

PUBLIC SERVICE BROAD- CASTING'S CONTINUED RUDE HEALTH

Chris Hanretty



BRITISH
ACADEMY

POLICY
CENTRE

Public service broadcasting's continued rude health

Chris Hanretty
April 2012

THE BRITISH ACADEMY

10–11 Carlton House Terrace

London SW1Y 5AH

www.britac.ac.uk

Registered Charity: Number 233176

© The British Academy 2012

Published April 2012

ISBN 978-0-85672-602-6

Designed by Soapbox, www.soapbox.co.uk

Printed by Smith & Watts

Contents

About the author	6
Executive summary	7
1 Introduction	13
2 Organisation	16
2.1 What is public service broadcasting?	16
2.2 What is a public service broadcaster?	18
2.3 How many public broadcasters are there?	20
2.4 How does legislation define public service broadcasting?	21
2.5 Service contracts: Definitions of objectives	25
2.6 Conclusions	26
3 Politics and money	28
3.1 De facto independence	28
3.2 De jure independence	31
3.3 Funding methods	35
3.4 Total public funding	36
3.5 Changes in funding mixes	37
3.6 Funding patterns	39
3.7 How volatile are these funding sources?	40
3.8 Do public funds match public willingness to pay?	43
3.9 Conclusions	46
4 Output	47
4.1 The 'right stuff': The kind of output	47
4.2 The quality of output (1): Expert judgements	50
4.3 The quality of output (2): Public perceptions	52
4.4 The information content of output: Hard versus soft news	54
4.5 The information content of output: Accuracy and covering all sides of the debate	55
4.6 Public-mindedness of output	59
4.7 Children's programming	61
4.8 Originality of output	63
4.9 Conclusions	65

5 Audiences	66
5.1 How has audience share varied over time?	66
5.2 How have audience shares varied as a function of the supply of TV channels?	68
5.3 How have audience shares varied as a function of output? Have public service broadcasters retained audience share at the cost of sacrificing meritorious programming?	69
5.4 Are there metrics comparable to audience share for other platforms? How do public service broadcasters fare in these aspects?	69
5.5 How are audiences affected by public service broadcasting output (I)? Political knowledge	73
5.6 How are audiences affected by public service broadcasting output (II)? Political engagement	74
5.7 How are audiences affected by public service broadcasting output (III)? National pride	75
5.8 Conclusions	78
6 Concluding remarks	79
A Sources of data	82
Bibliography	84
British Academy Policy Centre publications	87

List of tables

Table 2.1: Public service remit: Programme categories referenced	25
Table 3.1: Index of legal protection	32
Table 3.2: Willingness to pay for public service broadcasters	43
Table A.1: Countries included in analyses	82

List of figures

Figure 3.1: De facto independence by country	30
Figure 3.2: De jure independence by country	34
Figure 3.3: Funding mixes, most recent year	40
Figure 3.4: Funding volatility over time	42
Figure 4.1: 'Public service broadcaster output' by public funding, commercial and public service broadcasters	49
Figure 4.2: Mean share of awards, past twenty years	51
Figure 4.3: Accuracy and impartiality	58
Figure 4.4: First-run domestic productions	60
Figure 4.5: Children's programming	62
Figure 4.6: Repeat broadcasts	64
Figure 5.1: Audience shares over time	67
Figure 5.2: Public service broadcasters' website rankings, per country	71
Figure 5.3: National identity against public service broadcasting audience share	77

About the author

Dr Chris Hanretty is Lecturer in Politics at the University of East Anglia. He joined the University of East Anglia in 2010 from the European University Institute. Dr Hanretty's doctoral thesis, "The Political Independence of Public Service Broadcasters", won the inaugural François Mény Prize for the Best Comparative Study of European Institutions and has been published by Routledge as *Public Broadcasting and Political Interference*. His work has been published in *Electoral Studies* and the *British Journal of Political Science*. He previously studied Politics, Philosophy & Economics at St. Anne's College, University of Oxford, and has worked for the United Nations Human Settlements Programme (UN-HABITAT) and has observed elections for the Organisation for Security and Co-operation in Europe.

Executive summary

For the past thirty years, the state's role in funding broadcasting has been under attack. The rise of free market ideas and considerable scepticism regarding the role of the state and state-owned enterprises signalled a period of decreasing political support for public service broadcasting. The introduction of cable and satellite television and, subsequently, the advent of digital terrestrial television, have ended or considerably ameliorated previous problems of spectrum scarcity. Public service broadcasters have, in many cases, had to accept that competition in media markets is the default option.

Because of these developments, a declinist narrative has taken over the study of public service broadcasting. Academics such as Michael Tracey have concluded that public broadcasting has struggled to survive in the face of this political, ideological and technological change and is now experiencing a terminal decline (Tracey, 1998).

The purpose of this report is to give an overview of how public service broadcasters around the world are structured and funded, and what is required of them through law. The report examines the extent to which public service broadcasters' output is distinctive, of high quality and capable of making a difference. The report concentrates exclusively on television broadcasters and predominantly on broadcasters operating at a national level. This comparative perspective should enable policymakers to decide whether the objectives that they set for public broadcasters are commonly shared, and whether they are feasible. It suggests that public service broadcasting enjoys far ruder health than the declinist narrative suggests.

The report is divided into four sections: *organisation, politics and money, output* and *audiences*.

Organisation

There is an important distinction to be made between *public service broadcasting*, which is a specific type of broadcast content, and *public service broadcasters*, which are organisations to which public broadcasting is principally entrusted. This distinction is common in the UK, but is rare elsewhere, and almost unknown outside northern Europe.

Although few countries admit the possibility of public service broadcasting being carried out by commercial operators, all countries within the EU are required to specify the types of content that they expect public service broadcasters to carry. Public service remits – as found in legislation or in service contracts negotiated between the state and the broadcaster – vary considerably in their level of detail and in the programme categories that the public service broadcaster must satisfy. The UK and other English-speaking countries have a relatively ‘light touch’ approach, preferring only to specify news and cultural affairs as programme categories which public service broadcasters must offer. Other countries are far more prescriptive – though in some cases there seems to be an inverse relationship between the length of the obligations placed on the broadcasters and the satisfactoriness of the way in which the broadcaster discharges those obligations. Thus, subject to the limits imposed by EU law, policymakers should avoid imposing overly specific service contracts on public service broadcasters.

Politics and money

Public service broadcasters differ in their independence from the government of the day/government in power. Generally, public service broadcasters in the South of Europe are less independent, whilst broadcasters in the North are more independent. This is not an accident of geography: much of the variation in the independence of public service broadcasters can be explained by the size of the market for news in these countries. In the South of Europe, the market for news remained small, and journalists were easily co-opted.

Some of this variation, however, can be explained by the governance of the public service broadcaster – what we might label its *de jure* independence, as opposed to its *de facto* independence. Certain features of the governance of the public service broadcaster – funding by multi-year licence fee settlements, long terms for chief executives

and board members with security of tenure, limited ministerial involvement in granting permission for new operations or in approving borrowing – are associated with higher levels of de facto independence. More precarious funding regimes and shorter tenures for the top management of the broadcaster should therefore be resisted.

Funding for public service broadcasting has increased year on year whilst advertising revenues have fallen. Funding by licence fees or broadcast fees is the most popular method of funding public service broadcasters. Although a number of countries have moved from licence fees to direct state grants, this has typically only followed a long period of relative decline in the cost of the licence fee. Unlike direct state grants, licence fee funding provides relatively stable multi-year funding. Hypothecated taxes levied either on consumers or on business provide another relatively stable form of funding. Taxes levied on media companies form the basis for a new, Franco-Spanish funding model. These new tax revenues are the largest infusion of new public money into public service broadcasting in recent years.

Output

Considered in aggregate, the output of public service broadcasters is recognisably different from the output of commercial broadcasters. Additionally, the output of public service broadcasters that are principally or exclusively funded by public sources is different from the output of public service broadcasters that draw a large proportion of their income from commercial sources; funding sources matter.

These findings are based on a crude comparison of the proportion of time broadcast in several programme categories which form the core of the public service remit – news and current affairs, documentaries and arts and cultural programming. This finding also holds when we examine individual programme categories – public service broadcasters are more likely to broadcast hard news than commercial competitors, and are also more likely to broadcast children's programming.

There are reasons for believing that the output of public service broadcasters is generally of higher quality than the output of commercial broadcasters. Countries with a significant public component to their broadcast media perform well at international television festivals, and deliver high levels of audience satisfaction. The output of public service

broadcasters is also more likely to be domestically produced than that of commercial broadcasters. However, increasing the proportion of public funding received by a public service broadcaster will not lead to increases in domestic productions: higher shares of public funding are actually associated with fewer domestic productions and more repeats, as broadcasters with low shares of public funding satisfy their public service requirements by producing a larger number of low quality domestic chat-shows, or similar programmes.

Audiences

Public service broadcasters have generally seen their audience share erode. Those public service broadcasters which have maintained or increased audience share – including the BBC – are those that have faced domestic competition from other public service broadcasters. This erosion of audience share is largely due to the introduction of new free-to-air channels, a development which has also affected the major commercial broadcasters.

There is no particular link between the output of public service broadcasters and the drop in their audience share. On average, public service broadcasters lost audience share whether or not they shifted downmarket.

Although public service broadcasters are typically market leaders in audience share, their online presence is much more variable. More Britons and Austrians visit the BBC and ÖRF websites respectively than any other website producing original content.¹ In other countries – such as France and Italy – the broadcaster's website is not even amongst the top one hundred sites. These broadcasters face a difficult task ahead.

In terms of their effect on audiences, public service broadcasters seem to succeed in their aim of informing us and making us better citizens, although the evidence is not conclusive. Public service broadcasting is associated with higher levels of turnout in elections. Watching current affairs coverage on public service broadcasters is associated with higher levels of political knowledge, even after other factors are accounted for. The same, however, is true of watching commercial news and current

¹ Search engines and social media sites are, however, much more popular.

affairs coverage. Public service broadcasting only plays a unique role for those who have a low level of interest in politics and for whom public service broadcasting plays a 'Mary Poppins' role – it is the sugar that helps the medicine of political information go down.

Conclusions

Public service broadcasting is not doomed – or at least, the available evidence does not warrant the view that public service broadcasting faces immediate decline. The prediction that technological and political change would lead to the end of public service broadcasting is as about as successful a social scientific prediction as Marx's belief that the state would wither away: if it is happening at all, it is happening far more slowly and with much less alacrity than anyone suspected.

This report details a number of changes which call into question the prevailing declinist narrative. New public service broadcasters are being created. New funding methods are being introduced for existing public service broadcasters. Some (but not all) public service broadcasters are making inroads into new media, and recent literature shows that public service broadcasting has demonstrable beneficial effects for the polity. There are thus reasons for believing that public service broadcasting enjoys continued rude health.

These are all empirical claims. They do not answer the question of what role the state *ought* to play in media markets. They do, however, disarm arguments that start from the perceived necessity of dismantling public service broadcasting, as well as arguments that start from selective comparison.

The current rude health of public service broadcasting is also no guarantee of continued good standing and we can only hope that any changes to public service broadcasting systems will be proposed on a broad evidence base. When it comes to the evidence base it is important to note the following points:

First, *there is a lot we still don't know*. Public service broadcasters have sought for eighty years now to inform, educate and entertain. It is therefore somewhat embarrassing that there are no firm conclusions about the impact of public service broadcasting on the degree to which citizens are informed and educated. Fortunately, this field – of the

effects of comparative media systems – is a growth area, and two British-based social scientists (James Curran and Marina Popescu) are at the forefront.

Second, *Britain knows more than most*. The British analysis of public service broadcasting, particularly in terms of market impact, is extraordinarily sophisticated when compared across Europe. British regulators more often than not tend to be net exporters, rather than net importers, of analyses and regulatory tools.

Third, and finally, *politics matters* in public service broadcasting. The way in which politics matters for public service broadcasting is not clear, simple or unidirectional. It is therefore wrong-headed to insist on a given direction for public service broadcasting, given certain economic or technological claims of necessity. The scope and ambition of public service broadcasting is and remains, with certain constraints at the margin, a matter for our elected politicians to decide.

1 Introduction

Public service broadcasting is one of the most important cultural interventions pursued by modern democratic states. The state may spend slightly more on public libraries (Online Computer Library Center, 2003), but in no other field – be it opera, classical music, dance or the visual arts – does the state have such a heavy impact and recognisable organisational form. In no other field does the state so directly intervene in the production of cultural material, rather than in the subsidisation of its consumption. And in no other field is the state's role so obviously subject to the interplay of several competing factors, including technological, sociological, political and economic change.

For the past thirty years, the state's role in funding broadcasting has been under attack. These attacks have stemmed from political and technological changes. In politics, the rise of free market ideas and considerable scepticism regarding the role of the state and state-owned enterprises signalled a period of decreasing political support for public service broadcasting, either through the abolition of former public monopolies in broadcast television, or through enforced retrenchment for public service broadcasters already competing in a mixed economy of broadcasting. In technology, the introduction of cable and satellite television and, subsequently, the advent of digital terrestrial television, have ended or considerably ameliorated previous problems of spectrum scarcity. The state can no longer easily claim that broadcasting is a natural monopoly or oligopoly, and that intervention to prevent surpluses accruing to private monopolists or oligopolists is desirable, or that the limited number of competitors in the market prevents the free circulation of and competition between ideas which characterises, for example, the market for newspapers. Public service broadcasters have, in many cases, had to accept that competition in media markets is the default option, and that public service broadcasting must be justified on the basis either of market imperfections or externalities not captured by any market (Davies et al., 1999). Other considerations – such as the (re)

distributive impact of public service broadcasting, or the state's interest in the formation of an educated citizenry – have been given less play.

Because of these developments, a declinist narrative has taken over the study of public service broadcasting. A dozen years ago, Michael Tracey published a book entitled *The Decline and Fall of Public Service Broadcasting* (Tracey, 1998). The thesis implicit in his title was shared by a number of other commentators.

Comparison is a strength of this report. This report is based largely on a comparison of public service broadcasting across Europe and certain English-speaking countries. Comparing public service broadcasting is difficult because public service broadcasters often closely reflect the culture of the nations they serve. Comparison on the basis of cross-national categories may therefore ignore the role that the public service broadcaster plays in each country, which cannot be cashed out in broader terms. The reader who is looking for a discussion of the contribution made by public service broadcasting to national consciousness in Sweden, or Italy, or Germany, will likely be disappointed.

Nevertheless, comparison is particularly useful in this field. Firstly, many important questions facing public service broadcasters concern technological change. Other countries are likely to have developed answers to these questions. We would therefore be remiss or supremely arrogant to believe that these answers were not worthy of consideration.

Secondly, many of the most important questions concerning public service broadcasting cannot be easily answered on the basis of the experience of one country. Consider the amount of time that BBC domestic services devote to coverage of news and current affairs. At the moment, this time is funded by the licence fee. Would levels of coverage remain the same if the BBC were to be part-funded by commercial revenues? We cannot easily answer this question on the basis of British experience alone, because there has never been a British organisation in a position analogous to that of the BBC that has been partly funded by commercial revenues. Yet there have been such organisations elsewhere across Europe. Based on a comparison of their experience, we can see how much of a difference public funding makes for these issues – and thus what consequences certain policy measures might have.

Comparison requires good quality data that is broadly comparable. Such data is easily available for most European countries and for Australia

and Canada. The same cannot be said for the United States. Because of the fragmented nature of the US media market, and the affiliate nature of the public broadcasting system there, this report has little to say about the lessons that can be drawn from the US Corporation for Public Broadcasting. The model employed in the US – of a publicly funded corporation which disburses funds to programming companies (with one programming company, PBS, winning the lion's share) – is clearly of interest to many in Europe. Yet the amounts involved – \$420 million for the 2010 fiscal year (Corporation for Public Broadcasting, 2010) – are small in absolute terms, and miniscule in comparison to US GDP or total federal revenue, limiting the applicability of conclusions derived from this experience.

This report is divided into four further parts. The next part discusses the organisation of public service broadcasting, and the remit of public service broadcasters as defined in national legislation. The report then goes on to discuss two sensitive aspects of the public service broadcaster's operation – its relationship with politics, with particular reference to the degree of independence the broadcaster has, and its funding, in particular the percentage of funds derived from public sources. Whilst these parts discuss the 'inputs' of public service broadcasting, the last two parts of the report discuss its 'outputs' and consequences. Part Four discusses the differences in content between public service broadcasters and commercial broadcasters, and within the set of public service broadcasters. The final part of the report discusses the effects that this content has on audiences, and in particular the degree to which public service broadcasting makes us more informed citizens.

2 Organisation

2.1 What is public service broadcasting?

For both legal and conceptual reasons, we must distinguish between *public service broadcasting* – a type of content – and *public service broadcasters* – a type of organisation to which public service broadcasting is typically and primarily entrusted. Public service broadcasting is linear audiovisual content that shares certain characteristics, including, but not limited to,

- content that is in principle accessible by all;
- content that caters for all interests and tastes;
- content that caters to minority groups and interests;
- content that displays concern for 'national identity and community';
- content that aims at a high level of quality;
- content that aims to inform citizens in an impartial and independent manner.

These characteristics – which are a light paraphrase of certain characteristics first identified by the Broadcasting Research Unit twenty-five years ago (Broadcasting Research Unit, 1985) – are not intended to be exhaustive or definitive. Rather, they provide a working definition which allows us to investigate whether public service broadcasters do in fact broadcast content of this kind.

This definition refers to *purposive* language. Purposive language is important if we are to allow for the possibility that organisations asked to provide public service content might, in good faith, fail to do so. Purposive language is also important because it avoids focusing on particular means by which these objectives are achieved. One other purposive definition of public service broadcast content justifies the decision thusly:

Public service broadcasting should in future be defined in terms of its purposes and its characteristics rather than by specific genres (programme types). Many of the most successful examples of broadcasting over the past five years have defied traditional categorisation. Audiences are, for instance, drifting away from specialist arts, religious and current affairs programming (Ofcom, 2004, 10).

Although it is useful to know whether public service broadcasters are broadcasting programmes in genres such as arts and current affairs, these genres are only ever proxies for public service broadcast content, and should not be stipulated by our definition.

This definition also refers to '*broadcasting*', a concept that, in comparison with the concepts of 'the public' and 'service', has sometimes been considered unproblematic. This may not hold in the future. The internet has caused us to reconsider 'broadcasting' as opposed to other, rival concepts like 'narrowcasting', or the applicability of broadcasting to non-linear content. Nonetheless, characteristics similar to those listed above would also apply, making the necessary changes, to content which is not broadcast, but which is still in principle available to all, including but not limited to internet content or video over IP (Internet Protocol) with strong interactive elements.

Non-linear content also poses problems for the generalist character of public service broadcasting. One admirable characteristic of public service broadcasting is its ability, through scheduling strategies such as 'hammocking', to expose viewers to types of content that they would not have chosen of their own volition. This is often not the case with content delivered over the internet, which fulfils many of the purposes of public service broadcasting, but which is unlikely to gain cross-cutting exposure in the same way. Freely accessible educational content of the type delivered by the TED talks, or by lectures hosted on iTunes U, represents an enormous democratization of knowledge; but the viewership for these talks, as far as we can tell, is likely to be restricted to viewers already predisposed to this kind of content.

As the above list makes clear, 'public service broadcasting' is largely a property of *content*. 'Public service broadcasters' are organisations that have as their principal objective the broadcasting of such content. Public service broadcasters are neither a sufficient nor necessary condition for broadcast content that serves the public. Public service broadcasters may manifestly fail in their mission of providing suitable content: the

ghettoised public broadcasters of Greece and Turkey are two examples. Equally, commercial broadcasters in unregulated media markets may achieve high quality generalist and niche programming, though this is more likely when considering broadcasters funded by subscription and thus not available to all, something antithetical to the concept of public service broadcasting. (The US subscription network HBO is most commonly cited as an example of quality programming (in particular quality serial fiction) delivered through competitive markets; Sky Arts also attempts to produce quality programming, though it does so by concentrating on a particular 'quality genre', namely arts and cultural programming).

Focusing on public service content excludes, by implication, broader issues connected to a public service *ethos*. It might be the case that public service content is best produced by organisations that maintain a particular ethos of meritocracy, openness, professionalism and creativity; organisations that, though perhaps not risk-loving, are at least not risk-averse, and are prepared to tolerate artistic and popular failures in the name of greater success. Indeed, it would be strange if this were not the case. These aspects of organisational culture are extremely important. If I omit them here, it is not because they do not matter for the pursuit of the purposes listed above, but because their creation and maintenance are the responsibility of the management of public service organisations rather than policymakers.

2.2 What is a public service broadcaster?

Often, public service broadcasters are held to be something more than merely organisations that have as their principal aim the broadcasting of a certain type of content. In other work, I defined a public broadcaster as an organisation that

- has as a stated aim the provision of a broad range of content which is socially useful;
- is funded in large part by the state through general taxation revenue or a special hypothecated tax (including licence fees);
- principally broadcasts to residents of the same state that funds it;² and,

² Necessary to exclude external services such as Radio Free Europe or the BBC World Service.

- has the highest posts in the broadcaster appointed by state organ.

This definition includes most of the organisations that we commonly recognise as public service broadcasters. It excludes certain broadcasters that are described, either in legislation or in public debate, as public service broadcasters.

- Channel 4 in the UK is a public company in which the highest posts are appointed by a state organ – in this case, Ofcom. However, with the exception of free access to the airwaves and limited funding to cope with the transition to digital, the company is not funded in large part by the state, despite having a public service remit.
- ITV and Five in the UK face public service obligations, and are commonly described as 'commercial public service broadcasters' – but enjoy no state funding.
- As a publicly-owned broadcaster which (currently) receives no state funding, TV2 in Denmark is analogous to Channel 4 in the UK. Between 1988 and 2004, it received a portion of licence fee revenue.
- The Norwegian government has recently (December 2010) signed an agreement with TV2 (Kulturdepartment, 2010). TV2 will become a public service broadcaster, guaranteeing it a place as a must-carry channel, in exchange for keeping its headquarters in Bergen and promising to produce a hefty quota of Norwegian language programmes.

This idea of a commercial broadcast company following a public service remit in exchange for privileged access to the digital spectrum but without state funding is almost unknown outside of northern Europe. It was actively considered in Poland, where the Civic Platform/Polish People's Party government led by Donald Tusk had proposed the abolition of television licence fees and the creation of a public broadcasting fund for which commercial broadcasters could compete – but the plan was vetoed by President Lech Kaczyński (Masłowska, 2009).

Something close to this model is found in New Zealand. Television New Zealand was until 1999 funded by a licence fee, the value of which had been substantially eroded by inflation. It now receives a limited state grant in order to fulfil certain obligations under its Charter, and in addition competes for funding from NZ On Air, a government funding body which acts as a commissioner of public service programming, thus fulfilling one of the tasks that Ofcom envisaged for its Public Service

Publisher (Ofcom, 2007). Total state funding – including money won from NZ On Air – amounts to 10% of TVNZ's revenue; the remainder comes from commercial sources (Television New Zealand, 2010).

2.3 How many public broadcasters are there?

Every European country with the exception of Luxembourg has a public service broadcaster according to the strict definition given above. Important public service broadcasters are also found in Canada, Australia, Japan, South Korea and South Africa. Public service broadcasting, at national level, is uncommon in the Americas. The US public service broadcaster, the Corporation for Public Broadcasting, is a publisher-broadcaster only, with extremely low per capita levels of funding. In Latin America, only Chile and Argentina vaunt national public service broadcasters.

The number of public service broadcasters has increased over the past twenty years due to regional and supranational activity. The Franco-German channel Arte – funded by French and German licence fees – has won a non-negligible audience share in France (5%), a particularly impressive achievement given its relatively demanding artistic and cultural content. Euronews, the Europe-wide news channel part-financed by the European Commission, is another new supranational public service broadcaster, though its Europe-wide audience share is extremely small.

At the regional level, most of the growth in the number of public service broadcasters has come from Spain, where a majority of regions now have broadcasters that describe themselves as public service broadcasters. The smallest of these, *l'Ens Public de Radiotelevisió de les Illes Balears*, serves a population of just one million, or a population slightly larger than that of Birmingham. Regional public service broadcasting also plays a role in the Netherlands, though it forms part of the complex Dutch network of public broadcasting organisations.

2.4 How does legislation define public service broadcasting?

National legislation defines public service broadcasting in different ways. Broadly speaking, there are three approaches taken in the broadcasting legislation of major comparators: one approach, which emphasises

the 'Reithian trio' of objectives (to inform, educate and entertain) commonly found in English-speaking countries; a second approach, which emphasizes the contribution made by public service broadcasting to developing enlightened citizens, commonly found in Western and Central European countries; and a third, residual approach, which mentions a longer laundry list of objectives for public service broadcasting, and which is commonly found in Mediterranean countries.

The first approach is embodied by Canada, Australia and Ireland: in these countries the public service broadcaster shall, from least to most expansive,

"provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains"
[Canada, *Broadcasting Act 1991*, Art. 3].

or,

"provide... innovative and comprehensive broadcasting services of a high standard... broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the [national] community; and broadcasting programs of an educational nature"
[Australia, *Australian Broadcasting Corporation Act 1983*, § 6]

or,

"provide a comprehensive range of programmes in the Irish and English languages that reflect the cultural diversity of the whole island of Ireland, and include programmes that entertain, inform and educate, provide coverage of sporting, religious and cultural activities and cater for the expectations of the community generally as well as members of the community with special or minority interests and which, in every case, respect human dignity... provide programmes of news and current affairs... facilitate or assist contemporary cultural expression and encourage or promote innovation and experimentation in broadcasting"
[Ireland, *Broadcasting Act 2009*, Art. 114]

By contrast, legislation in France and Germany³ concentrates on public service broadcasting's role in forming enlightened citizens. This is shared, to a lesser extent, by Swedish legislation,⁴ which is rare in specifying that the broadcaster should be independent, not only of political power-holders, but also of powerful economic forces within society.

In these countries, public service broadcasters are

"a medium and a factor in the process of the formation of free individual and public opinion through the production and transmission of their [programming] offers, thereby serving the democratic, social and cultural needs of society... [they shall] provide a comprehensive overview of international, European, national and regional events in all major areas of life [and] further international understanding, European integration, and the [sic] social cohesion on the federal and state levels. Their offers shall serve education, information, consultation and entertainment. They must in particular provide contributions on culture"

[Germany, *Rundfunkstaatsvertrag*, 13th edition, translation by the Medienanstalten, www.die-medienanstalten.de/]

and provide

"a range of audiovisual communication services available through different media... which, by their diversity, contribute to the pluralism of strands of thought and opinion and to the creation and the production of programmes [and which] allow the public to exercise a free choice through programmes which guarantee the expression of different opinions, all the while respecting the imperative of truthfulness of information"

[France, *Décret no 2009-796 du 23 juin 2009 fixant le cahier des charges de la société nationale de programme France Télévisions*, Art. 2, author's translation]

and also

"offer a diverse range of programme output encompassing both programmes with broad impact and more specialised programme

3 Technically, public broadcasting in Germany is governed not by legislation but by a treaty agreed by the several Länder.

4 Again, not strictly legislation but rather an agreement between the state and the public broadcaster.

types. High quality and innovative programme formats and content shall distinguish programme activity... The programme output shall mirror conditions throughout the country and shall, as a whole, be marked by the desire for continued education... [the broadcaster] shall oversee the impact of programming on the free formation of opinion and space shall be given to a plurality of views and expressions"

[Sweden, *Sändningstillstånd för Sveriges Television*, § 9, author's translation]

Spanish and Italian legislation is somewhat difficult to characterise. In both cases, there is little specific attention to the issue of defining public service broadcasting. What mention there is largely concerns the objectives of programming that is diverse and high in quality, and respects certain values – there is no mention of the further functions that such programming should serve, or groups for whom this programming will be useful. There is, in other words, little distinction between quality broadcasting and public service broadcasting.

"[the broadcaster's tasks include] the production, editing and broadcast of a range of radio and television channels and interactive media and internet services, with a diverse but balanced range of high quality content aimed at all sections of the public, covering all genres, and aimed at satisfying the needs of information, culture, education and entertainment present in Spanish society, reflecting its identity and linguistic and cultural diversity, and promoting pluralism and participation"

[Spain, *Mandato Marco de la Corporación RTVE*, author's translation]

"quality programming which respects the values and identity of the country, the feelings of viewers, and the rights of the child,... characterised by a range of content and efficient production... which creates in citizens a positive perception of the programming of the public broadcaster and its mission vis-à-vis the offer of commercial broadcasters"

[Italy, *Contratto di Servizio 2007–2009*, Art. 2, author's translation]

What these two nations do share, however, is a laundry-list of values that should be respected by the broadcaster throughout its programming. The contract between the Italian public broadcaster Rai and the state, cited above, engages in histrionic over-specification of the values that the public service broadcaster should follow, and reads as follows:

“To this end, the following are recognised as priority objectives: the freedom, completeness, objectivity and pluralism of information; continued professional development of employees; the professional development of young journalists; the safe-guarding of the identity of the nation, of localities, and of linguistic minorities; the political and economic development of the country, and attendant problems of its modernisation, the evolution of political and economic relationships with European partners and the diffusion of the principal elements of their culture; information on the political, economic and social situation of countries outside the EU, with particular reference to least-developed countries; respect for the environment; representation of the realities of everyday life in the country; promotion of employment and the conditions for its exercise; the themes of civil rights, solidarity, the female condition and equal opportunity and integration; the security of citizens, the denunciation of violence, criminality, the disintegration of the social fabric and social marginalisation; attention to the family, and the protection of minors, weaker social classes, and the elderly”
 [Italy, *Contratto di Servizio 2007–2009*, Art. 2]

Whilst EU rules on state aid require legislators to explicitly define the remit of public service broadcasters (see Table 2.1), the exhaustively detailed approach taken in Mediterranean countries is not worth emulating. There seems to be an inverse relationship between the number of objectives specified and the degree to which the broadcaster fulfils them. The extensive references in both Spanish and Italian legislation to pluralism and diversity of voices are a reaction to the historic exclusion of certain voices from the broadcaster, rather than examples of objectives that draughtsman elsewhere might have included had they thought to do so.⁵ There is, therefore, no good reason not to leave the public service remit broad and not unduly specific.

5 The low levels of independence of the Spanish and Italian broadcasters are discussed below in part 3.

2.5 Service contracts: Definitions of objectives

Table 2.1: Public service remit: Programme categories referenced

	Australia (ABC)	Canada (CBC)	Ireland (RTÉ)	France (FT)	Italy (Rai)	Sweden (SVT)	Germany (ARD)	Spain (RTVE)
News & Current Affairs	X		X	X	X	X	X	X
Cultural	X		X	X	X	X	X	X
Educational	X			X	X	†		X
Children's				X	X	X		X
Film			X	X	X	X		
Ethnic/ cultural min.	†	X		?	?	X		
Linguistic min.	†	X	X	?	?			
Sporting				X				
Disabled				?		X		
Religious				X				
Scientific				X				

Legend: 'X' = this programme group/issue/area explicitly mentioned in legislation/statute/service contract; '?' = this programme group/issue/area mentioned but not as a specific programme category; blank = programme area not mentioned.

† Sweden: there is a separate educational broadcaster, Sveriges Utbildningsradio, which is supervised by the same foundation which supervises Sveriges Television, and provides educational programming. Australia: the Special Broadcasting Service acts as an external broadcaster, and has a special mission to provide multilingual and multicultural programming.

The same problems of over-specification can be seen in Table 2.1, which shows the obligations of the same eight public service broadcasters in eleven different programming categories. The table only shows those programme categories which are explicitly mentioned in the relevant text. Thus, although the service contract between the Italian state and Rai does not mention religious programming, it would be grossly mistaken to infer from this that there is no religious programming on the Italian public service broadcaster.

The table shows clearly that the core of the public service broadcaster remit lies in news, current affairs and cultural programming, and, to a lesser extent, in educational and children's programming. Other areas appear less systematically. Catering to ethnic, cultural and linguistic minorities is another important area, although the requirements are met in

different ways by different broadcasters. In some cases, as in Sweden, the requirement is 'mainstreamed' into programming; in others, such as Italy, there are linguistic and regional opt-outs. References to films are almost always references to the broadcasting of domestically produced films: France, Italy and Sweden all have domestically important film industries that receive considerable state support; the same cannot be said to quite the same degree for Ireland.

2.6 Conclusions

This section has shown that

- There is a difference between public service broadcasting and public service broadcasters, though only in Northern European countries are there commercial broadcasters with public service obligations.
- There is an increasing number of public service broadcasters in Europe, largely due to growth at regional level.
- Legislation varies in its goals for public service broadcasting: English-speaking countries want public service broadcasters to inform, educate and entertain; everyone else wants public service broadcasting to create enlightened citizens.
- The core of the public service broadcasting remit lies in news, current affairs and culture; English-speaking countries tend not to specify beyond this.

The EU influence

The European Union affects public service broadcasting in virtue of Articles 107 and 106(2) of the Treaty on the Functioning of the European Union. Article 107 states that state aid which distorts competition is not permissible. Article 106 (2) relaxes provisions on competition, including Article 107, insofar as they apply to state undertakings serving a general economic interest – such as public service broadcasters. The latitude given to European Union member states in public service broadcasting was further stressed by a Protocol attached to the Amsterdam Treaty, which stated that European Union treaty provisions would be

“without prejudice to the competence of Member States to provide for the funding of public service broadcasting insofar as such funding is granted to broadcasting organisations for the fulfilment of the public service remit as conferred, defined and organised by each Member State.”

These provisions, as interpreted by the European Court of Justice and the European Commission, have four main consequences for public service broadcasting:

- member states must define a 'public service remit', which may impose quantitative or qualitative requirements (the requirement for balanced and varied programming is explicitly recognised as such a qualitative requirement);
- that remit must be entrusted to one or more broadcasters "by means of an official act" (by legislation, contract, or binding terms of reference), and supervised;
- that broadcasters maintain a "clear and appropriate separation between public service activities and non-public service activities including a clear separation of accounts";
- that broadcasters not be over-compensated for their public service activities.

In practice, this has led to a proliferation of broad qualitative statements about public service remits in national legislation, and an increasing contractualisation of the relationship between state and public service broadcaster (Coppens and Saeys, 2006). Differences between member states largely concern the nature in which the public service remit is conferred on a broadcaster or broadcasters.

These requirements have not led to a flurry of Commission decisions or state aid case law. There have been about a dozen state-aid cases dealt with by the Commission in the past six years. Not all are particularly important – aid to Channel 4 to help with the transition to digital was raised with the Commission by a private competitor, but the Commission's investigation was withdrawn when the aid decision was wrapped up in a broader review. Some, however, have been more substantial: the BBC was forced to drop 'BBC Jam', the online educational service, after it failed to comply with the conditions placed on it by the European Commission. Not all of the Commission's influence over public service broadcasting policy is encompassed by state aid. The Commission also played a role in determining the funding for public service broadcasting in France and Spain (see §3.1).

3 Politics and money

Public service broadcasters depend on state authorities for their funding. The degree to which this is true varies across countries, and in some countries public service broadcasters rely on commercial sources for the majority of their funding. Yet even where public funding for broadcasting is limited, the state still has important powers over the public service broadcaster that are not faced by commercial broadcasters. As a result, the question of public service broadcasters' *independence from politics* is often raised – both on a structural level, and in terms of actual behaviour. This section of the report examines issues of independence, both *de jure* and *de facto*, before moving on to consider the funding of public service broadcasters, their volatility, and their degree of fit with public preferences.

3.1 *De facto* independence

There is a difference between how independent a broadcaster is *de jure*, and how independent it is *de facto*. Rare indeed is the legislation establishing a public service broadcaster which does not loudly proclaim the independence of the broadcaster from the government of the day. Yet these legislative guarantees may be cheap talk, and there may be a considerable divergence between the independence of the broadcaster, as found in legislation, and the actual practice of the broadcaster. Sometimes – as in the UK – the broadcaster may enjoy relatively few formal guarantees of independence, but may, despite this, demonstrate great independence of behaviour. The converse – where a public service broadcaster has many formal guarantees of independence which have little worth – is sadly more common.

In a previous work (Hanretty, 2011, 76), I examined this gap between *de jure* and *de facto* independence. There I described *de facto* independence as

“the degree to which employees of public service broadcasters take day to day decisions about their output or the output of subordinates, without receiving and acting on the basis of instructions, threats or other inducement from politicians, or the anticipation thereof; or considering whether the interests of those politicians would be harmed by particular choices about output”

In order to be able to gauge properly the degree of de facto independence across several broadcasters and still follow this definition, we would have to construct a running commentary on the decisions and motivations of several hundred journalists. Since this is impossible, we must rely on rather crude proxies of independence – but even these are difficult.

We cannot make easy inferences from content: in winner-takes-all systems, political control over the broadcaster often results in excessive coverage of the government of the day. Yet in proportional systems, political control over the broadcaster often results in excessively rigid division of coverage between the principal parties represented in parliament.

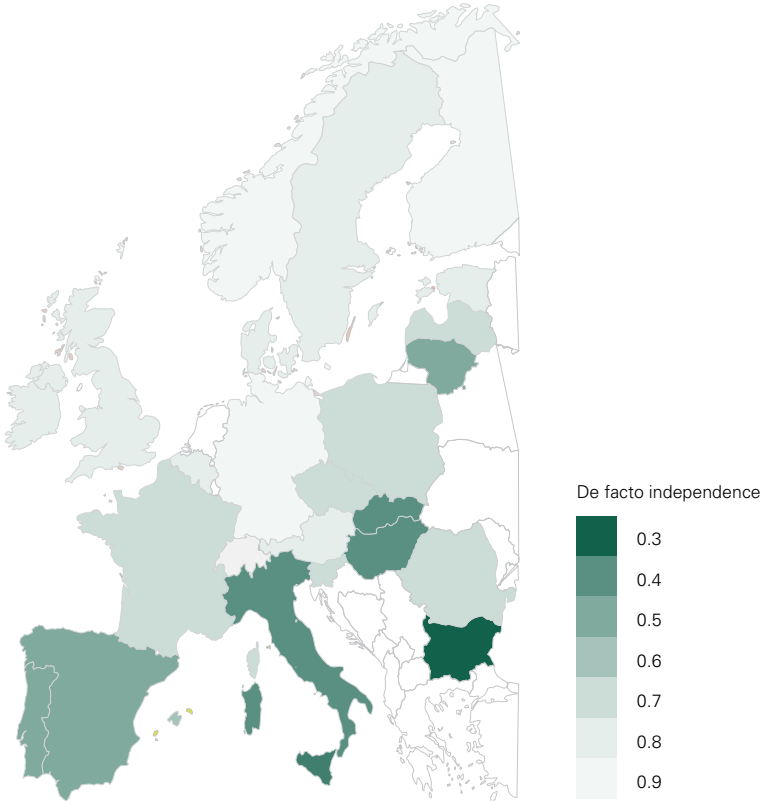
I therefore relied on a crude proxy of de facto independence based on the turnover of the chief executive of the broadcaster. The proxy measure is calculated on the basis of the average tenure of directors-general, and the number of times a change in government was followed by a change in the director-general of the broadcaster.⁶ Where directors-general have short spells in office, and where almost every new government is followed shortly after by a change in the director-general, we assume that the broadcaster is dependent of the government, and so we assign a low score. Conversely, where directors-general stay in office for longer spells, and where new governments do not, on the whole, lead to changes in the management of the broadcaster, then we can say that the broadcaster is relatively more independent.

Values for this proxy measure, which ranges between zero and one, are shown in Figure 3.1. The figure confirms many of our intuitions about the independence of broadcasters across Europe. Broadcasters in the

⁶ Formally, the measure is the average of two indicators, TOR (for turnover) and VUL (for political vulnerability). TOR is the reciprocal of the average tenure of directors-general in years; VUL is the fraction of government changes which were followed within six months by a change of director-general. TOR and VUL are averaged and then subtracted from one to get a measure of independence.

South and East of Europe are less independent, in de facto terms, than broadcasters in the North. Italy in particular scores very poorly.

Figure 3.1: De facto independence by country



Notes: not shown are the Australian Broadcasting Corporation (0.91); the Canadian Broadcasting Corporation (0.86); Japan's NHK (0.87) and the US Corporation for Public Broadcasting (0.75).

This measure should be treated with caution. It does not allow us to compare broadcasters at different points in time. We cannot, therefore, say whether the German broadcaster ZDF was more independent now or in the seventies. Nor should we attribute too much to positions at the top of the scale. A large number of countries have broadcasters with relatively high scores on this measure (>0.85); differences between this set of countries likely reflect country-specific variation in patterns

of executive turnover more than real differences in independence. Nevertheless, it is only once we have arrived at some measure of de facto independence that we can start to explain variation in independence. There are a number of candidates (culprits) in explaining de facto independence (or de facto subservience). One of the most obvious, and most important, is the de jure independence accorded to the broadcaster.

3.2 De jure independence

There is general agreement on many of the ways in which public service broadcasters' statutes can be crafted so as to maximise their de facto independence. 'Model' public service broadcasting laws generally specify long terms both for the broadcaster's board members and for its chief executive (appointed by the board); bans or imposing conditions on the dismissal of board members or chief executives; long funding windows and autonomy over borrowing and subsidiary operations, and a specified but limited reporting relationship with parliament and with the executive (Rumphorst, 1998). Based on laws like this, and on the extensive literature on central bank independence, I constructed an index of de jure independence, which is shown in Table 3.1.

Table 3.1 Index of legal protection

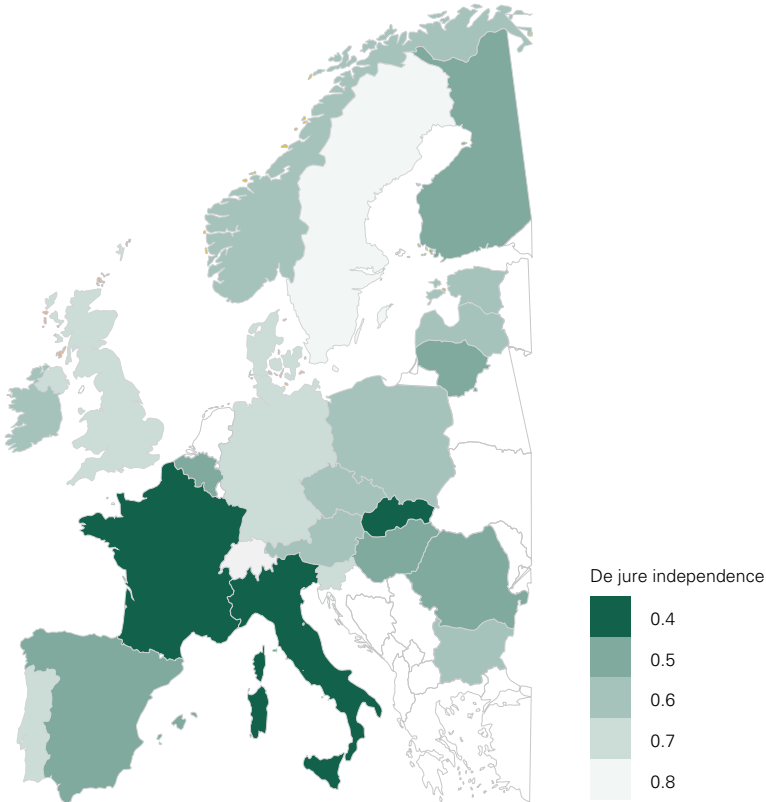
Sanctions	Appointments
Reporting to government:	Appointing body for first executive group:
no reporting requirement: 1	management board members: 1
annual written reporting: 0.66	complex mix of executive and legislature: 0.75
annual in-person report: 0.33	the legislature: 0.5
greater than annual in-person reporting: 0	the executive collectively: 0.25
Reporting to parliament:	one or two ministers: 0
no reporting requirement: 1	Tenure of first executive group:
annual written reporting: 0.66	more than six years: 1
annual in-person report: 0.33	six years: 0.8
greater than annual in-person reporting: 0	five years: 0.6
Borrowing:	four years: 0.4
unrestricted: 1	less than four years: 0.2
requires ministerial permission: 0	no fixed term: 0
New operations, sub-contracting:	Dismissal of first executive body:
unrestricted: 1	dismissal not possible: 1
requires ministerial permission: 0	dismissal for non-policy reasons: 0.5
State participation:	dismissal at appointing body's convenience: 0
independent foundation: 1	<i>Repeat for the second executive group (supervisory council, non-executive board, etc.) and average all scores over appointments.</i>
non-majority state participation: 0.5	
total or majority state participation: 0	
Term of service contracts:	
greater than six years: 1	
six years: 0.8	
five years: 0.6	
four years: 0.4	
three years: 0.2	
less than three years: 0	
Mechanisms for altering funding:	
automatically uprated licence fee: 1	
discretionally uprated licence fee: 0.75	

advertising: 0.5
pluriannual grant from parliament: 0.25
annual grant from parliament: 0

Source: Hanretty (2011).

There are thirteen items in total, and for each item provisions that imply more independence are scored more highly. These items are then averaged to give an overall score. These overall scores can be seen in Figure 3.2.

Figure 3.2: De jure independence by country



Not all of the orderings implied in the index are incontrovertible. The ordering of appointment methods, in particular, is debatable. Why should appointment by parliament imply a lesser dependence on politics than appointment by the executive? Surely it merely replaces one source of pressure with another? In any case, the scores for 'operations' are closely matched to the scores for 'appointments', making the question moot.

By using indices such as these, we can start to explain the actual – or de facto – independence of public service broadcasters. In previous work, I have shown that we can explain around half of the variation in de facto independence in terms of the de jure independence of the broadcaster and the size of the market for news in a country (the bigger the market,

the more independent the broadcaster). This second effect is more important (it explains about twice as much as *de jure* independence), and explains why broadcasters in the South of Europe are, on average, less independent.

Nevertheless, it follows from this work that

- increasing the executive's or the legislature's discretion over funding levels decreases independence;
- requiring ministerial permission for new operations or borrowing decreases independence;
- shorter terms for board members decrease independence;
- easier dismissal procedures decrease independence.

Many of these conclusions will, I am sure, be obvious to many readers. Nevertheless, there is some worth in stating them clearly and in being sure of the evidence base for such claims.

One of the items included in my index of *de jure* independence concerns the principal method by which the public service broadcaster is funded. I listed public grants as being least likely to promote independence, and multi-year licence fee settlements as most likely to promote independence. This finding has been contested (the official historian of the Australian Broadcasting Corporation believes that the change from licence fee funding to parliamentary appropriations in no way damaged the ABC's independence: Inglis 2006), but the considerable political and economic importance of the level of public funding for broadcasting makes a proper consideration of the methods by which broadcasters are funded essential.

3.3 Funding methods

Public service broadcasting, as delivered through public service broadcasters, costs money. Countries must decide where that money comes from – that is, the funding *mix* – and, for each funding mix and funding source, the appropriate *level*. Almost all funding for public service broadcasters comes from one of four main sources, which are listed below:

1. **Licence fees**, or **broadcast fees**, are used in just over half of the EU-25 countries, as well as in Japan, Norway and Switzerland. They require citizens to pay a fee to own a device capable of receiving

specified types of broadcast. The main structural decisions to make when considering a licence fee funding stream concern the class of devices for which a licence is required (which we might otherwise call the tax base), and whether or not the fee is collected by state authorities (as it is in France and Ireland) or by the broadcaster itself. The 'tax base' for licence fees is currently a matter of controversy in several countries.

2. **Public grants** are used to some extent by all countries with public service broadcasters, either to fund one-off costs (such as the transition to digital terrestrial), or to fund ancillary services of special interest to public authorities (the BBC World Service is currently a good example of this, though it will cease to be funded by Foreign and Commonwealth Office grants from 2014). Other countries, however, use public grants as the main source of funding for their public service broadcasters. This is true for the Baltic states, for the Low Countries, for Spain and Portugal, and for Australia and Canada. This is in many respects the simplest funding source: the principal structural decision concerns the duration of funding settlements.
3. **Hypothecated taxes** are the most heterodox and heterogeneous funding source. There are two types of hypothecated tax: taxes paid by citizens, and taxes paid by companies. In Greece, Turkey and Portugal, a specified percentage of consumers' electricity bills is earmarked to fund the public service broadcaster. Slovakia also has a form of this system, even if the taxes are still described as "concessionary fees" (Markechova, 2010). Hypothecated taxes levied exclusively on companies are rarer, but form the centre-piece of the new Spanish and French models of public service broadcasting financing.
4. **Commercial revenue**, whether from advertising or from programme sales, is part of the funding mix of even the most hair-shirted public service broadcaster. Only rarely does it provide most of the public service broadcaster's funding (Spain, Poland and Ireland are the only cases). However, this funding source cannot easily be substituted for other sources in a broadcaster's funding mix: EU rules on state aid make it difficult for commercial revenue to cross-subsidise broadcasters' public service obligations.

3.4 Total public funding

Total public funding for broadcasting has increased over the past five years. Worldwide, the four year compound annual growth rate for public

funding from 2005 to 2009 was 2.3% (Ofcom, 2010, p. 114). This compares favourably to static growth for advertising revenue, but is dwarfed by the increase in subscription revenue (9.1%).

These figures do not take into account more recent developments in the finance of public service broadcasters. On the one hand, they do not take into account the planned increases in public funding in France and Spain (see box-out), and thus may underestimate the growth of public funding. On the other hand, they do not take into account certain swingeing cuts in the budgets of broadcasters funded by direct state grants, such as those in Latvia, where the public service broadcaster was initially threatened with a 40% cut in its funding.

There is, therefore, no indication that public service broadcasters are being starved of funds when compared to (predominantly advertising-funded) commercial competitors. The absolute levels of growth in public funding are healthy, and the relative levels of income growth compared to growth from advertising revenues are even better – though some broadcasters will be hit by stagnation in this part of their funding mix. It is only in comparison with broadcasters that derive most of their revenue from subscription fees that the growth in public funding for broadcasting looks like thin gruel. Whether this continued growth in public funding indicates public or political satisfaction with the work of the public service broadcaster is discussed later (see Table 3.2).

3.5 Changes in funding mixes

These funding structures have changed over time. A number of the most important changes are as follows:

- The abolition of licence fees in Australia (1974), Hungary (2002), the Netherlands (2000), New Zealand (1999), Portugal (1992) and the Flemish language community in Belgium (2001).

In Australia and New Zealand, the abolition of the licence fee was preceded by a long real-terms decrease in its cost. In Portugal and Hungary, the situation is more complicated. In Hungary, all individual licence fees are notionally paid by the government; in Portugal, a separate “broadcasting contribution” finances both radio and television broadcasting. In Flanders, the licence fee was abolished; the licence fee was retained in Wallonia, but receipts from the licence

fee do not go directly to the broadcaster, which is why both broadcasters are listed as receiving public grants.

- The move to hypothecated taxes in Slovakia. The television licence fee was abolished in Slovakia and replaced by a system of hypothecated taxes levied on all individuals or corporations that purchase electricity. The new system ultimately led to a reduction in revenue for the public service broadcaster. The centre-right government elected in 2010 has promised to abolish this hypothecated tax, but it is not yet clear what they intend to replace it with. A referendum abolishing the tax failed on grounds of low turnout.
- The abolition of advertising on France Télévisions and RTVE (see box).

A new Franco-Spanish funding model?

The most important reforms of public service broadcasting in the past ten years have been those proposed and partially implemented in Spain and France. In Spain, the reform involved structural reform of the governance of the public service broadcaster RTVE, and a reform of its funding model. Reforms of the governance of the broadcaster were necessary to combat its limited political independence. For many years, the post of director-general had been effectively a position within the gift of the government of the day; and the impact of the supervisory council (to which the director-general theoretically reported) was negligible. This led to accusations of government interference. The Zapatero government elected in 2004 promised to reform the broadcaster to end government interference. Part of this reform involved a new funding model for the broadcaster. The new system for funding is established in *Ley 8/2009, de 28 de agosto, de financiación de la Corporación de Radio y Televisión Española* (Law 8/2009, of the 28th August, on the funding of the Spanish Radio and Television Corporation).

Article 2 of this law sets out three principal sources of funding:

- a tax on the use of the electromagnetic spectrum, of which RTVE shall receive no more than 80%, or 330m (whichever is lower);
- a tax on national commercial broadcasters equal to 3% of their gross operating income;
- a tax on audiovisual companies, equal to a smaller amount of yearly turnover;
- state funding from the general budget, in order to ensure continuity of funding.

Advertising is no longer a source of funding.

The reform of public service broadcasting funding in France was very similar, though there was no major reform of the broadcaster's governance, and the impetus for the reform came from Nicolas Sarkozy's decision, shortly after his election, to end advertising on France Télévisions. Future funding proposals were shaped around this requirement – and the hostility within the ruling UMP to any increase in the licence fee.

The Commission Copé, the commission asked to examine this proposal, proposed that the real value of the licence fee be restored to its 2002 level, and that two new taxes be introduced: a 0.5% tax on telecommunications companies and ISPs, and a tax of 1% on the advertising revenues of private television operators. The two taxes combined would have raised around €400 million. However, the abolition of advertising on France Télévisions has been suspended until 2014.

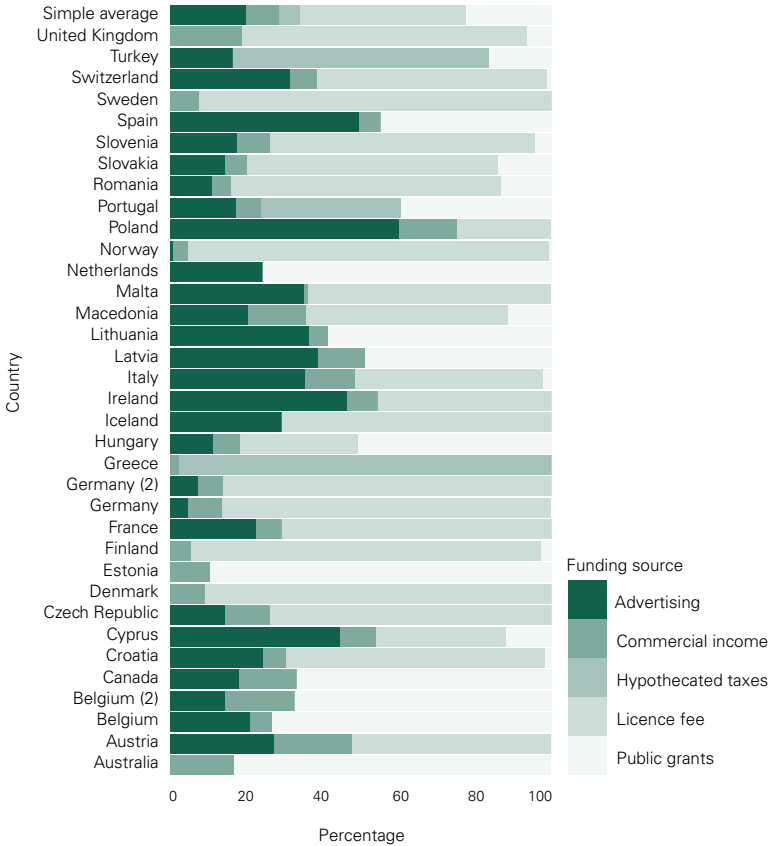
Both of these funding models have been called into question by the European Commission. The Commission did not find fault with the funding models on traditional state aid grounds, but rather on the basis that the tax on telecoms companies was in fact an administrative charge under Article 12 of a 2002 directive on Electronic Communications Networks and Services, but was not related to the cost of operating the network, and thus was not permissible. The Commission called on both Spain and France to discontinue the 'telecommunications tax' part of their funding packages. Quite why this tax is classed as an administrative charge, and how France and Spain will remedy the shortfall in revenue for their public service broadcasters, is not clear. The Spanish government intends to contest the Commission's decision.

3.6 Funding patterns

General information about the funding mix for different broadcasters is shown in figure 3.3. The figure shows the composition of revenues for a number of broadcasters for the last year for which comparable information was available, and precedes the major reforms of the French and Spanish funding models. Countries are ordered by increasing commercial revenue. The simple average given at the top of the chart is doubly misleading: first, because it takes no account of the population served by different public service broadcasters (and smaller countries tend to rely more on commercial revenue), and second, because few countries have such a complex funding structure. Rare are the countries

who employ more than one method of public funding; generally, the financial and audience performance of these broadcasters (the Turkish, Portuguese and Hungarian broadcasters) has been poor and not worthy of imitation.

Figure 3.3: Funding mixes, most recent year



Note: The figures given for Belgium refer to VRT and RTBF respectively; the figures given for Germany refer to ARD and ZDF.

3.7 How volatile are these funding sources?

These different funding methods have disadvantages and advantages. Countries that have moved away from licence fee funding have often

cited the administrative overhead of collecting licence fees and combating licence evasion (though admittedly these were countries with lower absolute levels of licence fee). Countries that have moved towards public grants have often cited the lower administrative overhead, as well as the progressive characteristic of funding through general taxation.

One important factor to consider when choosing funding systems is the volatility of the resultant funding. Earlier, I included type of funding system as part of my index of *de jure* independence, arguing that funding regimes where governments or parliaments enjoyed considerable discretion over the amount of money to give to the broadcaster *ipso facto* gave governments and parliaments more control over the broadcaster. Yet the discretionary nature of some funding regimes also matters even when there are no good reasons to suspect governments or parliaments of wishing to interfere in the broadcaster. Advertising, for example, is a revenue source which is subject to discretion – although here the discretion is independently exercised by many hundreds of advertisers.

If funding is discretionary and thus volatile, it may inhibit risk-taking behaviour. This certainly has been an argument employed by many public service broadcasters, who have argued that the licence fee preserves room for creativity; it is also found in academic research on creativity, which has repeatedly found that long-term orientations in an organisation are an important predictor of creativity (Andriopoulos, 2001).

Figure 3.4: Funding volatility over time

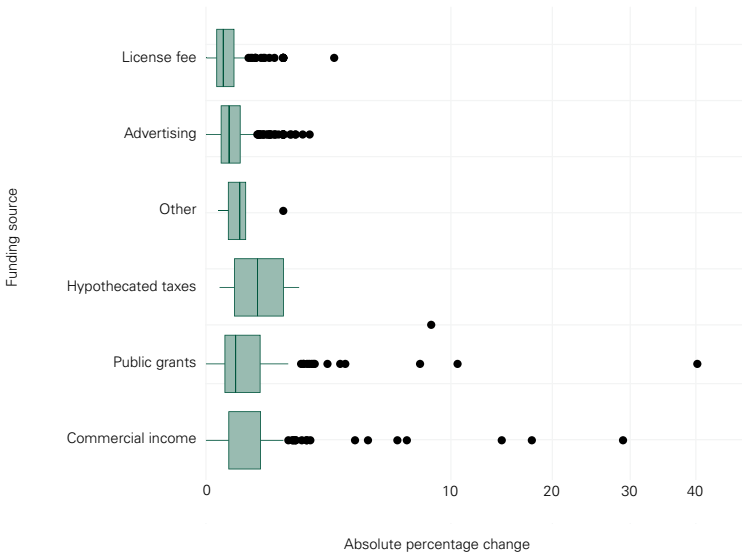


Figure 3.4 shows box-plots of the absolute changes in funding year to year by different sources. The notch in the box shows the median figure, but sources are arranged in order of increasing volatility. Because I have taken the absolute values, we cannot say whether the year-on-year changes are more generous for one funding source or another – but we can say that commercial income is the most volatile funding source, and that the licence fee is the least volatile funding source. There is a strong argument for the licence fee on the grounds that it provides the most stable funding source for broadcasters. Of all the public funding options, public grants are, as might be expected, the most volatile. Surprisingly, income from advertising is more stable than either hypothecated taxes or public grants, despite the vagaries of the advertising market. Public grants occasionally change by up to 40% year on year.

This figure may exaggerate the impact of certain funding systems. It may be that public service broadcasters that receive public grants are also likely to rely on advertising, and that public grants act as a stabiliser, exhibiting high volatility but compensating for the volatility of advertising revenue and so ensuring stable funding levels overall. Yet this kind of argument about cross-subsidies and stabilisation is more difficult to

make given the even more stringent restrictions on public funding that are required by the European Union.

3.8 Do public funds match public willingness to pay?

For all three forms of public funding discussed above (licence fees, hypothecated taxes and public grants), politicians set the level of public funding. (Public donations are the only funding model where this is not the case.) There is no guarantee that politicians will set the 'right' level of public funding for a given mix of content. Public service broadcasters are ferocious lobbyists, and may persuade politicians to grant excessive levels of public subsidy. Alternatively, politicians may seek to maximise their re-election prospects and suppress the level of public subsidy in order to avoid necessary tax rises.

Willingness-to-pay surveys can test whether current levels of public subsidy are excessive (insufficient), in the sense that they exceed (fall short of) the average amount which would be paid by a citizen if the public service broadcaster were to move to a subscription model. Willingness-to-pay surveys (also known as contingent valuation surveys) should be interpreted carefully: respondents are generally more willing to state that they would pay a certain amount than they are to actually pay that amount. Nevertheless, they are important for public goods that are not traded – most obviously for goods like the natural environment, but also for publicly-subsidised cultural activities.

Table 3.2: Willingness to pay for public service broadcasters

Country	Year	(Implied) cost of public funding	Difference	Source
Canada	1998	CAN\$5.75	-12.5%, 0.01%	Finn et al. (2003)
United Kingdom	2006	£11	4.7%	Fauth et al. (2006)
Australia	1994	AUS\$10.08	7%	cited in Powall and Withers (2000)†
Australia	2000	AUS\$3.08	30%	cited in Powall and Withers (2000)
Japan	2000	¥1,395	27.8%	Tsuji and Miyahara (2007)
Ireland	2000	€12.50	40%	Delaney and O'Toole (2004)

Note: all figures monthly.

†Powall and Withers (2000) figure for 1994 refers to arts and culture funding including support for public service broadcasting.

Table 3.2 shows the results of several studies on willingness to pay for public service broadcasting. Only in one case – Canada in 1998 – was the public willing to pay less than the implied cost to them of direct public grants paid to the broadcaster. This suggests that CBC's funding ought to have been cut or frozen for 1998 – and that the cuts imposed on the broadcaster of the previous three years, which cut its funding in real terms, could have been justified on the basis of public willingness to pay. (Alternately, the public might have been unwilling to pay much for the CBC precisely because it was dissatisfied with the new, lower levels of provisions that the cuts had required.)

In all the remaining countries, willingness-to-pay studies have shown that the public is willing to pay more than it currently does for public service broadcasting. There seems to be no difference between the funding methods used – Japan and Ireland, which have broadcasters that are in large part funded by licence fees, have the greatest difference between public willingness to pay and the cost of the licence fee. Yet public willingness to pay for the BBC only slightly exceeds the value of the licence fee (though respondents were told this prior to giving their willingness to pay, possibly creating an 'anchoring' effect).

There is, therefore, little evidence to suggest that licence fees or levels of public funding are 'excessive', for a particular understanding of 'excessive'. There are potential grounds for concern about the distribution of these results – most of the funding for such studies comes from broadcasters themselves, and these broadcasters are hardly disinterested funding bodies. Nevertheless, many of these countries are English-speaking democracies where criticism of the public service broadcaster from commercial competitors has been intense – if we should expect public dissatisfaction with licence fees/public support for broadcasting anywhere, it is in these countries.

Q: When is a licence fee not a licence fee?

A: When it's a broadcast fee...

Policymakers and public service broadcasters have often faced difficulties in defining the class of devices for which a licence fee must be paid. In two previous instances – the beginning of television broadcasts and the introduction of colour television respectively – the difficulty was resolved by creating a new tier of licence fee payable only by those who had new devices. Over time, some of this complex-

ity has been reduced – few countries still require radio owners to pay licence fees.

We are now entering a period of renewed complexity. There are two relevant issues here. The first is that there are new forms of broadcasting that require new categories of device – high definition television and 3D television respectively – and for which public service broadcasters will eventually have to produce new, costly content. There seems, however, to be no clamour for new categories of licence fee to fund this new content. Only Japan has introduced a new category of licence fee, and that was the introduction of a separate licence fee for NHK's satellite services.

The second issue is more pervasive. As a result of technological development and partial convergence between communications media, there has been a vast increase in the number of devices capable of receiving broadcasts typically funded by licence fees. In some instances, these are devices that, for the purposes of much legislation governing licence fees, are identical to television sets. Although mobile phones capable of receiving television broadcasts have not been popular in the UK, their use has caused problems for licensing authorities in countries where they have enjoyed wider take-up. This has been a particular issue in Italy, where the legislation governing licence fees dates back to a Fascist-era decree of 1938. In other instances, these new devices are capable of receiving content through internet video on-demand sites: any modern desktop, laptop or tablet computer, and many internet-equipped games consoles would be capable of receiving content over iPlayer or other similar video on-demand services.

There are two approaches to this issue. The first approach is simply to expand the class of devices to include PCs and other internet-equipped devices. This is the approach taken by Danish authorities. The 'media-licence' is payable by any household with a high-speed (256kb/s) internet connection, any computer with a TV-tuner, certain mobile phones or other tablet or PDA devices, as well as by those with a television.

A second approach is simply to decouple possession of a specified class of device and payment of a fee. This is the approach which Germany looks likely to take. In Germany, the public service broadcasters ARD, ZDF and Deutschlandradio commissioned a former constitutional court judge, Paul Kirchhof, to produce a report on the financing of public service broadcasting. Kirchhof recommended a move to a single

“household tax [which] would apply to each private household, regardless of whether or not the householder owns a reception device. The distinction between the basic and overall fee would be abolished, and replaced by a single charge for all households. Businesses would pay a business premises tax, depending on the number of employees. Low-income households would either remain exempt or would receive a State allowance to the value of the licence fee, payable with their housing benefit.”

Most of Kirchhof's other recommendations have already been met by the latest revision of the Inter-state Broadcasting Treaty. Whilst this solution is more elegant, the move to such a broadcast fee may cause problems of perceived unfairness for the small minority of households without any receiving device.

3.9 Conclusions

This section has shown that

- Public service broadcasters in the South and East of Europe are less independent from politics, in de facto terms, than broadcasters in the North of Europe and elsewhere.
- Part of this can be explained by the de jure independence these broadcasters have – the tenure and ease of dismissal of board members, the length of service contracts and so on.
- Funding for public service broadcasting has increased, and has increased more than advertising revenue but less than subscription revenue.
- Funding through licence fee remains the most popular option, perhaps because it ensures the most stable funding of all public funding sources.
- A new, Franco-Spanish model of funding public service broadcasting through taxes on operators in related sectors is emerging.

4 Output

4.1 The 'right stuff': The kind of output

The principal (if not exclusive) argument in favour of public service broadcasters is that they produce content which would not be produced, or would not be produced in such quantities, under a free market in broadcasting. Sometimes the presumed difference is a difference of degree: public service broadcasters produce the same kinds of content as commercial broadcasters, but they produce better quality content of that kind; or content which is better since domestically produced; or content which is better since it concentrates more on parts of a supposed national conversation, and so on. All of these differences of degree are tremendously difficult to tackle. I deal with the issue of quality partly in section 4.2.

Sometimes, however, the presumed difference is a difference in kind: public service broadcasters produce different kinds of content; or rather, they produce more of certain kinds of content, and in particular those kinds of content that have high public value. Typical examples include news and current affairs, documentary or other factual programming and arts and cultural programming. All of these programme genres have intrinsic merit. (The converse argument could also be made: public service broadcasters produce fewer kinds of content that have intrinsic nuisance value. Advertising would be one example.)

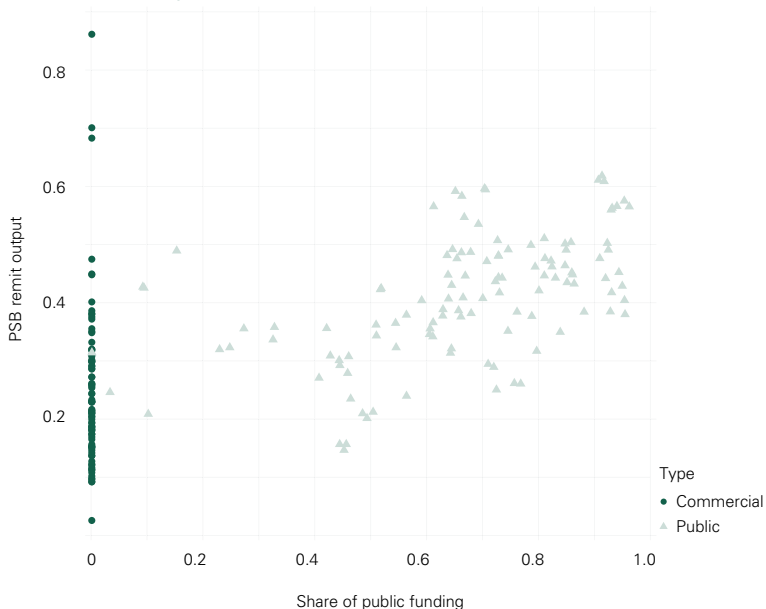
If public service broadcasters could be shown to produce more of these meritorious kinds of content, and in particular to produce more in direct correlation with a greater proportion of their revenue coming from public sources, this would be an important step in making the case for public service broadcasting.

Reliable, comparative data on broadcast content according to genre is difficult to come by. Exhaustive national data is available: the Swedish Radio and Television Authority annually produces reports on 'programme diversity' which make use of an extensive list of more than one hundred and forty programme categories (Asp, 2010).

At the European level, the only broadly comparable data is collected by the European Audiovisual Observatory (EAO). The categories employed by the EAO have changed over the period for which data is available (1994 onwards), with more fine-grained categories employed at the beginning of this period. The EAO now seems to have standardised on eight broad categories: Arts and music, Education, Sports, News, Entertainment, Fiction, Factual and Other. Sadly, this categorisation omits certain categories – such as children's programming – which might be thought to contribute to the public service remit as well as to others – such as advertising time as a percentage of broadcast time – which might be thought to detract from it.

Scholars have used this data to examine the contribution made by public funding to fulfilling the public service remit. John O'Hagan and Michael Jennings constructed a measure of 'public service remit' by using the proportion of hours broadcast in six categories: news, information, arts/humanities/sciences, education, religion (positively) and advertising (negatively weighted) (O'Hagan and Jennings, 2003). Using this index of public service remit, which ran from single percentages to around 60%, they regressed public service remit on the percentage of public funds received by each public service broadcaster. They found that for each percentage point increase in the share of public revenue received by the broadcaster, the index of public service remit went up by around 1.4 percentage points.

Figure 4.1: 'Public service broadcaster output' by public funding, commercial and public service broadcasters



This finding – for data from 2000 – still holds today, though the classification used by O’Hagan and Jennings cannot still be used due to changes in the way the EAO categorizes output. Figure 4.1 shows, on the vertical axis, the ‘public service remit’ of various broadcasters at various points in time. This index of ‘public service remit’ is simply the proportion of hours broadcast in the news, factual, and arts and culture categories. The figure also shows a simple regression line, which shows how public service remit increases with the public contribution to the broadcaster’s revenue. Because of the different categorisation, the results cannot be directly compared with O’Hagan and Jennings’ work, but every percentage point increase in the share of public revenue accruing to the broadcaster results in a quarter percentage point increase in the public service remit of the broadcaster. In other words, if a public broadcaster broadcasting 168 hours a week were to move from full public funding to three-quarters public funding, it would broadcast 10 fewer hours of public service content per week.

This finding is robust against a number of alternate specifications. One important alternate specification concerns the public service contribu-

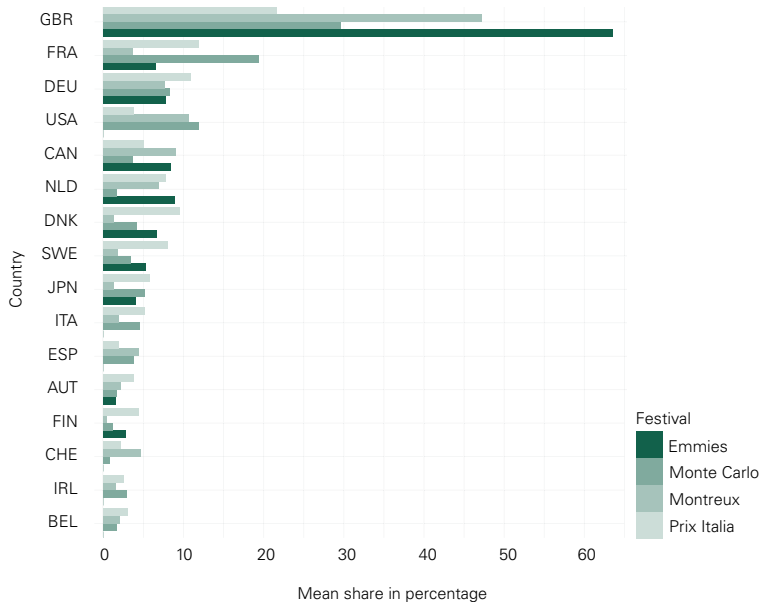
tion of commercial broadcasters. Just as not everything that public service broadcasters broadcast informs, enlightens or entertains, not everything that commercial broadcasters put out degrades, deforms or depresses. Indeed, two commercial broadcasters for three years broadcast more output in 'public service remit' categories than any other public service broadcaster – though this is rather misleading, as Icelandic Skjár 1 achieved this by devoting more than two thirds of broadcast time to music, and Greece's NET did so by devoting more than three-quarters of broadcast time to news. Neither could be described as a generalist channel.

Yet it might be that countries that have public service broadcasters that score highly on their public service remit also have commercial broadcasters that do well on the same metric, and therefore there is no loss in moving to a free market solution. Variations in "public service broadcaster remit" might just result from country effects rather than broadcaster effects. But even if we allow the point at which our regression line meets the vertical axis to vary (to account for a higher baseline level of quality in each country), the relationship between public funding and public service remit remains. More public funding results in more output in traditional public service categories.

4.2 The quality of output (1): Expert judgements

Talking intelligently about the quality of a given broadcast programme is difficult, and talking intelligently about the comparative quality of broadcast systems even more so. The notion of programme quality is itself multidimensional: producers evaluate quality differently to viewers (Born and Prosser, 2001), and viewers and producers talk differently about quality when asked to discuss quality in general and when asked to discuss the quality of specific programmes or programme genres (Meijer, 2005, p. 37, quoting others). One indicator of programme quality is the awards given to programmes at international television festivals. These indicators suffer from a number of weaknesses. They reflect producer evaluations of quality more than consumer evaluations. They may reflect a bias towards high-brow genres – in particular documentaries on political, environmental and international issues. Nevertheless, they are perhaps the only comparable judgements on programme quality that we have.

Figure 4.2: Mean share of awards, past twenty years



If these awards are good indicators of quality, the more awards that a given broadcaster or country wins, the better quality its programming. Accordingly, figure 4.2 shows the average share of all awards for the past twenty years won by broadcasters from sixteen countries at four different festivals – the Prix Italia, the Montreux Television Festival, the Monte Carlo Television Festival and the International Emmies. These different festivals have different priorities: the International Emmies are far less likely to go to programme-makers outside the Anglosphere. Nevertheless, country shares of awards between these four festivals are roughly consistent.⁷

In all four awards festivals, the UK is far ahead of its nearest competitors, France and Germany. This has not always been the case – in the early years of television, Britain lagged behind France, Germany and Italy – though, in a notable exception to the normal preference of these awards festivals for high-brow programming, Britain did manage to win prizes for the *Black & White Minstrel* show, a programme that, though

⁷ That is, the Spearman correlation between all of these different shares were above 0.75, suggesting that they all tap the same trait.

tremendously popular at the time, would not now be classed as 'quality programming'. US broadcasting companies (which do not compete in the International Emmies) fare comparatively poorly in the remaining three festivals. Of the remaining countries, small Northern European countries do comparatively well.

These rankings no doubt reflect a variety of complex factors. But if we had to bet on the share of awards won by a country, then the best single predictor would be the dollar amount of public funds devoted to public service broadcasting in that country. This predicts about two thirds of the variance that we see in the share of awards. It is a better predictor than the total funds available to the public service broadcaster, including commercial revenue (which nevertheless predicts about half of the variance), levels of GDP per capita (which do not have any statistically significant relationship with prize-winning) or total GDP (which again has no statistically significant relationship with prize-winning). This holds true even if we try to explain the share of awards won per capita. Again, GDP per capita and total GDP have no relationship with prize-winning.

Other factors still matter – even accounting for public funding, Britain performs disproportionately well at international awards festivals (and Germany and Italy do comparatively poorly: policymakers in these countries should ask about the programming and commissioning priorities of managers at their public service broadcasters). Nor do these findings imply that public service broadcasters themselves are uniquely responsible for the total haul of prizes won at such festivals: although the BBC does extremely well at the International Emmies, independent British producers also do well. What these findings do show, however, is that the amount of public funding devoted to broadcasting does lead to better quality of the kind recognised at these festivals.

4.3 The quality of output (2): Public perceptions

Expert judgments about quality are useful, but expert judgements are not always unbiased, and reliance on them sometimes leads to accusations of elitism or paternalism. Audience perceptions of programme quality would provide a useful check against expert judgements of quality – but unfortunately those measures which do exist do so primarily to compare the same broadcaster over time, and not to compare different broadcasters at the same point in time. Even if we could insist on identical question formats across different broadcasters, there is no

guarantee that audience perceptions of quality would be comparable. An important argument for public service broadcasting has often been that it can drive standards of quality up across the entire media system. Systems with a failing public service broadcaster may therefore be systems with generally low levels of quality. If audiences are unaware that higher standards of quality are possible, they may still rate the output of the public service broadcaster as having high quality, but from a lower starting point. The figures that follow should therefore not be used to directly compare broadcasters:

- In Australia, ABC reports that 78% of Australians believe the quality of programming on ABC is 'good or very good' (ABC, *Annual Report 2009–2010*).
- In Canada, CBC reports that the 'level of satisfaction with CBC's main television and radio services' is 88% – but no further information is given concerning the question format (CBC, *Annual Report 2009–10*).
- In Denmark, DR reports that 70% of Danes were satisfied with DR's overall output, where 'satisfied' users were those who rated DR at 7 or greater on a ten-point scale (DR, *DR:s Public Service-redegørelse 2009*).
- In Sweden, SVT reports that the average score on a zero to five scale for all of SVT's channels was 3.8 (SVT, *Sveriges Televisions public service-redovisning 2010*).
- In Italy, Rai provides a single figure summarising Italians' view of Rai as a public service on a one to 10 scale. The index reached 6.5 in November 2010 (Rai, *Corporate Reputation di Rai – Rilevazione novembre 2010*, available online at www.rai.it/)
- In the UK, in addition to the 'normal' Ofcom tracker of satisfaction (not easily compared to the other figures here), the BBC reports an average 'appreciation index' of 82 across all programmes, and an average score out of 10 of 6.4 for the BBC being 'high quality' (BBC, *Annual Report 2009/10*, 1–6).

In no instances where figures were also reported for commercial operators did commercial operators outperform the public service broadcaster.

The plethora of different question formats shows the difficulty of comparing across any one of these measures – as does the fact that some organisations provide multiple indicators which are very closely related (for example appreciation indexes averaged out across all programmes versus viewers' synthetic judgements as to the BBC's 'high' quality).

4.4 The information content of output: Hard versus soft news

The provision of news and current affairs is an important area for public service broadcasters. It is an area which is generally unprofitable for purely commercial operators, particularly for rolling news or international coverage. There is also a strong public interest in the provision of news and current affairs as an essential element in the formation of enlightened citizens. We have already seen above that news and current affairs, together with other 'meritorious' categories, is supplied more by public service broadcasters than by commercial broadcasters. This finding is fairly robust, and has been demonstrated at various points in time (Aalberg et al., 2010).

In the case of news and current affairs, however, we can go beyond crude measures of output and focus on the content. In particular, we can examine ratios between 'hard news' and 'soft news'. Whilst the distinction between soft and hard news has often been challenged, hard news topics – those concerning politics, public administration or business and the economy – are those that most contribute to the objective of forming enlightened citizens, and that are the hardest to present well (and are thus the least likely to feature in the news broadcasts of profit-maximising broadcasters).

There is ambiguous evidence with respect to the coverage of hard and soft news stories. An initial study by Curran, Iyengar, Brink Lund and Salovaara-Moring, comparing the US and the UK (as two 'commercial' media systems) with Finland and Denmark (as two more 'public-service' oriented systems) suggested that 'hard news' was more prevalent in Finland and Denmark, and thus that the greater the 'public service' component of the media system, the more prevalent hard news coverage would be (Curran et al., 2009). However, a follow-up study involving many of the same authors did not demonstrate any clear patterns – "the proportion of hard news given over to politics on American television was very similar to that in most European countries. It was more than in Sweden, the same as in Britain, and only a little less than the other three countries [Belgium, the Netherlands, and Norway]" (Aalberg et al., 2011). The key difference, according to the authors, was in the way in which political and economical affairs were portrayed – commercial broadcasters paid far more attention to 'process' and 'horse-race' stories (i.e. those dealing with who makes policy or wins elections, rather than concrete policies), with far less attention paid to substantive policy statements and issues.

The evidence for public service broadcasters gets better when we look at one particular example of 'hard news' that is almost impossible to portray easily or lightly as a horse-race – or indeed, as any kind of common spectator sport. Coverage of the European Union poses a difficult issue for broadcasters. Many of the substantive issues covered by the European Union are boring, there are multiple competing institutional centres of power, most of the principal actors are unknown to domestic audiences and it is typically difficult to reduce the narrative of major summits or negotiations to a simple them-v-us narrative (which does not stop some from trying). In summary, it is unlikely to imagine a hard news story less likely to be covered in depth by a profit-maximising broadcaster.

As we might therefore expect, there are significant differences between public and commercial broadcasters in the quantity of coverage of the European Union— even accounting for the greater proportion of broadcast time public service broadcasters allocate to news in general. Claes de Vreese, Susan A. Banducci, Holli A. Semetko and Hajo G. Boomgard found that “[European Parliament] elections were consistently more visible on public service broadcasting news programs than on private television news. This pattern was found in 1999 (with 6.3 percent of public news and 4.9 percent of private news devoted to the elections) and again in 2004 (with 9.5 percent of public news and 4.9 percent of private news devoted to the elections). While the share of European Parliament news on private news remained largely the same in 1999 and 2004, public service broadcasters increased the visibility of the elections” (De Vreese et al., 2006, p. 489).

4.5 The information content of output: Accuracy and covering all sides of the debate

We require of our public service broadcasters not only that they cover complex issues that are often not covered by commercial broadcasters, but also that they do so in an accurate and impartial manner. Part of this demand has already been discussed in section 3.1, which dealt with the independence from politics of public service broadcasters. Political pressure, however, is only one of the ways in which public service broadcasters might fail to discharge their duty of providing accurate and impartial information. Purely commercial news outlets, for example, do not face political pressure in the same way that public service broadcasters do – but they vary significantly in the accuracy of their reporting.

We need to examine whether, and why, public service broadcasters broadcast accurate and impartial information.

There are two common perspectives which bear on this question. One perspective can be broadly described as Miltonian, insofar as it believes that unfettered competition is, generally, truth-promoting. From this perspective, the accuracy of the information provided by a news outlet is a strong selling point; news outlets, in addition to competing on price, will compete on accuracy and impartiality. Consequently, “[p]ressure from audiences and rivals forces news outlets to seek and deliver more accurate information, just as market forces motivate auto-makers to produce better cars” (Mullainathan and Shleifer, 2005, 1032). In this perspective, public service broadcasters, (partially) sheltered as they are from market pressures, have reduced incentives to provide accurate information. Public service broadcasters would thus be no more likely to achieve accuracy and impartiality in their coverage than nationalised industries like British Leyland were to achieve excellence in their automobiles.

A second perspective characterises consumers’ interests somewhat differently. We know from research on media consumption that individuals derive satisfaction from consuming news that confirms their own biases, and rarely seek out information that challenges those same biases. If consumers are like this, and if media outlets know this, then incentive structures are radically challenged, and far from facing incentives to produce accurate information, media outlets now have considerable incentives to slant their coverage to particular groups of consumers. In one model of media slant (Mullainathan and Shleifer, 2005), the check on bias therefore comes not from competition, but from reader heterogeneity, which makes it more difficult for outlets to tailor their slant towards particular consumer groups.

Although Mullainathan and Shleifer (2005) did not consider public service broadcasters in their model of media slant, their argument can be extended into an argument for why public service broadcasters ought to provide more accurate and impartial information. Insofar as public service broadcasters, in their mission statements, are charged with delivering a wide range of content catering both to general interests and minority interests, their audience is typically extremely heterogeneous. Whilst news outlets with more homogeneous audiences might suffer, relatively speaking, by pursuing accurate information and toning down slant, for public service broadcasters

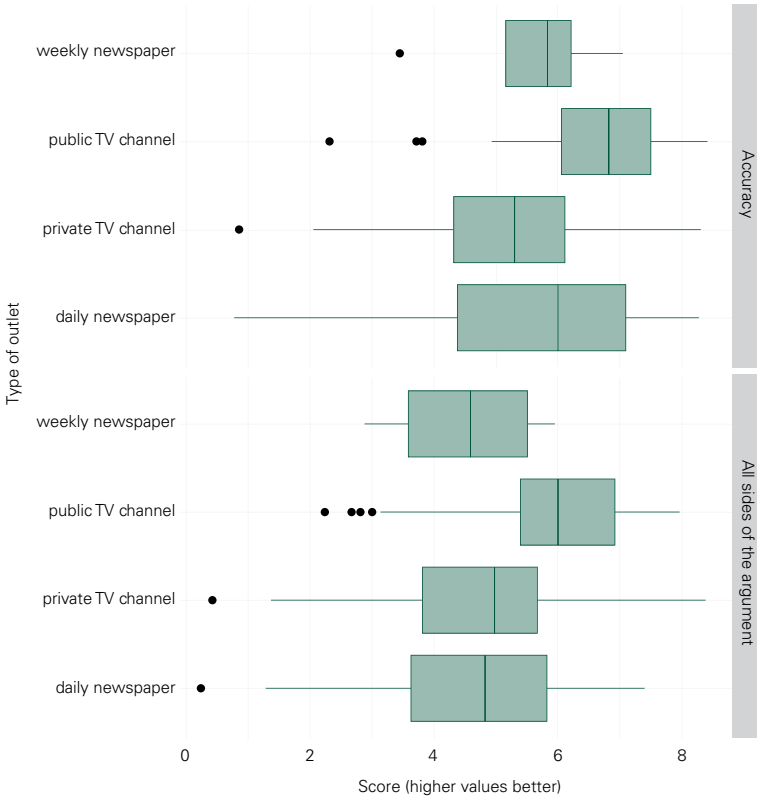
accurate and impartial information is the only way to preserve their current heterogeneous audience.

This, indeed, is what the data suggests. Because the accuracy and impartiality of media content are extremely difficult and time-consuming to measure on a comparative basis, Marina Popescu and José Santana Pereira resorted to surveying experts in the media systems of twenty-eight different European countries. They asked not just about systemic properties of the media, but also about the top seven outlets in each country – including public service broadcasters, commercial television operators and newspapers. Experts were asked to score each outlet on a ten-point scale responding to the following two questions in particular:

- To what extent does [OUTLET] in [COUNTRY] provide accurate information on facts backed by credible sources and expertise?
- To what extent does [OUTLET] in [COUNTRY] present well the arguments of all sides in political debates?

These two questions are closely related to the two concepts of accuracy and impartiality.

Figure 4.3: Accuracy and impartiality



We can, for each outlet, get the average score given by all the experts in that country. These scores are plotted in Figure 4.3, according to media type. The average for all public service broadcasters (indicated by the middle line in each box) is higher than the average for either commercial broadcasters or newspapers, both for accuracy and for presenting all sides of the argument. These differences are statistically significant. There are some downside risks – Rai Uno and Rai Due and the Moldovan public service broadcaster both have scores that are far below those of public service broadcasters in other countries, and indeed below those of the ‘average’ European private television channel or newspaper. Yet on the whole, public service broadcasters are characterised by more accurate and impartial information than commercial outlets.

This is important because it shows that public service broadcasters are, to some extent, capturing the positive externalities of accurate and impartial information. Society benefits if we all consume accurate and impartial information, but this positive benefit is not captured by the market for news as it stands. There is, therefore, an argument for public service broadcasting that results from a particular form of market failure in the market for news.

4.6 Public-mindedness of output

Part of the concept of public service broadcasting is that it should cater to an identifiable public. Whilst public service broadcasters may produce quality programming in meritorious categories, that quality should be quality *for* the public of a given polity – and perhaps also *by* that same polity. One way in which the public-mindedness of public service broadcasters can be gauged is by looking at the proportion of all content that is produced domestically. Domestic production can be expensive, and is almost always more expensive than important American programming, which is often dumped on overseas markets after American producers have met costs within their own domestic market.

We must distinguish between differences between public and commercial broadcasters, and differences within public service broadcasters. As far as differences between public and commercial broadcasters are concerned, there is ample evidence to suggest that public service broadcasters do broadcast more domestic content. In a study from 2001, researchers comparing seven media systems in six countries (Flanders and Wallonia were considered separate media markets) found that

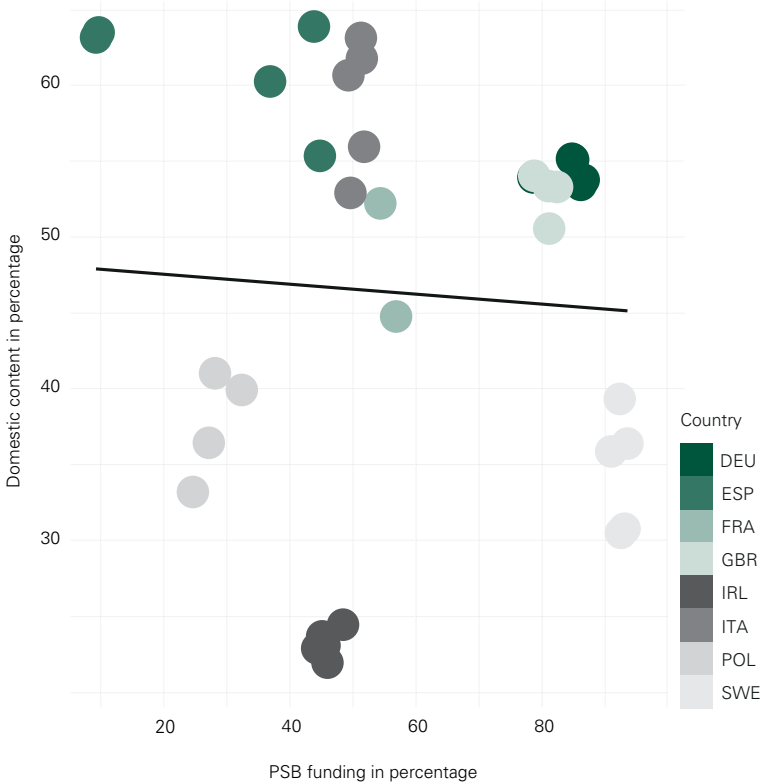
“when taking all programme categories into account (including news, entertainment, children’s programmes, etc.) the share of home-made productions amounts to 80% of broadcasting time on public channels and 48% on the commercial channels”

(De Bens and De Smaele, 2001, pp. 54, 57).

The difference between the two types of broadcaster is largely due to American imports, which made up 44% of broadcast time on commercial channels but only 11.5% on public channels. In general, the level of American imports depends on the size of the television market in a country, the level of English fluency and the number of private channels (Dupagne and Waterman (1999); note this finding has been challenged

by Meyer (2000)). The fewer private channels and the bigger the domestic market, the lower the level of American imports; paradoxically, higher levels of English fluency lead to lower levels of American imports.

Figure 4.4: First-run domestic productions



Within public service broadcasters, however, there are few systematic differences in domestic production. Figure 4.4 shows the percentage of first-run productions by eight different European public service broadcasters for 2004–2009 inclusive. There is no relationship between the proportion of public funds received by the broadcaster and the proportion of domestic content; if anything, the relationship is slightly negative. Some countries with relatively little public funding (Spain and Italy) have extremely high proportions of domestic programming, whilst some countries where public funding predominates (Sweden) have rather low proportions of domestic programming. A more important factor seems

to be market size: Poland, Ireland and Sweden have limited domestic markets, and so would struggle to produce large quantities of domestic television. This still does not explain why public service broadcasters in Germany and the UK, for example, should broadcast a lower proportion of domestic content than broadcasters in Italy or Spain. One explanation might be the tradition, in Italy at least, of long container shows such as 'Domenica In', memorably described by Stephen Gundle as "provid[ing] several hours of filler material (games, phone-ins, horoscopes, book, film and record presentations, songs, magic etc.) which is of little interest to anyone save perhaps the old and the sick" (Gundle, 1997, p. 71).

4.7 Children's programming

Earlier, I considered the accuracy and impartiality of news output as an important part of the quality of the broadcaster's output. Accuracy and impartiality are essential means by which public service broadcasters discharge their duty of forming informed and enlightened citizens (see 2.4). Another important way in which public service broadcasters form citizens is through providing programming for children.

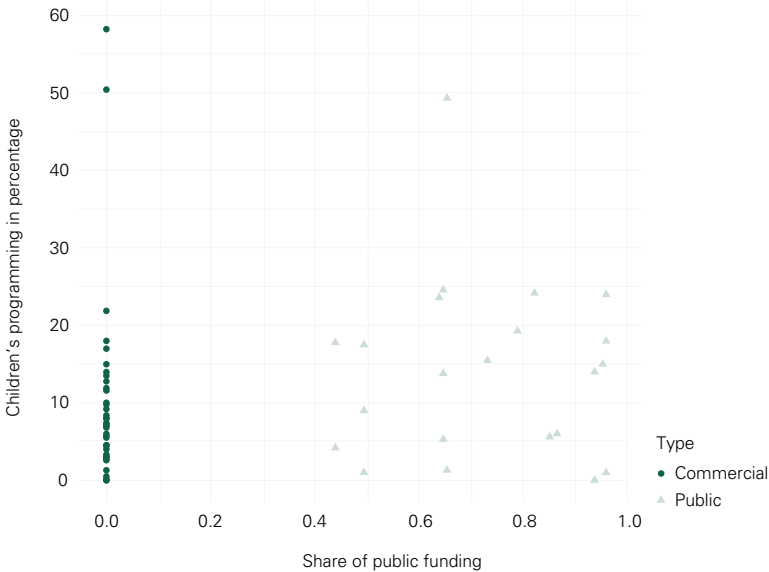
Children's programming is an area in which we would expect commercial broadcasters to underperform both in terms of quality and in terms of quantity. Advertising-funded commercial television is, in any case, a two-sided market, with broadcasters 'selling' content to viewers, and at the same time selling advertising space to retailers who hope to turn viewers into consumers of their products. In children's television, the causal chain between advertising and consumption is even more etiolated, as advertisers must rely on the 'pester-power' of children in order to turn their parents into consumers. It would seem therefore that, all other things being equal, broadcasters would divert resources away from children's programming, and into other categories of programming that could more easily and reliably attract advertisers.

This expectation is further bolstered by the UK experience, in which ITV has consistently pressed for a reduction in its obligations in terms of children's programming, and has imputed a considerable cost to the organisation of such programming.

It may therefore come as a surprise to see that there is no aggregate relationship between public funding and the *quantity* of children's programming on offer. If we plot a graph similar to Figure 4.1, but with per-

centage children's programming on the vertical axis, we see that there is almost no relationship between the percentage of public funding that a public service broadcaster receives, and the proportion of children's programming that it broadcasts. Nor are public service broadcasters, on average, more likely than commercial broadcasters to devote time to children's programming.

Figure 4.5: Children's programming



This counter-intuitive finding may result either from the imposition of specific quotas on public service broadcasters, or from a qualitative difference in the type of children's programming shown by public service broadcasters. That is, two broadcasters with very different funding models may devote the same amount of time to children's programming because they are both obliged to broadcast that amount, or because one broadcasts a certain (costly) amount of domestic production, whilst the other broadcasts an equal amount of imported animation.

Certainly, hard quotas on children's programming are found even in those jurisdictions with comparatively deregulated broadcasting markets:

- In the United States, the Children's Television Act requires every TV station to broadcast weekly at least three hours of 'core' educational programming between 7am and 10pm.
- In Australia, the "Children's Television Standard (CTS) requires licensees to broadcast 260 hours of children's 'C-classified programmes' each year (130 hours of which must be first-release Australian programmes) and 130 hours of Australian preschool programmes" (Screen Digest, 2007, 46).
- In Japan, commercial broadcasters have undertaken to broadcast at least three hours a week of children's programming.
- In France, the main commercial broadcaster TF1 must broadcast at least 1,000 hours of programming 'aimed at children' annually.

In terms of domestic production, however, there are no clear patterns. Considering the ratio between terrestrial broadcasters' expenditure on originated programmes versus acquired programmes, the USA has, as one might expect, one of the highest ratios, with only ten pence in every pound spent on terrestrial children's programming going to acquired programmes, a figure surpassed only by Canada. Finland and Denmark follow closely behind – and yet Norway and Sweden, countries that devote similar levels of attention to children's programming as to their public policy, have one of the lowest ratios, with one third and two fifths of programming expenditure respectively going on acquired programmes.⁸

It seems, therefore, that children's programming is a difficult issue for policymakers to address. It is an area where quotas have often been used, but where simple quotas can easily be circumvented by importing large amounts of foreign animation. Quotas that mix both criteria – such as Rai's obligation to spend part of its European production quota on children's programming – may satisfactorily address the problem, but only at the cost of limiting the broadcaster's room for manoeuvre.

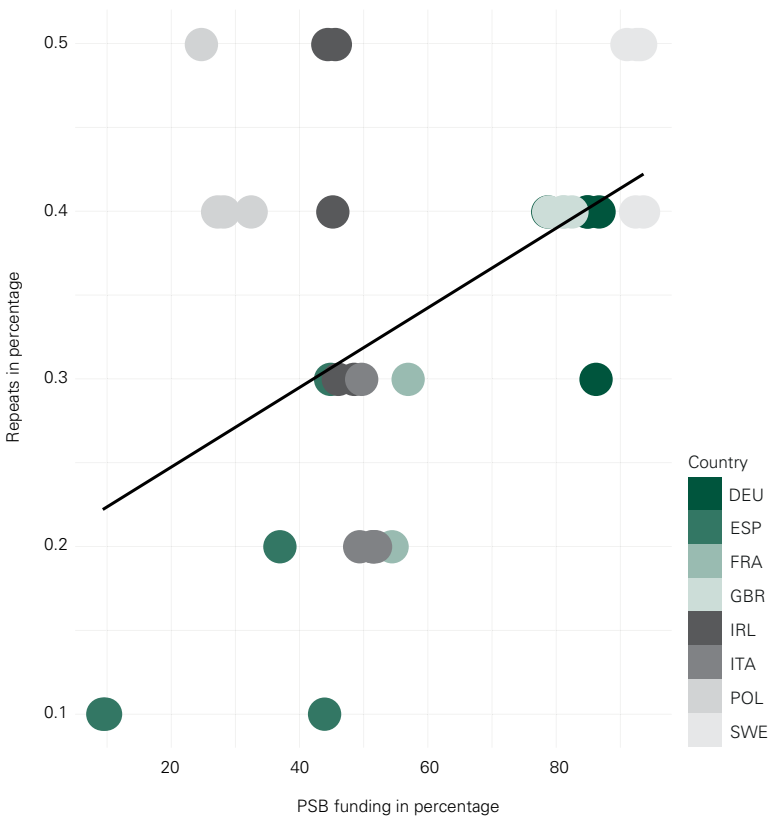
4.8 Originality of output

Not only are public service broadcasters expected to produce high quality programming, but that programming is also expected to be original. Whilst originality in this sense is more often intended to mean

8 All figures from Screen Digest

that programming should be a creative work incorporating elements not seen before, it can also be interpreted in a rather hum-drum fashion to refer to the overall output of the broadcaster, and whether broadcasting schedules include a large proportion of re-runs. Re-runs are often viewed as negative, though for classic series, or catch-up broadcasts, this may no longer be true.

Figure 4.6: Repeat broadcasts



There is surprisingly little comparative data on the proportion of broadcast time taken up by repeat broadcasts. Figure 4.6 presents information gathered by Ofcom on the proportion of broadcast time taken up by repeats for European public service broadcasters only. The overall pattern is very similar to the pattern seen when we looked at

domestic content – smaller media markets (Sweden, Poland, Ireland) tend to have higher proportions of repeat broadcasts, and Southern European broadcasters tend to have lower proportions. (Again, this difference is very likely due to the number of low-cost container formats.) The data does not show, however, whether commercial broadcasters are more likely than commercial broadcasters to broadcast repeats.

4.9 Conclusions

This section has shown that

- Public service broadcasters show more of certain important categories – news, arts, cultural affairs, etc., – than commercial broadcasters; the more public money a broadcaster receives, the more output it shows in these categories;
- The stronger the public service broadcaster in a country, the higher quality its output – as measured by television awards;
- It is not possible to compare audience perceptions of the quality of output from public service broadcasters;
- The news and current affairs of public service broadcasters is more likely than commercial news and current affairs to be 'hard news' rather than 'soft news';
- Public service broadcasters broadcast more domestic content than commercial broadcasters;
- When comparing public service broadcasters, the more public funding for a public service broadcaster, the more likely it is to show first-run domestic content – but public funding does not buy fewer repeats or more domestic content.

5 Audiences

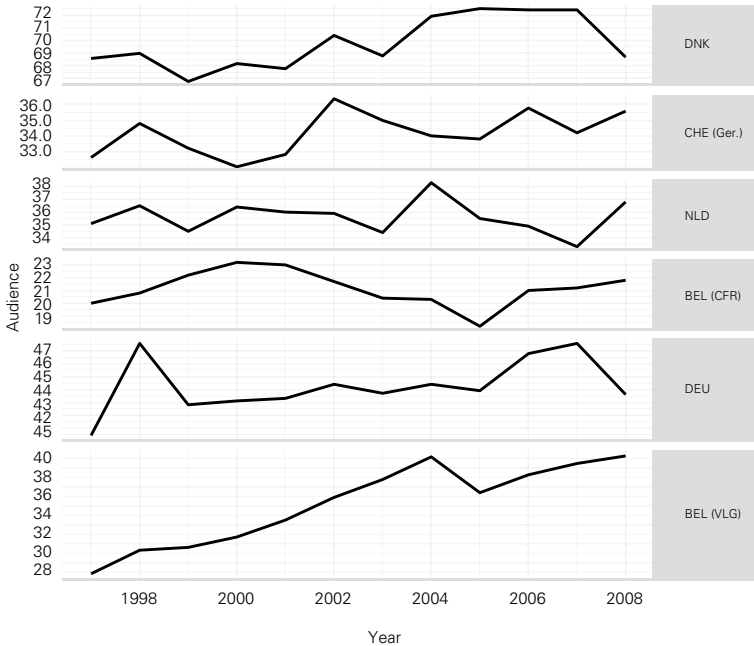
5.1 How has audience share varied over time?

Although public service broadcasters are required to broadcast programmes of high cultural and educational value, they cannot do so by ignoring their audience. This is true even for public service broadcasters who derive little or no revenue from commercial sources: politicians will not fund a service that no one watches. If audience shares for public service broadcasters are, for whatever reason, in decline, this may imperil their continued funding.

Figure 5.1 shows the average all-day audience share of all public service broadcasters in seventeen different media markets for the period 1998–2008. (I have excluded Central and Eastern European media markets since their broadcasters have faced severe problems of audience retention for matters that have more to do with their transition to market economies than with secular trends in media markets.) In only six of these seventeen markets (Flanders, Germany, Wallonia, the Netherlands, Switzerland and Denmark) did public service broadcasters end up with higher audience share at the end of the period. Conversely, in four markets (Austria, Spain, Ireland and Sweden) public service broadcasters lost more than one percentage point of audience share per year. In all four of these declining markets, there is a single public service broadcaster. Conversely, public service broadcasting is either linguistically divided (Switzerland, Belgium) or shared across multiple companies (Germany, Denmark the Netherlands) in the markets where public service broadcasting audience share increased. There is evidence, therefore, for a broad but not unanimous decline in public service broadcaster audience share.

Figure 5.1: Audience shares over time





5.2 How have audience shares varied as a function of the supply of TV channels?

The most important reason for the decline in the average audience share of public service broadcasters is the increase in the number of free-to-air channels. Counting the number of distinct free-to-air channels is not easy, as a number of operators offered time-shifted and ‘windowed’ versions of the same content catering to different audiences, and as some channels are targeted at specific regions only. Nevertheless, data from the European Audiovisual Observatory suggest that the median number of channels targeting a given European country (even those run by the same operator) is around sixty. This increase over time, when compared to the maximum five or six channels freely available using analogue technology, has clearly had an effect – and not just on public service broadcasters. *Any* established television channel or set of channels would have seen a decline in average audience share as the audience became more fragmented. This effect is not linear – the negative effect of the first new free-to-air channel will be greater than the negative effect of the second, third, fourth and fiftieth next new free-to-air channels.

5.3 How have audience shares varied as a function of output? Have public service broadcasters retained audience share at the cost of sacrificing meritorious programming?

The emergence of these new channels, and the lower levels of content regulation that they face compared to operators of prime televisual real estate, pose certain threats to public service broadcasters. It is possible that new channels will ensure a race to the bottom in terms of programme quality. If this is the case, public service broadcasters, in order to preserve the market share that guarantees their continued funding, might decide to reduce the amount of time spent on categories of programming that are worthy but hardly audience-maximising. Does, for example, the comparatively good audience performance of the Dutch, German, Danish and Belgian broadcasters owe less to good management and scheduling, and more to their cutting-back on their public service remit?

Fortunately for those broadcasters, this does not seem to be the case. Using the same crude measure of 'public service remit' used by Jennings and O'Hagan (and discussed above), we can test whether decreases in public service content have led to increases in ratings (or vice versa). Using data for Western European broadcasters over several years, there is no statistically significant relationship.

This finding is a double-edged sword for public service broadcasters – it seems that they can continue to offer public service content without necessarily damaging their audience share (which may decline anyway due to the increase in competing channels), but at the same time there are no easy fixes in terms of moving downmarket, barring a radical commercialisation of the kind not seen in this sample.

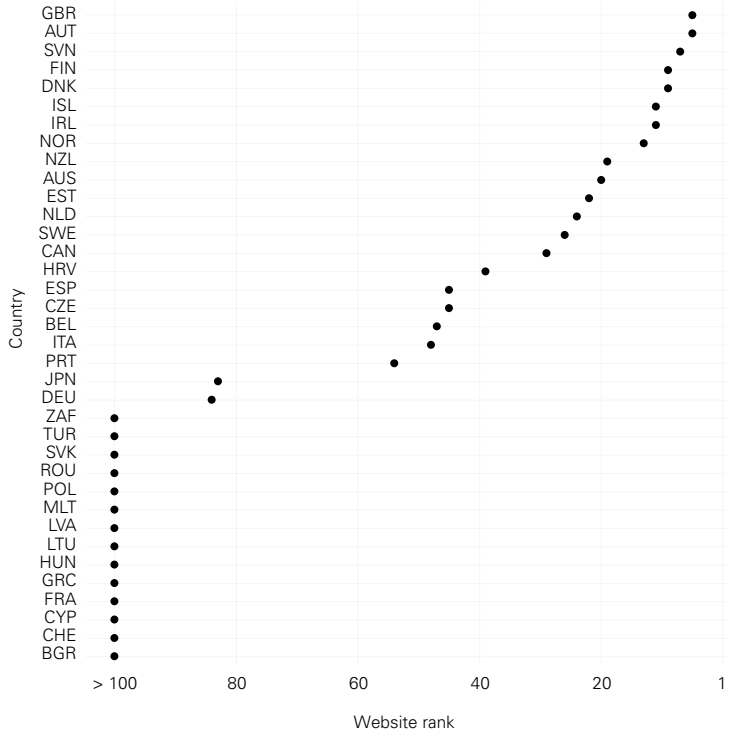
5.4 Are there metrics comparable to audience share for other platforms? How do public service broadcasters fare in these aspects?

When television was the only medium for broadcasting audiovisual content, and when the number of television channels could be reckoned on one hand, any broadcaster could be guaranteed a non-negligible share of the audience. This was important for public channels, since public service broadcasters must preserve their share of the audience if they are to maintain their claim on public sources of revenue. As the

number of television channels grew exponentially, public service broadcasters were no longer guaranteed a significant share of the audience, but they nevertheless won a disproportionate share due to their first-mover advantage and their prime position in electronic programme guides. As far as the internet is concerned, public service broadcasters enjoy neither a first-mover advantage, nor a structurally privileged position (a position that search engines and social media sites have won). Since the internet is becoming an even more important medium, both in general and as a means of broadcasting/narrowcasting audiovisual content, it is natural to ask: will the internet deprive public service broadcasters of the mindshare they need to survive?

There is no reason why public service broadcasters cannot operate websites with significant audience/user reach and share. Whilst the internet undoubtedly fragments audiences more than television, the distribution of attention across websites is still profoundly uneven. Generally, traffic on the internet follows a power-law distribution: a few super-sites cream off most traffic, and traffic rapidly decreases until the twentieth-most-popular website receives only a twentieth of the traffic of the most popular website, the hundredth most popular one a hundredth of the same amount, and so on. Given the paramount importance of search for the internet, public service broadcasters, like other content providers, are unlikely to feature amongst the top three or four super-sites – but there is no reason why they should not strongly dominate other content providers.

Figure 5.2: Public service broadcasters' website rankings, per country



The evidence so far is mixed. Figure 5.2 shows, for a variety of countries, the rank of the public service broadcaster's website in terms of total traffic. (This data from Alexa is drawn from a non-representative sample of internet users, and thus must be treated with caution. Nonetheless, as one of the few sources of cross-country data on website traffic, it suits our purposes here.) Broadly, public service broadcasters in the North of Europe, together with some surprises (Slovenia and Austria) perform relatively well, and rank among the top-twenty most popular websites. The performance of the BBC and ÖRF is particularly impressive: both rank behind only Google (.com and .uk/.at), Facebook and YouTube. Public service broadcasters in the rest of Europe, and in other English-speaking countries, fare less well – and some public service broadcasters do not even make the top one-hundred.

Website readership is, however, just one of the potential hurdles for public service broadcasters. Online video-on-demand may be a signifi-

cant threat for public service broadcasters, since its offering is similar to that of broadcasters (linear audiovisual content), but it does so in an environment where public service broadcasters have no early mover advantage and no privileged institutional position to exploit. If public service broadcasters were to capture a large part of the online viewing public, it would augur well for their future success. Conversely, if they were to fall behind in this area, it might pose a threat to their continued relevance.

This threat is more of a future threat than a present one. Whilst there are no online analogue to the audience data of the type collected for television, data from the UK suggests two stylised facts. First, for the average user, time spent viewing audiovisual content online is dwarfed by time spent viewing television. Second, time spent online is complementary to, rather than competitive with, time spent viewing television. Third, time spent viewing audiovisual content online is, to a considerable extent, time spent watching pornography online.

As Attentional's Farid el-Husseini explains:⁹

Using comScore data on the hours of internet video consumed through PCs and laptops, we find that in the last 15 months (to March 2011) the volume of internet video consumption in the UK (as measured by Viewer Hours) has not shown any significant underlying growth trends, remaining relatively stable at just over 550 million Viewer Hours per month. In a nut shell, the average person in the UK spends 19 minutes per day watching internet videos on PCs and laptops. That's 19 minutes watching audiovisual content on the Internet against 243 minutes watching conventional TV. Of the video viewing on [the twenty-five top ranked internet properties], 57% was to sites that featured pornographic video content, 37.8% was on sites featuring video clips and user generated content, and only 4.2% was on sites featuring TV Catch-up and other long-form Video On Demand (VOD) content, with the remaining 1.1% going to music video sites.

In the US, Nielsen's Cross Platform report has shown that, until the Autumn of 2010, surveys "consistently indicated that the heaviest media consumers are so across all platforms", and that viewership was increas-

9 www.attentional.com/farid-el-husseini-blog/

ing across all platforms (traditional television, mobile video, timeshifted television, and internet video). Only in the 18–34 demographic was there any hint of a substitution effect between traditional television and internet video, and this was only amongst the top quintile of that demographic in terms of internet usage (Nielsen US, 2011). In other words, only when young people spend well above-average time on the internet does this subtract from their television viewing.

5.5 How are audiences affected by public service broadcast- ing output (I)? Political knowledge

The same four-country comparative study conducted by Curran et al, and referred to above, also tested respondents' levels of political knowledge on a battery of questions carefully chosen so as to be comparable across countries (Curran et al., 2009). This study found that Americans had lower levels of knowledge of politics in part because of the lower provision of news about politics. That is, differences in knowledge were not just due to differing levels of education or income across countries.

A second study, which involved many of the same authors and had partial overlap in the countries studied, complicated this picture. This study found, again, that Americans had low levels of political knowledge (edging out the British, who were next worst performing), but could not argue that this was due to differences in content. Rather, Americans (and Britons) consumed less news, and what news they did consume was more often local news and less often national news (still less international). Consequently, the beneficial effect of public service broadcasters on political knowledge comes from transmitting news "at prominent times in order to optimise news consumption" (p. 17) – which still fails to explain the UK's poor showing.

These two studies are notable for explicitly investigating the chain that links media systems to viewers' political knowledge through the type of content that is shown in these different media systems. Other studies trade this depth for breadth. One extremely broad study, conducted by Gabor Tóka and British Academy grant recipient Marina Popescu, examined political knowledge across Europe in two waves of European Parliament election studies. The authors took as a proxy for political knowledge respondents' ability to order political parties 'correctly' from

left to right and from pro-European to Eurosceptic.¹⁰ Unfortunately, the nature of this proxy, and the need to standardise their measurements on a common scale, meant that the authors could not compare differences in knowledge between countries. Instead, they decided to examine the differences in knowledge within countries between individuals. They found that exposure to news broadcasts on public television did increase political knowledge, as did exposure to news broadcasts on commercial television – but that exposure to news broadcasts on public television increased political knowledge amongst all sections of the population, even those with low levels of interest in politics. This effect is greatest in systems that make use of licence fee funding – but this effect disappears when the volume of news and current affairs programming is taken into account, since these systems offer more current affairs programming, as already demonstrated above.

5.6 How are audiences affected by public service broadcasting output (II)? Political engagement

We know that public service broadcasting has desirable consequences for political behaviour. Although the contrary argument has sometimes been made, many people agree that levels of turnout are an indicator of the health of a democracy. If public service broadcasting increases voter turnout, this might be an argument for preserving it.

Indeed, this is what academic research has found. Mijeong Baek (2009), in a study of 74 countries, found that each percentage increase in the audience share of the public service broadcaster was associated with an increase of 0.15 percent in the level of turnout, after accounting for a host of other variables (including compulsory voting, party funding and the electoral system used). Moving from a 'rump' public service broadcaster with 20% of the audience, to a public service broadcaster with 45%–50% of the audience, might therefore raise turnout by around 4%, which is better than might be expected from moving to weekend voting (which has no consistent relationship with turnout: Franklin (2004, 145), but which is less than the increase which would be secured by moving to compulsory voting. What seems to be important is not that (potential) voters watch as much public service broadcasting television as possible

10 This is a simplification. Strictly speaking, the authors look at the ability of respondents to give placements which resembled the placements of the most politically engaged respondents, controlling for socio-demographic features and respondents' own political engagement. If, other things being equal, more politically engaged respondents are more likely to be correct, then we can use this as a proxy for correct placement and thus for political knowledge.

(because hours of television viewing are negatively associated with political knowledge and turnout), but rather that, if voters decide to watch television, they watch the public service broadcaster.

Conversely, different public service broadcasting set-ups can have negative or less easily interpretable effects on other values of indirect interest to politics. Sara Connolly and Shaun Hargreaves-Heap have shown that trust in television depends on the way in which the public service broadcaster is held accountable. If the public service broadcaster is regulated by parliament or directly by the government minister, trust in television is lower than if the public service broadcaster is regulated by an independent regulatory authority or is self-regulated (the reference category) (Connolly and Hargreaves Heap, 2007). This study does not address whether public service broadcasting per se improves trust in television, or indeed trust in other institutions – but it does suggest ways in which declines in trust in public institutions might be mitigated by the appropriate accountability relationships between broadcasters and public authorities, mirroring the conclusions on *de jure* and *de facto* independence set out above.

5.7 How are audiences affected by public service broadcasting output (III)? National pride

Politicians and commentators have justified public service broadcasting on the basis of its contribution to national identity. Certainly, politicians have used public service broadcasters as part of policies designed to promote national identity. In some cases, this has involved augmenting or bolstering an existing national identity. The creation of the Gaelic language broadcaster *Telefís na Gaeilge* (Watson, 1996) is an example of this strategy (as, arguably, is the formation of the principal Irish public service broadcaster RTÉ: Savage (1996)). In other cases, this has involved re-founding national identities, or creating new ones: the Flemish and Walloon public service broadcasters which emerged from the ashes of the old *Radio-Télévision Belge* have both contributed to Flemish and Walloon nationhood, at the same time as registering impressive increases in audience share (Van den Bulck, 2001).

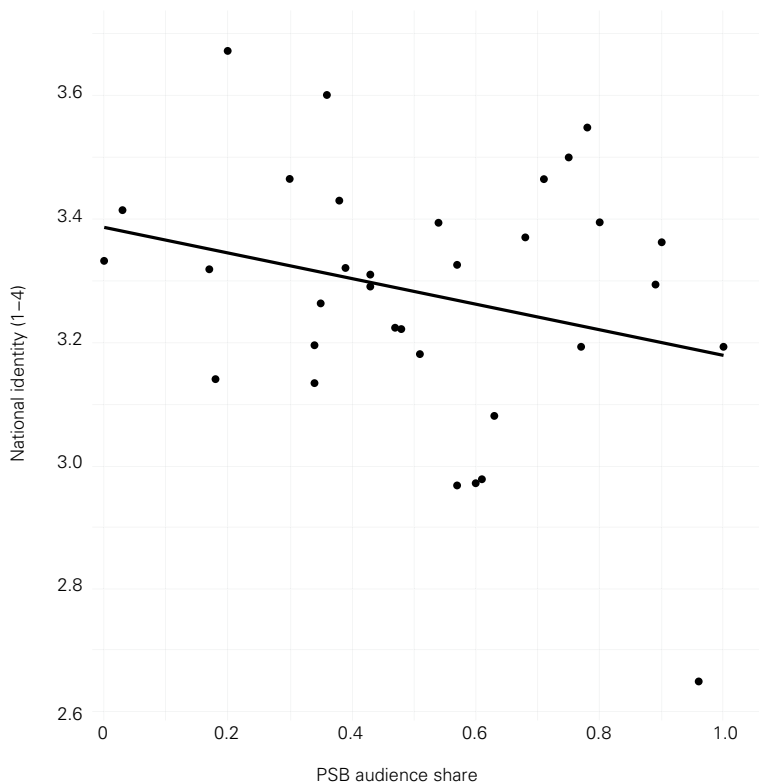
It would therefore be foolish to claim that public service broadcasting has not been used to promote national identity. It would also be foolish to claim that public service broadcasting does not reflect national identity. As we have already seen in section 4.6, public service broadcast-

ers broadcast more domestically-produced content than commercial broadcasters. That content – particularly in certain areas like serial fiction (soap operas) – tells us about who we are, and what the prevailing social mores in our society are.

It is also important to note how public service broadcasters act as receptacles for expressions of national identity. Public service broadcasters generally win higher ratings for sacerdotal events – royal weddings, general elections – than commercial broadcasters, when both types of broadcaster cover the same events. Public service broadcasters also often have strong comparative advantage in national and international competitions – for the BBC, Swedish broadcaster SVT and Italian broadcaster Rai, the three song competitions Eurovision, *Allsång på Skansen* and the Festival di San Remo are, respectively, tremendous ratings successes for the broadcasters.

At the same time, it is difficult to make a strong theoretical or empirical case for public service broadcasting as a generally effective way of increasing national identity and/or national pride. National identity and national pride are comparatively high in the US despite the lack of a public service broadcaster, and annual broadcasts of major sporting and cultural events – the Superbowl, to give just one example – are national media events despite – and sometimes due to – their interruption by commercial advertising.

Figure 5.3: National identity against public service broadcasting audience share



We can get a handle on this issue by looking at cross-national surveys of national identity. These survey measures should be treated with considerable caution: “in few areas is the attitude questionnaire of such doubtful utility as in the domain of cultural values and meanings” (Smith, 1992). The International Social Survey Programme asked respondents in 34 countries how close they felt to their nation. (Research has shown that such ‘proximity’ questions are the best way of eliciting strength of national identity: Sinnott (2006)). Country averages on this four-point scale are shown in Figure 5.3, and are plotted against the audience share of the public service broadcaster or broadcasters.¹¹ There is a small negative correlation between the audience share of public

¹¹ Note that because the ISSP data covers a broader range of countries, I have used data from Djankov et al. (2003) for ‘public’ audience share in each country.

channels and feelings of national identity – but this relationship is not significant. This relationship is still negative, and still not statistically significant, once we account for other reliable determinants of the strength of national identity, namely trade openness and population (both of which decrease strength of national feeling). It seems, therefore, that we cannot make very strong claims about public service broadcasting and national identity either way: public service broadcasting, viewed comparatively, does not seem to boost national identity – but nor does it turn us all into rootless cosmopolitans.

5.8 Conclusions

This section has shown that

- The audience share of public service broadcasters has declined in most countries.
- Public service broadcaster audience share has stabilised or increased in countries with two or more public service broadcasters.
- There is no evidence to suggest that public service broadcasters have compromised their public service remit to (re)gain audience share.
- Public service broadcasters have very uneven records when it comes to their online presence – some do extremely well, others extremely poorly.
- Public service broadcasting makes people more informed and more politically engaged – but these effects are only significantly better than commercial broadcasting for the least-engaged part of the audience.
- Public service broadcasting has no obvious effect on strength of national identity.

6 Concluding remarks

This report has tried to give a comparative overview of public service broadcasting in a number of areas – its organisation, its politics and funding, its output and its effects. Although comparative overviews rarely give way to neat conclusions, the conclusion of this overview, if there must be one, is that public service broadcasting is enjoying continued rude health, and that predictions of its demise have been greatly exaggerated.

This does not, of course, mean that current public service broadcasters are televisual Midases, able to touch any piece of content and turn it in to informative, entertaining, educational content. Many programmes put out by public service broadcasters will be *less* informative, *less* entertaining and *less* educational than programmes put out by commercial broadcasters. But *on average*, I have demonstrated here that the content put out by public service broadcasters is demonstrably different to the kind of output put out by commercial broadcasters. Policymakers will no doubt continue to focus on programmes where public service broadcasters fail in their remit, and produce programming that falls short of the purposes of public service broadcasting. That is only fit and proper – but focusing on these cases should not obscure the broad picture: that this massive state intervention in culture produces recognisable effects on content and, by implication, on viewers.

Of course, the current rude health of public service broadcasting is no guarantee of continued good standing. Nevertheless, we may hope that changes to public service broadcasting systems across the world, whatever they may be, will be proposed on a broad evidence base. Some stylised facts about that evidence base, and its impact on future decisions, are important to mention here.

First, *there is a lot we still don't know*. Much of this concerns the outputs and effects of public service broadcasters. Public service

broadcasters have sought for eighty years now to inform, educate and entertain. It is therefore somewhat embarrassing that there are no firm conclusions about the impact of public service broadcasting on the degree to which citizens are informed and educated. The embarrassment may be unmerited. After all, there are many common-sense beliefs that have yet to be clearly borne out by academic research – the effect of on-screen violence on real-world dispositions towards violent behaviour is one classic example (see meta-analytic reviews by Ferguson and Kilburn (2009) and Savage and Yancey (2008)). Fortunately, this field – of the effects of comparative media systems – is a growth area, and two British-based social scientists (James Curran and Marina Popescu) are at the forefront.

Second, *Britain knows more than most*. When comparing the regulation and official analysis of public service broadcasting across Europe, one is struck by the extraordinary level of sophistication of some British analysis, particularly in terms of market impact. Many of the figures in this report draw on data gathered and, more importantly, made available by Ofcom. Other regulatory authorities in Europe display tremendous and singular expertise in certain areas – the French *Conseil Supérieur de l'Audiovisuel*, for example, has been a pioneer in establishing guidelines for pluralism in news and current affairs, guidelines which, although perhaps unnecessarily rigid, do give a remarkable clarity to debates about the political slant of the media, and which might have usefully been employed in recent debates in the UK. Similarly, the Swedish Radio and Television Authority has pioneered the measurement of diversity of programme types. Yet British regulators more often than not tend to be net exporters, rather than net importers, of analyses and regulatory tools.

Third, and finally, *politics matters* in public service broadcasting, as it does in many fields. Many explanations of the beginnings of public service broadcasting play on technical features of broadcasting, and the fear that absent government intervention in commercial broadcasting would lead to inefficient or chaotic use of the spectrum. Yet even if these technical considerations were paramount at the beginning of public service broadcasting, they are no longer so now. The way in which politics matters for public service broadcasting is not clear, simple or unidirectional. The reforms in France and Spain, discussed earlier, clearly have a similar parentage – but they were passed by governments of very different political hues, led by men who are political opposites (Zapatero and Sarkozy respectively). It is therefore wrong-headed to insist on a given direction for public service broadcasting, given certain

economic or technological claims of necessity. The scope and ambition of public service broadcasting is and remains, with certain constraints at the margin, a matter for our elected politicians to decide.

A Sources of data

This report draws on a wide variety of internationally comparable data. Where possible, I have tried to make clear which countries are included in each figure. Here, I give details of the countries that are included for the remaining figures, and the source of the data used.

The following core countries are included in all of the analyses:

Denmark, Finland, France, Germany, Netherlands, Norway, Spain, Sweden and the United Kingdom.

A large group of European countries is included in most of the remaining analyses, with the partial exception of Figure 5.3, dealing with national identity. This figure is based on a far more dispersed group of countries.

Table A.1: Countries included in analyses

Figures 3.1, 3.2	Core countries plus Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Estonia, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, Switzerland and the United States	Hanretty (2011)
Figures 3.3, 3.4	Core countries plus Australia, Austria, Belgium, Canada, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Macedonia (Fmr. Yugoslav Republic of), Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Switzerland, and Turkey	European Audiovisual Observatory
Figures 4.1	Core countries plus Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia and Switzerland	European Audiovisual Observatory

Figures 4.3	Core countries plus Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Moldova, Poland, Portugal, Romania, Russian Federation, Serbia, Slovakia, Slovenia and Ukraine	Data supplied by Marina Popescu (University of Essex)
Figures 4.5	Core countries plus Australia, Belgium, Canada, Italy and New Zealand	Screen Digest (2007)
Figures 5.3	Core countries plus Australia, Austria, Bulgaria, Canada, Chile, Czech Republic, Hungary, Ireland, Israel, Japan, South Korea, Latvia, New Zealand, Philippines, Poland, Portugal, Russian Federation, Slovakia, Slovenia, South Africa, Switzerland, Taiwan, United States, Uruguay and Venezuela	International Social Survey Programme

Bibliography

- Aalberg, T., Coen, S., Curran, J., and Iyengar, S. (2011). *How Media Inform Democracy: A Comparative Approach*, chapter News Content, Media Consumption and Current Affairs Knowledge. Routledge.
- Aalberg, T., Van Aelst, P., and Curran, J. (2010). Media systems and the political information environment: a cross-national comparison. *The International Journal of Press/Politics*, 15(3):255.
- Andriopoulos, C. (2001). Determinants of organisational creativity: a literature review. *Management Decision*, 39(10):834–841.
- Asp, K. (2010). Svenskt TV-utbud 2009. Granskningsnämndens rapportserie – rapport nr 26. Available from: www.radioochtv.se/Documents/Publikationer/SvensktTVutbud2009.pdf.
- Baek, M. (2009). A Comparative Analysis of Political Communication Systems and Voter Turnout. *American Journal of Political Science*, 53(2):376–393.
- Born, G. and Prosser, T. (2001). Culture and consumerism: citizenship, public service broadcasting and the BBC's fair trading obligations. *The Modern Law Review*, 64(5):657–687.
- Broadcasting Research Unit (1985). *The Public Service Idea in British Broadcasting*. London.
- Connolly, S. and Hargreaves Heap, S. (2007). Cross country differences in trust in television and the governance of public broadcasters. *Kyklos*, 60(1):3–14.
- Coppens, T. and Saeys, F. (2006). Enforcing performance: new approaches to govern public service broadcasting. *Media, Culture & Society*, 28(2):261–284.
- Corporation for Public Broadcasting (2010). Combined Financial Statements For the Years Ended September 30, 2010 and 2009 and Report Thereon. Washington DC. Available from: www.cpb.org/.
- Curran, J., Iyengar, S., Brink Lund, A., and Salovaara-Moring, I. (2009). Media System, Public Knowledge and Democracy. *European Journal of Communication*, 24(1):5–26.
- Davies, G., Black, H., Budd, A., Evans, R., Gordon, J., Lipsey, D., Neuberger, J., and Newton, T. (1999). *The Future Funding of the BBC: Report of the Independent Review Panel*. Department of Culture, Media and Sport, London.
- De Bens, E. and De Smaele, H. (2001). The inflow of American television fiction on European broadcasting channels revisited. *European Journal of Communication*, 16(1):51–76.

- De Vreese, C., Banducci, S., Semetko, H., and Boomgaarden, H. (2006). The news coverage of the 2004 European Parliamentary election campaign in 25 countries. *European Union Politics*, 7(4):477–504.
- Delaney, L. and O'Toole, F. (2004). Irish public service broadcasting: a contingent valuation analysis. *The Economic and Social Review*, 35(3):321–350.
- Djankov, S., McLiesh, C., Nenova, T., and Shleifer, Andrei (2003). Who Owns the Media? *Journal of Law and Economics*, 46(2):341–381.
- Dupagne, M. and Waterman, D. (1999). Determinants of US television fiction imports in Western Europe. *Journal of Broadcasting and Electronic Media*, 42(2):208–19.
- Fauth, R., Horner, L., Mahdon, M., and Bevan, S. (2006). Willingness to Pay for the BBC during the next Charter period. Department for Media, Culture and Sport, London.
- Ferguson, C. and Kilburn, J. (2009). The public health risks of media violence: A meta-analytic review. *The Journal of pediatrics*, 154(5):759–763.
- Finn, A., McFadyen, S., and Hoskins, C. (2003). Valuing the Canadian Broadcasting Corporation. *Journal of cultural economics*, 27(3):177–192.
- Franklin, M. (2004). *Voter turnout and the dynamics of electoral competition in established democracies since 1945*. Cambridge University Press.
- Gundle, S. (1997). *Television in Europe*, chapter Television in Italy, pages 61–76. Intellect Books, London.
- Hanretty, C. (2011). *Public Broadcasting and Political Interference*. Routledge, London.
- Inglis, K. (2006). *This is the ABC: The Australian Broadcasting Commission, 1932–1983*. Black Inc.
- Kulturdepartment (2010). Avtale mellom Staten ved kulturdepartementet og TV 2 AS om status som formidlingspliktig allmennkringkaster. Available from: www.medietilsynet.no/Documents/Tema/Allmennkringkasting/TV2-avtale_2010-2015.pdf.
- Markechova, J. (2010). Slovakia: Plans of the New Government in the Area of Media. *IRIS Legal Observations of the European Audiovisual Observatory*, 9(1):36.
- Maslowska, K. (2009). Poland: New Law on Public Duties in Audiovisual Media Services. *IRIS Legal Observations of the European Audiovisual Observatory*, 7(17):29.
- Meijer, I. (2005). Impact or Content? *European Journal of Communication*, 20(1):27–53.
- Meyer, M. (2000). Response to Dupagne and Waterman, "Determinants of US television fiction imports in Western Europe." *Journal of Broadcast & Electronic Media*, 44:731–733.
- Mullainathan, S. and Shleifer, A. (2005). The market for news. *American Economic Review*, 95(4):1031–1053.
- Nielsen US (2011). The Cross Platform Report.
- Ofcom (2004). *Ofcom review of public service television broadcasting: Phase 1 – Is television special?* Ofcom, London.
- Ofcom (2007). A new approach to public service content in the digital media age. London.

- Ofcom (2010). International Communications Market Report. London. Available from: <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/?a=0>.
- O'Hagan, J. and Jennings, M. (2003). Public broadcasting in Europe: rationale, licence fee and other issues. *Journal of Cultural Economics*, 27(1):31–56.
- Online Computer Library Center (2003). 2003 Environmental Scan. Available from: www.oclc.org/reports/escan/downloads/escansummary_en.pdf.
- Powall, M. and Withers, G. (2000). National Public Broadcasting Benefit. Research report, Applied Economics.
- Rumphorst, W. (1998). Model Public Service Broadcasting Law with Introductory Note and Explanatory Comment. European Broadcasting Union, manuscript.
- Savage, J. and Yancey, C. (2008). The effects of media violence exposure on criminal aggression. *Criminal Justice and Behavior*, 35(6):772–791.
- Savage, R. (1996). *Irish television: the political and social origins*. Praeger Publishers.
- Screen Digest (2007). *The Business of Children's Television*. Screen Digest.
- Sinnott, R. (2006). An evaluation of the measurement of national, subnational and supranational identity in crossnational surveys. *International Journal of Public Opinion Research*, 18(2):211.
- Smith, A. (1992). National identity and the idea of European unity. *International Affairs*, 68(1):55–76.
- Television New Zealand (2010). Annual Report Financial Year 2010. Auckland.
- Tracey, M. (1998). *The Decline and Fall of Public Broadcasting*. Oxford University Press, Oxford.
- Tsuji, M. and Miyahara, S. (2007). Value of Japanese Public Broadcasting in the Convergence of Broadcasting and Telecommunications. Paper presented at the International Telecommunications Society Europe annual conference.
- Van den Bulck, H. (2001). Public service television and national identity as a project of modernity: the example of Flemish television. *Media, Culture & Society*, 23(1):53–69.
- Watson, I. (1996). The Irish language and television: national identity, preservation, restoration and minority rights. *The British journal of sociology*, 47(2):255–274.

British Academy Policy Centre publications

Minority legal orders in the UK: Minorities, pluralism and the law, a British Academy report, April 2012

Measuring success: League tables in the public sector, a British Academy report, March 2012

Raising household saving, a report prepared by the Institute for Fiscal Studies for the British Academy, February 2012

Post-immigration 'difference' and integration: The case of Muslims in western Europe, a report for the British Academy project *New paradigms in public policy*, February 2012

Building a new politics?, a report for the British Academy project *New paradigms in public policy*, January 2012

Squaring the public policy circle: Managing a mismatch between demands and resources, a report for the British Academy project *New paradigms in public policy*, November 2011

Economic futures, a report for the British Academy project *New paradigms in public policy*, September 2011

Climate change and public policy futures, a report for the British Academy project *New paradigms in public policy*, July 2011

History for the taking? Perspectives on material heritage, a British Academy report, May 2011

Stress at work, a British Academy report, October 2010

Happy families? History and family policy, a British Academy report,
October 2010

*Drawing a new constituency map for the United Kingdom: The
parliamentary voting system and constituencies bill 2010*, a British
Academy report, September 2010

Choosing an electoral system, a British Academy report, March 2010

Social science and family policies, a British Academy report,
February 2010

*Punching our weight: The humanities and social sciences in public policy
making*, a British Academy report, September 2008

For the past thirty years, the state's role in funding broadcasting has been under attack. The rise of free market ideas and considerable scepticism regarding the role of the state and state-owned enterprises signalled a period of decreasing political support for public service broadcasting. The introduction of cable and satellite television and, subsequently, the advent of digital terrestrial television, have also contributed to claims that it is now experiencing a terminal decline.

Public service broadcasting's continued rude health gives an overview of the various ways in which public service broadcasting is structured and funded, and of the extent to which its output is distinctive, of high quality and capable of making a difference. This comparative perspective is intended to help answer the question of whether public service broadcasting is in decline and assist policymakers in determining whether the objectives that they set for public service broadcasters are commonly shared, and provide some evidence of their feasibility.

Sponsored by



ISBN 978-0-85672-602-6

THE BRITISH ACADEMY

10–11 Carlton House Terrace

London SW1Y 5AH

+44 (0)207 969 5200

Registered Charity: Number 233176

www.britac.ac.uk



BRITISH
ACADEMY

P O L I C Y
C E N T R E

The British Academy, established by Royal Charter in 1902, champions and supports the humanities and social sciences across the UK and internationally. As a Fellowship of 900 UK humanities scholars and social scientists, elected for their distinction in research, the Academy is an independent and self-governing organisation, in receipt of public funding. Its Policy Centre, which draws on funding from ESRC and AHRC, oversees a programme of activity, engaging the expertise within the humanities and social sciences to shed light on policy issues, and commissioning experts to draw up reports to help improve understanding of issues of topical concern. This report has been peer reviewed to ensure its academic quality. Views expressed in it are those of the author(s) and are not necessarily endorsed by the British Academy but are commended as contributing to public debate.