ethos and organisation of public service broadcasting as a whole (Barnett and Curry 1994, p.112).

Various developments in the 1990s pushed British broadcasting towards a more market inspired approach. The 1990 Broadcasting Act effectively removed an overarching public service purpose from ITV, created a 'light touch' regulator to supervise the ITV network and opened up the system of franchise allocation in commercial broadcasting to competitive tender. The creation of an additional advertising-funded terrestrial channel, Channel 5, the gradual expansion of cable services and, most notably, the arrival of BSkyB as the unchallenged dominant player in satellite television introduced greater competition into the television system. None the less, despite the commercialisation of the structures and functioning of much of British television, the deregulatory push was by no means all embracing. In particular, broadcasters such as the BBC and Channel 4 continued to be given a public service purpose by government. The damage limitation exercise conducted by the defenders of public service values in broadcasting was partly successful therefore in mitigating the full force of the ideological attack during the late 1980s and into the 1990s, in part because of divisions within governing circles, in part because of the strength, adaptibility and interdependence of the broadcasting institutions (Goodwin 1998).

The advent of digital technology, however, again presents a powerful prima facie case for a market-oriented approach to the organisation of broadcasting and communication services. The case in favour of less regulation in broadcasting is largely based on three arguments (Green 1995). The first is that regulation is unnecessary in an age of media plenty. The second is that regulation has become ineffective in an era of transnational and global communications. The third argument is founded on the view that national restrictions might disadvantage the emergence of large multimedia conglomerates capable of competing in an increasingly inter-dependent globalised media market (Humphreys and Lang 1998).

In these circumstances it is scarcely surprising that an intellectual defence of the continued relevance of public service values has again been put forward. At the same time public service organisations, notably the BBC, have mounted a lobbying campaign to protect their institutional raison d'être, particularly notable in the run-up to the renewal of the Corporation’s charter in 1996. Indeed, the intellectual and political mobilisation have been mutually complementary, with the former being used as an integral part of the battle to secure favourable policy outcomes from government.

These activities should not be interpreted as an attempt to turn the clock back. The argument is not that all broadcasting services in Britain should be run with reference to public service values, as was effectively the case up until the 1990 Broadcasting Act. Rather the
objective is the more limited one of arguing the case for the retention of an important public service component in a mixed-media broadcasting economy (Steemers 1998).

The first component of the public service case argues that established patterns of television programming and of viewer expectations will not change radically over a short period of time. Despite technological change, therefore, there will still be a consumer demand for broadcasting (as opposed to narrowcasting) for the foreseeable future. The possibility of the end of the era of broadcasting certainly merits serious consideration.

The communications revolution means that hundreds of narrowcast channels, specializing in particular programme types, such as news or sport, will constitute a plethora of niche markets. The viewers of the future will be charged only for the programmes they watch. They could even order and be sent programmes on demand. ... Given the ability to select and pay for individual programmes, why would anyone continue to use generalist broadcast channels, paying for a minority of unwatched, unchosen programmes? (Collins and Murroni 1996, p.140)

Yet Collins and Murroni raise this possibility only to reject it, arguing that new forms of programme delivery will not of themselves make broadcasting redundant. Rather the likelihood is that consumers will continue to enjoy broadcasting even in a market of increased choice. In the past new media developments did not supplant previously existing media, with newspapers and then radio adapting to the advent and routinisation of television. This will continue to be the case in the digital age. In particular, it is contended that consumers will continue to value 'broadcasting's flow model of distribution', whereby programmes are selected and packaged for audiences within the context of a constructed schedule (Collins and Murroni 1996, p.142). Allen also subscribes to the view that broadcasting will survive digitalisation. Indeed, he regards digital television as an extension of analogue television, arguing that consumers will continue to use screen-based media primarily for narrative material, that the most prevalent mode of consumer use will be passive and that such usage is largely satisfied by traditional media forms, including broadcast television (Allen 1998, pp.61-64).

The British government also takes a cautious approach to the impact of digital technology on revolutionising consumer usage. In its 1998 Green Paper on Regulating communications: approaching convergence in the Information Age, the government stated that in the late 1990s convergence was more apparent from the providers' rather than the consumers' perspective.

It seems likely that, while the converging market becomes more homogeneous in terms of providers, a spectrum of distinct segments of consumer demand, reflecting established patterns of consumption, will persist for some considerable time to come. At one end of this spectrum there is likely to be a segment which looks much like the universal broadcast television as consumers know it today. At the other, there is likely to be a segment with many of the characteristics of the Internet as we know it today. (DTI/DCMS 1988, p.11)
In short, broadcasting in its current form, including the packaging of programming in generalist channels, is not set to disappear under a tide of niche-oriented channels or particularistic, video-on-demand type services.

The second part of the public service defence argues that the market is ill-suited to provide audiences with everything that individually or collectively they want or require from communications media. The critique of wholesale market provision for broadcasting is based on two different, but mutually supportive, lines of attack (Gibbons 1998, p.74). The first concentrates on the imperfection of the market. This approach accepts an economic paradigm for the framing of the debate, but argues that in practice the market mechanism is flawed. Imperfections in the market - market failures - prevent it from delivering the diversity and choice to consumers which is central to the neo-liberal case. The second line of attack emphasises the inadequacy of a market approach to media organisation. This approach seeks to widen the terms of the debate away from an emphasis on purely economic variables, arguing that the media are qualitatively and even quintessentially different from other goods because of their social, cultural and political significance.

Arguments based on market imperfection emphasise the way in which new communications technology creates strong pressures towards a broadcasting industry in which ownership is concentrated (Graham and Davies 1997, pp.11-18). Concentration is the result of high fixed costs and low (or even zero) marginal costs, resulting in economies of scale for producers and barriers to new entrants into the market. Economies of scope (when activities in one area either decrease costs or increase revenues in a second area) also push towards ownership concentration. This may be particularly problematic in the delivery of broadcasting in the digital age if companies gain control of gateways such as the conditional access system and electronic programme guides. In Britain BSkyB's dominance of the subscription television market in direct-to-home analogue satellite broadcasting has already raised important questions regarding concentration of media ownership and control (Humphreys and Lang 1998, pp.21-24). Feintuck argues that 'If choice of product is an objective, either as an end in itself or as a prerequisite of citizenship, then the media market must be regulated against the operation of free-market forces which, by themselves, would be likely to produce oligopoly or monopoly, and therefore run counter to an objective of plurality or diversity.' (Feintuck 1999, p.76) Yet while ownership may be more concentrated, audiences will fragment and this will have undesirable consequences for the system as a whole in terms of programme choice because minimum cost production in broadcasting is large.

During the 1990s media ownership in Britain became more concentrated as a result of two main developments: first, consolidation in the commercial terrestrial television sector and, second, the growing emergence of powerful cross-media groups. Though neither the BBC nor Channel 4 was directly implicated in these changes in media ownership structures, public service broadcasters were clearly affected by these wider developments which indicated that
the television market in Britain for the foreseeable future would in all likelihood be dominated by a small number of big players.

Consolidation of ownership in the commercial terrestrial television sector was not foreseen by the provisions of the 1990 Broadcasting Act, which were designed to protect ITV's federal, regional ownership structure by preventing a handful of companies from dominating the network. These provisions came in for strong criticism from the four largest franchise holders (Carlton, Central, Granada and LWT) who successfully lobbied the government for a relaxation in the merger rules. They argued that mergers between any of the big nine companies would create organisations of critical mass size, which in turn would encourage economies of scale in programming, make for more efficient management of resources and protect the network from predatory forays by continental European media companies. In 1993 the government bowed to the pressure of the four giants and announced changes in the takeover provisions of the 1990 Act. The new provisions allowed two large licences to be owned simultaneously (though not the weekday and weekend London licences). The results of this liberalisation of the ITV franchise ownership rules were soon in evidence, with three separate mergers (or takeovers) taking place involving the two largest licencees (Carlton and Central), the third and fourth largest (Granada and LWT) and the fifth and sixth largest (MAI, which owned a controlling stake in Meridian, and Anglia) (Collins and Murroni 1996, p.69).

The second facet of change in British media ownership during the 1990s was the emergence of media groups with significant holdings across media sectors. Rupert Murdoch's News Corporation was typically first into the fray, stealing a march on its competitors. Not only did the Murdoch dominated company own Britain's most powerful newspaper group, News International, which controlled over one third of national newspaper circulation, but Murdoch's coup in setting up BSkyB had also given him an effective monopoly in British direct-to-home satellite television. Since BSkyB used the Astra satellite, it was regarded by the Conservative government as a non-domestic broadcaster, despite the fact that its programme output was aimed primarily at the British market. This ruling allowed Murdoch to have a major ownership stake in both newspapers and television. As a result, profits from the Murdoch stable of national newspapers could be used to subsidise losses in satellite television in the early 1990s, while his newspapers plugged BSkyB's programming to their readers in a merciless cross-media promotion.

At a stroke Murdoch bypassed the 1990 Broadcasting Act's cross-media ownership restrictions. While these set out specific thresholds on national newspaper holdings in terrestrial television and domestic satellite broadcasting, there were no restrictions on national newspaper holdings in non-domestic satellite services. As BSkyB's audience reach increased during the first half of the 1990s, other national newspaper groups vigorously protested that the existing ownership rules effectively prevented their own cross-media expansion, while doing nothing to limit the growth of Murdoch's media empire. In 1993 four press groups (Associated Newspapers, the Guardian Media Group, Pearson and the Telegraph group)
established the British Media Industry Group (BMIG) to lobby for a relaxation of the rules restricting newspaper holdings in television. The force of their arguments clearly informed the government's thinking on this issue.

While recognising that there was still a case for specific regulations governing media ownership beyond those which were applied by the general competition law, in the 1996 Broadcasting Act the government liberalised existing ownership regulations both within and across different media sectors to allow larger media companies to develop. The Act's provisions allowed for the possibility of new corporate synergies between newspaper groups, radio stations, commercial television companies and new media. At the same time, they limited the expansionist tendencies of some multimedia groups, applying a brake on the future expansion plans into terrestrial television of Murdoch's News Corporation and the Mirror Group. However, these two companies were not prevented from expanding their cable and satellite interests and they would be permitted to apply to run digital television services. As Feintuck notes, these restrictions did not require the break-up of any pre-existing cross-media groups and referred only to future acquisitions (Feintuck 1999, p.105).

In its 1998 Green Paper on Regulating communications, the government stressed the case for the retention for some time to come of specific ownership controls over and above ordinary competition law on the still dominant terrestrial broadcasting media and on their combination with newspapers. Economic regulation in this domain was justified on the grounds of the continuing impact and influence of these established media and the need to promote plurality and diversity in these sectors. These controls, it was argued, provided regulatory certainty, while allowing considerable flexibility to deal with market developments. Since according to the government these provisions had been debated fully in the passage of the 1996 Broadcasting Act, it did not intend to reopen the operation of these controls in the current review (DTI/DCMS 1998, p.32).

While the first part of the market critique highlights the imperfection of the market in accurately reflecting consumers' media preferences, the second line of attack emphasises the inadequacy of the market approach to the structures and functioning of the communications media. This second critique seeks to widen the terms of the debate away from a purely economic framework. In this context the social, cultural and political roles of the media are stressed and these are used to provide justification for the inclusion of a public service component in broadcasting. As Congdon writes,

> broadcasting is different from other industries in a very fundamental way. Broadcasting does not merely offer products to meet known and fairly fixed consumer preferences; it also presents cultural and intellectual products which themselves mould people's preferences.
> (Congdon 1995, p.23)

One of the key mobilising concepts employed by the defenders of public service values in broadcasting is the promotion of citizenship. It is argued, for example, that there are parts of
our lives to which the market is simply not relevant, since we watch television and listen to the radio, not just as consumers, but also as citizens (Graham and Davies 1997, p.27; Collins and Murroni 1996, pp.13-14). Graham and Davies argue that the fragmentation of audiences that purely commercial broadcasting may produce could undermine both communities and cultures by limiting our shared experiences. They emphasise the importance of a common national culture (not synonymous with a single dominant culture), which equates to a set of shared values that are accommodating enough to accept on equal terms as many as possible of the minority group cultures that go to make up such a pluralist society, and thereby minimise its tendency towards fragmentation (Graham and Davies 1997, p.29).

Le Grand and New also contend that broadcasting provides a means of promoting a more integrated national community, through unifying activities, 'landmark' events and education in the widest sense (Le Grand and New 1999, pp.115-116). One area under the heading of citizenship and community where a public service broadcaster might be expected to play a special role is in the broadcasting of National Events (Graham and Davies 1997, p.29). For Feintuck, addressing inequalities of citizenship is a central and legitimate aim for media regulation (Feintuck 1999, p.79), since 'citizenship, or full and effective participation in society, is dependent upon universal access to adequate sources of information' (Feintuck 1999, p.67). Within this citizenship framework Congdon stresses the role of a public service broadcaster like the BBC 'with a specific responsibility for providing high-quality news, offering a forum for debates about key issues of public policy and protecting certain conventions about the right conduct of such debates’ (Congdon 1995, p.23).

Within this overall approach that broadcasting has a public purpose which can be defined not just in terms of audience wants, but with reference to a social purpose, Le Grand and New argue that broadcasting should seek to support certain societal values such as community, opportunity, responsibility and accountability. Broadcasting can achieve this by facilitating the acquisition of essential skills, increasing awareness of health issues and holding government, institutions and individuals to account (Le Grand and New 1999). While commercial broadcasting has much to offer in these regards, they argue that public service broadcasters (de facto the BBC) are best suited to pursue these goals.

The capacity of broadcasting to protect against social exclusion is also emphasised by defenders of public service values. For example, Corfield argues that broadcasting has a particular responsibility to serve the needs of the socially excluded, such as poor pensioners, single parents, unemployed men and some ethnic minorities, principally through the provision of free-to-air services. Public service broadcasters in particular, as well as providing such a service, have a brand that many people value and trust, offer value for money and run effective educational campaigns (Corfield 1999).

In short, the case for the defence of public service values in broadcasting in the digital age has been largely underpinned by an emphasis on their contribution to citizenship, their capacity for social and cultural inclusion and their provision of high quality political information
and public education. Public service broadcasters enjoy a special position in promoting the public interest, have a social as opposed to a purely commercial responsibility towards their audiences and widen choice.

For the promotion of public service values would regulation be of itself sufficient to address the problems posed by the imperfection and inadequacy of the market? The defenders of public service think not, since in their opinion it is difficult, if not impossible, to promote positive programming in terms of standards and quality purely via regulatory mechanisms. Graham and Davies, for example, argue that 'there is no set of rules or regulations or laws which could entirely correct the deficiencies of a commercial system. This is for the simple but powerful reason that rules are necessarily negative. They have the capacity only to stop the undesirable. They cannot promote the desirable' (Graham and Davies 1997, p.63).

Public service broadcasters in contrast can act as instruments of positive regulation. In particular, where a public service broadcaster enjoys a significant position in the broadcasting system, it can exert 'a positive influence on the quality and behaviour of the whole system', acting as a reference point for standards and good practice (Graham 1999, p.44; see also Collins and Murroni 1996, p.144).

The strength of these arguments (and, one may assume, the efficacy of the lobbying activities of the BBC) may be seen in the way in which the government's 1998 Green Paper accepted that public service broadcasting would retain an important role in the multi-channel future. The terminology employed in the Green Paper echoed the points put forward by the defenders of public service values.

From the customer's point of view, established public service broadcasters will offer a point of reference: a source of reliable, impartial information and comment; of varied and wide-ranging programmes; and of programming which addresses the concerns of all sections of society.

An essential attribute of public service broadcasting is its inclusiveness.

There is emphatically still a place for public service provision which clearly follows a remit designed to ensure inclusive, high quality services.

(DTI/DCMS 1988, p.33)

Later in the document, a public service approach is again promoted.

This means offering near-universal receivability and free-to-air delivery, and a programme mix which caters for all interests and all sections of society. Public service broadcasters have a particular contribution to make in fostering a sense of national identity.

(DTI/DCMS 1988, p.61)

Public service broadcasting institutions in the digital marketplace

The governmental acceptance of a continued role for public service broadcasting in the digital marketplace represents a contrast to the more conflictual relationship between government
and public service broadcasters during the Thatcher premiership. The public service broadcasting institutions, notably the BBC, no longer appear to be the battered and beleaguered victims of a hostile government as was the case during much of the 1980s. None the less, they have still been subject to a variety of pressures as they have sought to formulate strategies and adapt their practices to cope with a changing communications media environment. The question remains, therefore, whether public service broadcasting institutions in Britain are in practice well placed to uphold and promote public service values in the digital age.

This section is particularly concerned with the fitness for public service purpose of the BBC. The BBC is not the only broadcaster in Britain with a specific public service remit. Channel 4 remains subject to a detailed public service regulatory framework as a broadcaster catering for minority tastes and interests. However, given its central position in British broadcasting and its length of service as a public broadcaster, the BBC is still generally regarded as the primary embodiment of public service values.

In several key respects the BBC remains well placed to act as a repository of those values. Not only does it run two major national television channels, five national radio networks and a host of local radio stations, but it also has a large production capacity, including regional production centres. It has an excellent brand image as a national and international broadcaster of repute and enjoys high levels of popular legitimacy. Yet it is also an organisation which faces huge problems in adapting its mission and role to the digital age.

Four main problems facing the Corporation are considered in this section: commercialisation; politicisation; accountability; and funding. This is by no means a comprehensive checklist. However, these four issues raise some of the problems with which BBC management have to wrestle.

Commercialisation

One of the strategic dilemmas for the BBC in the digital age is the reconciliation of its role as a national public service broadcaster with its ambitions to be a commercial media player in the global marketplace. The 1994 White Paper on the future of the BBC approved the transition of the Corporation into an international multi-media enterprise and supported moves to develop its commercial services, especially in international markets. In particular, the government backed initiatives by the Corporation such as World Service Television, which began broadcasting in 1991, and the joint venture with Pearson, announced in 1994, for developing international television services. During the 1990s the BBC has sought to develop its commercial activities with initiatives such as BBC Worldwide (see Steemers 1998, p.114 for details of some of the Corporation's main commercial activities).
Currie and Siner argue that it makes good sense for the BBC to realise the value of its products in the broader commercial marketplace, both at home and overseas, through sales, licensing and joint ventures, so as to increase the resources available to plough back into public service broadcasting (Currie and Siner 1999, p.74). It is the mechanics of separating public service from commercial operations which mainly concern them, so that the public service broadcast role is not adversely affected by the Corporation's commercial activities. This support in principle and concern with detail in practice is shared by Collins and Murroni (Collins and Murroni 1996, pp.146-150).

Other commentators are less sanguine. Steemers argues that an emphasis on commercial activities 'could compromise the public service mission in the long term' (Steemers 1998, p.113). She argues that 'it may be too tempting in the end for commercial (and increasingly global) goals to take over from public (and domestic) goals, resulting in a narrower cultural diversity concentrated in the hands of one dominant public supplier' (Steemers 1998, p.116). Graham and Davies go further, arguing that 'Faced with a squeeze on its relative position the BBC should not (original authors' emphasis) seek to expand commercial income because the scope for doing so without prejudicing the public service role is extremely limited' (Graham and Davies 1997, p.64).

The growing emphasis on the BBC's commercial purposes in the international marketplace has been accompanied by internal managerial reforms designed to introduce business practices into the functioning of the corporation. Conservative governments of the 1980s and early 90s considered the BBC to be badly managed and profligate with its resources. Value for money and efficiency were trumpeted in government documents as important performance indicators. A new managerialist ethos, associated with the director general, John Birt, underpinned a major reform of the Corporation's structures and functioning.

In 1993 Birt set up an internal market within the Corporation - Producer Choice - to promote value for money and cost transparency. Producer Choice devolved budgetary responsibility to programme producers and allowed them the freedom to buy the services they needed to make a programme from wherever they obtained the best quality and price, whether inside or outside the BBC (Barnett and Curry 1994, pp.180-196). The Birt reforms were integral to the policy of turning the Corporation 'into a more effective commercial operator that will be able to use its obvious strengths and reputation to take advantage of global opportunities' (Robins and Cornford 1993, pp.18-19).

Proponents of this system argued that it would keep down production costs and improve efficiency by opening up the Corporation to new external service providers. It would also boost the role of the independent sector as a programming supplier to the BBC, thus helping the Corporation meet its new statutory obligations in this area. Opponents argued that Producer Choice would result in valued areas of high quality BBC expertise disappearing, leading to a de-skilling of the BBC workforce and an undesirable casualization of employment. They also contended that the apparent devolution of budgetary control had been
accompanied in reality by a greater centralisation of decision making (Mackie 1994, pp.12-25).

The process of institutional change has certainly been a painful one for many at the Corporation, with the introduction of new management practices leading to bewilderment and demoralisation among some staff, including producers, journalists, technicians and administrative personnel (Tusa 1994). For example, in 1993 the veteran BBC correspondent in India, Mark Tully, argued that editorial centralisation, another feature of the Birt revolution, was leading to a climate of fear in the BBC. Paradoxically, therefore, while institutional reform was perceived by BBC management as a response to financial and market pressures, it was regarded by many in the Corporation as part of the problem rather than the solution. In the eyes of some, under Birt the culture and practices of the Corporation have been so extensively reformed that the commercializing and privatizing policy objectives of the Conservative government in the 1990s have been achieved by a more circuitous route than that pursued during the Thatcher premiership.

**Politcisation**

The BBC has always been an institution within the Constitution, supporting the values and institutions of British parliamentary democracy. In its own eyes the Corporation is impartial in its political coverage, while the government is supposed not to interfere in the day-to-day management of the Corporation. This has contributed to the proclaimed political independence of the Corporation. Even if in practice the concept of political independence needs to be situated largely within a framework of mainstream or constitutional politics, the notion of non-partisanship in a party political sense is crucial to the legitimacy of the organisation in the eyes of both its own editorial staff and public opinion. A government (or party) controlled broadcasting service could not aspire to fulfil the aspirations of a public service broadcaster.

While the structural ties between the BBC and the government demonstrate that the notion of political independence is in fact constrained, the Corporation cannot afford to lay itself open to the charge of being subservient to the executive. This was what happened during the Thatcher premiership when spectacular clashes over sensitive political issues such as coverage of the Falklands conflict or the troubles in Northern Ireland brought down governmental retribution on BBC managerial and editorial staff (Seaton 1994). Appointments to the board of governors also appeared motivated by narrowly partisan political considerations.

While the New Labour government has not sought a conflictual relationship with the BBC, there have been incidents of public governmental displeasure with the political coverage of the Corporation. It is not impossible to foresee a government in electoral problems in the future trying to abuse its privileged position (powers of appointment to the board of governors,
power to set the licence fee) to try to shape the Corporation's political agenda and issue coverage. Political interference in the BBC, and especially in its political information function, undermines the aura of political independence which is integral to its claim to act as a public service broadcaster.

Accountability

In theory public service broadcasters are accountable to their audiences through regulatory supervision, with the relevant regulatory body reporting to Parliament. In practice the idea that the BBC is accountable to its audience through its board of governors - the trustees of the public interest - has little meaning for most of the audience. The board of governors is not democratically elected, nor is it representative of the diversity of British society, nor do its reporting mechanisms ensure that the public is kept in touch with developments and able to give feedback.

The 1994 White Paper on the BBC eschewed radical reform in this area, preferring to tinker with the established arrangements. In particular, the composition of the board of governors and the means of appointment (by the Queen in Council on the recommendation of the government) were confirmed. The White Paper argued that the governors should stay clear of the day-to-day executive management of the Corporation, though it also recommended that the board should include people with international business experience and commercial awareness to enable it to exercise effectively a strategic oversight of the whole range of the BBC's operations (DNH 1994, p.25). The criticism that the board was unrepresentative of the audience in terms of political views, social class, gender and ethnic make-up was peremptorily dismissed as irrelevant (DNH 1994, p.40).

Such conservatism is hardly satisfactory. If the board of governors is retained in the future, there is a clear need to open up membership to a wider political and social constituency. This would include representatives of the arts and the world of culture, as well as increased representation of the regions, ethnic minorities and women. The proposal put forward by Collins and Murroni that the board should be chosen by the relevant House of Commons Select Committee in an open and public selection process is a useful step forward in this regard (Collins and Murroni 1996, pp.154-156).

Funding

The issue of BBC funding is scarcely a new one on the political agenda. The amount of BBC income from the licence fee is principally dependent on the number of licence fee payers, the application of differential rates (for example, for colour reception) and the level of the individual fee set by government. The saturation of the television set market, the end of the successful viewer switchover to colour and the unwillingness of successive governments to
increase the annual licence fee in line with the Corporation's perceived needs has led to the BBC operating under severe financial constraints since the mid-1980s (Graham and Davies 1997, pp.47-49). Squeezed on the income front, the Corporation has also had to face increased costs as a result of the extension of programme schedules and rising labour costs.

The principle of licence fee funding for the Corporation for the immediate future is now accepted by government. This contrasts with the attempts by the Thatcher government in the 1980s to foist advertising on the BBC and thus bring it into line with several public broadcasters in continental European countries (for example, France, Germany and Italy) which combine licence fee funding with advertising revenue. Government pressure on the BBC to accept advertising had disappeared by the early 1990s. The 1992 Green Paper on the BBC, for example, argued that while the licence fee was an oddity, with all television viewers being obliged to pay it irrespective of whether they watched or liked many BBC programmes, '... so far, no-one has devised an obviously better system' (DNH 1992, p.31). Having constantly reiterated a case in defence of the licence fee as the primary revenue source for its core services, the BBC is not surprisingly perfectly happy with this situation.

In the short term, therefore, the issue is how to ensure that the level of licence funding is adequate for the Corporation to meet its many commitments. Pegging the licence fee to the Retail Price Index (RPI), as was the case after 1986, effectively squeezed the real level of BBC income. The government has recently set up yet another review of the BBC and in particular its funding. A higher licence fee for digital television has been mooted, as well as linking the fee to labour costs in broadcasting rather than the RPI.

It is likely that the more worrying problem for the BBC in the future will not be so much the level of licence income, but the principle of the licence fee itself. In a competitive multi-channel environment, with numerous new sources of programme product for consumers to access, audiences will inevitably fragment. If the BBC's market share drops significantly, then its claim to function effectively as a public service broadcaster will be severely, and perhaps fatally, undermined.

Yet even the Peacock committee recognised the need for public subsidy for some types of programming. Certainly as much of the media comes into the ownership and control of a few multimedia companies, the BBC can claim that it represents a public sphere which acts as a forum for the interchange of differing views and opinions and that the licence fee is a sound mechanism for ensuring that the Corporation is not tied to one segment of the audience, a particular social class or business group. The BBC will continue to push the case that in a civilised and cultured society part of the broadcasting system should not be subject to the discipline of market forces or the tyranny of the majority. However, this will not be an easy case to sustain.

One contribution is a redefinition of the Corporation's links with the public in terms of audience reach rather than audience share. This is the argument that whatever its overall share of the market, the BBC will continue to be regularly used by a high proportion of the
audience for at least some services some of the time. Only if a significant proportion of its potential audience stop using the BBC altogether will the claim of the Corporation to act as a public service broadcaster be fatally threatened.

Certainly the attractiveness of the BBC to audiences in certain areas of programming has already been severely diminished by the increased competition for product. Programme rights to sporting events and movies are obvious cases in point. For example, the entry into the British television market of BSkyB has altered for ever the relationship between broadcasting and sport. Even as an analogue pay-tv broadcaster, once it had moved into profitability BSkyB could concentrate its attention on specific crowd pullers by outbidding the BBC for coverage of major sporting events, including live coverage of Premier League football matches. As more sporting events previously covered by free-to-air broadcasters are picked off by pay-tv, the claims of the BBC to serve this audience interest will ring increasingly hollow. Two phenomena are evident here. The first is an absolute decline in BBC sports coverage with the loss to BSkyB of specific events, such as England’s home games in the Five Nations rugby union championship. The second is a relative decline in terms of increased market provision elsewhere, notably on dedicated sports channels, which has raised audience expectations to levels which a generalist channel cannot hope to satisfy.

Regulation has been used to ring fence certain sporting events. The 1990 Broadcasting Act, for example, vetoed the exclusive showing of eight specific major sports events on a pay-per-view basis, including the FA Cup final, the Grand National, the Derby, the Wimbledon tennis finals and cricket Test matches in England. However, the 1990 Act did not prevent the transmission of these events on general subscription channels. While the 1996 Broadcasting Act tightened the protection of listed events, the concessions were ‘largely token’ (Goodwin 1998, p.153). Regulation may continue to be employed to target a few sporting events which are considered of importance to a wide national audience, but the economics of broadcasting and the financial power of BSkyB are likely to ensure that the BBC’s decline in sports coverage will continue. Decreasing provision in this and other programme genres will impact on audience reach as well as audience share.

Conclusion

Developments associated with the advent of the digital age, such as technological convergence, the expansion in information supply via different media conduits and the increasing power of global multimedia companies, have kept the issue of regulation at the heart of the communications policy debate in Britain throughout the 1990s. Economic regulation to prevent the abuse of dominant market positions in the media is accepted as a legitimate feature of public policy. The key questions to be resolved in this context have included the definition of relevant markets, the measurement of audience share across different media sectors and the most effective regulatory instruments to prevent the
emergence of monopoly control, including gateway control in digital television through conditional access systems and electronic programme guides. Some content regulation is also likely to be maintained for the foreseeable future as an important policy instrument, for example in the protection of certain standards of taste and decency, particularly for those media with an audience of a universal character.

The continued role of public service values and institutions in the digital age seems a more problematic policy issue. The support indicated by the government in its 1998 Green Paper for a continued place for public service broadcasting in a competitive, multi-channel television market raises as many questions as it answers. The intellectual case for the maintenance of public service values now seems to have been accepted at governmental level. However, the effective representation of those values in practice by public service broadcasting institutions such as the BBC is open to criticism.

In part this is because the BBC as an institution has spent a large part of the past decade and more on the defensive. During the Thatcher premiership the Corporation on occasion bore the full brunt of a hostile government, while the intellectual high ground in policy circles was captured by advocates of neo-liberal market solutions. During the Major premiership overt conflict with government may have been largely avoided. However, arguably this was achieved at the cost of both a more politically risk-averse and a more commercially-oriented Corporation. While institutional survival has been secured, the failure to develop clear public interest criteria (Feintuck 1999, p.157) and the pre-eminence of commercial logic (Steemers 1998, p.98) have resulted in an organisation which has often given the impression of having lost its way.

Does this matter? If the principle of public service values and the institutional embodiment of them can be analytically separated, then in theory the well-being of one public service organisation such as the BBC should not be overestimated. Other (and perhaps better) institutional vehicles for the promotion of public service values might flourish in a new communications environment. The contribution of Channel 4 since the early 1980s demonstrates that the BBC has no monopoly in promoting values such as social inclusion and citizenship. Moreover, there may be a need to place the debate within the wider context of what should be the level and extent of public provision across a range of communications media, rather than simply focus on public service broadcasting (Steemers 1998, p.108).

From such perspectives even a BBC with a firm sense of public service values may be neither necessary nor sufficient to ensure healthy public service provision in the digital age. Yet the desirability of other institutional vehicles for the promotion of public service values in broadcasting should not be championed at the expense of the BBC, which remains a central player in this respect within the British context. Nor should the need to move away from a specific focus on broadcasting to include other information and entertainment services be accompanied by a too hasty abandonment of the recognition of the continued importance of a public service broadcasting component for the foreseeable future.
It is simply not the case that public broadcasters like the BBC ‘are doomed whatever they do’ (Steemers 1998, p.116). This is too apocalyptic a vision of the future, which both overemphasises technological and economic determinism and underestimates the importance of societal attitudes and political will. For instance, if the BBC is to be a viable institutional embodiment of public service values it will certainly require continued and adequate levels of public funding. This in turn will depend on the level of popular and governmental support for the purposes of public broadcasting and the belief in the Corporation’s capacity to achieve those purposes. The trick, as ever, for the BBC will be to secure popular legitimacy without merely responding to market pressures and to win political backing without becoming an instrument of government. Nobody pretends that in the digital age of communications this is an easy task. But it is not an impossible one either.
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