COMMENTARY

Players

Public service broadcasting: politics and policy

Mandy Merck

> The media is an industry unlike any other. It informs, influences and engenders public debate. Debate and discussion over the airwaves has become a central feature of our culture and way of life. In an advanced democracy such as ours, it is important that there are as many voices competing for the attention of the nation's viewers and listeners as possible.
>
> *Virginia Bottomley, Secretary of State for National Heritage*

> Public policy in broadcasting has always been, and will continue to be, of critical importance. The growth of multi-media industries and their significance in all aspects of our lives means that public policy must address the challenges of technological innovations, ownership issues and matters of content and standards.
>
> *Dr John Cunningham, Labour Heritage Spokesman*

The anodyne opening of the Broadcasting debate in the House of Commons (16 April 1996) eventually gave way to contention, but not the sort that readers of *Radical Philosophy* might have expected. All parties agreed with the announcement by the Minister for National Heritage that television was on the verge of a 'revolution even more significant than the change from black and white to colour', in which digital technology, fibre-optic cable and satellite transmission could vastly multiply the number of channels, as well as offering possibilities ranging from interactive services to the replacement of every single set in the country. And everyone averred that Britain's 'unique tradition of public service broadcasting' should be upheld.

But on the question of maintaining that service through the regulation of ownership, Labour declared a policy which left commentators, ranging from the *Guardian* to the government, slightly stunned. Where the Tories predictably proposed the extension of cross-ownership provisions to enable Channel 3 franchises to be purchased by groups controlling not the current 15 per cent but 20 per cent of the national press, Labour media spokesman Lewis Moonie replied that he saw 'no reason why any player should be arbitrarily excluded from the market by the introduction of the test proposed in the Bill'. The *Guardian* made great sport of this 'Moonie left' revision to Labour's traditional commitment to control media ownership, but, not for the first time, it got its history wrong. Far from being a 'sudden transformation' in whatever passes for centre-left thought, Labour's media policy has been moving market-wise for years.

In 1993, Ian Hargreaves – now editor of the *New Statesman*, then deputy editor of the *Financial Times*, previously the BBC's Head of News and Current Affairs – published a pamplet for the Demos think-tank arguing for the privatization of the

Corporation. Hargreaves' *Sharper Vision* was focused on two objectives: consumer satisfaction and a stronger broadcasting industry. In his unabashed preoccupation with industrial policy, the former was allotted just 5 pages of a 57-page document. The pamphlet adumbrated the familiar criticisms of the BBC (dependence upon the government for funding, senior appointments and regulation; declining market share; lack of finance for new activities), but its central emphasis was on its financial separation, as a publicly owned body, from the rest of British broadcasting. There too, Hargreaves argued, current regulatory structures were lamentable, permitting US-citizen-of-convenience Rupert Murdoch to control 37 per cent of UK newspaper sales and enter the lucrative home satellite market, while restricting mergers between Britain's commercial television companies and between its newspapers, television and telephone interests at large.

Convergence

Cue the buzzword of the 1990s: 'convergence'. As Hargreaves pointed out, new developments in cable technology have enabled telecommunications companies to add video to their voice and data transmission services, potentially transforming our television screens into interactive facilities for everything from voting to banking, and thus securing the 'multi-media convergence of the entertainment, information, telecommunications, broadcasting and consumer electronics industries'. But again, the anti-monopoly restrictions on the national leader in telephony, British Telecom, have prevented it from entering the UK broadcasting market, while facilitating the arrival of American utilities.

Hargreaves' response to this situation was not the Old Labour policy of divestment, not even of the outrageous plum awarded to Murdoch by the Tory-sanctioned merger of his Luxembourg-based Sky satellite with the floundering British BSB. (Gone are the pre-election days of 1992, when then Labour media spokesman Robin Corbett could promise that his first ministerial act would be to offer Murdoch the choice of reducing his share in BSkyB to 20 per cent or divesting himself of his UK newspapers.) Instead, the media's technological convergence was taken as a warrant for its economic convergence. The vision in question was the enticing one of market competition and corporate concentration combined, in which a privately owned BBC would be free to seek investors where it chose, and thus grow from its current size (twice that of its next nineteen British rivals together) to a proper international 'player', able to take on Bertelsmann and Berlusconi, if not Murdoch and Time Warner. Such an organization could seek the bulk of its funding from advertising and specialized subscription channels, while retaining public finance for services 'of a non-commercial character'. As for its commercial rivals, they too could be the beneficiaries of deregulation, no longer fragmented by ownership restrictions and requisite quotas of independent productions, able to compete directly with BBC Plc for revenue as well as viewers. For the first time since the introduction of commercial television in the 1950s, the gloves would be removed from the British duopoly of a licence-funded national broadcaster and a regulated private system financed by advertising.

Demos is an independent think-tank, but media deregulation has attracted significant Labour support. Its most outspoken advocate is Gerald Kaufman, who left the Shadow Cabinet in 1992 to become chair of parliament's National Heritage Select Committee and a regular contributor to the press on media matters. A born-again enthusiast of the information superhighway ('exploding beyond regulation and almost beyond imagining'), Kaufman reiterated his support for 'more cross-media ownership, not less' in the April debate, calling for the construction of a 'United Kingdom conglomerate powerful enough to take on the world's biggest conglomerates' – composed of a privatized BBC in partnership with, among others, British Telecom.

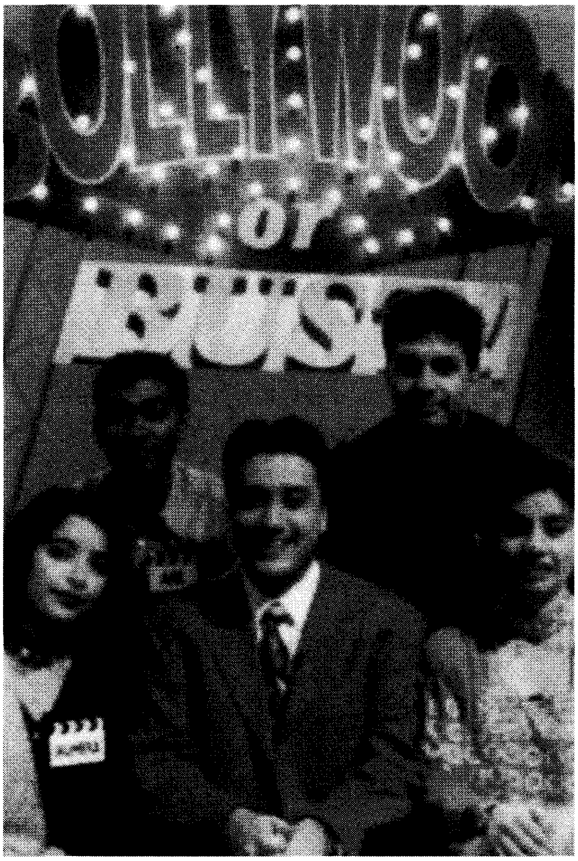
Despite his chairmanship of the National Heritage Committee and the column inches thoughtfully provided by newspapers hoping to profit from his proposals, Kaufman might be dismissed as being on Labour's outside right, were it not for the fact that his 'national champions' strategy has secured cabinet-level support within the party. Two years ago, for its conference on 21st Century Media, Labour released a discussion paper calling for the relaxation of restrictions on domestic media *ownership* in exchange for the regulation of media *output*. The ban on UK newspapers and telephone companies taking over commercial broadcasting would be lifted, enabling a 'flourishing UK industry' to exploit its broadcasting expertise and the English language to become 'a major global player in the new international communications market'. Meanwhile, pluralism, quality and universality of access could be maintained by a variety of hastily sketched mechanisms, ranging from the regulation of any single company's total media share (a policy then advocated by the Pearson group, owners of Hargreaves' *FT*) to EC minima on European-originated productions. But unlike Kaufman, the 21st Century statement steered clear of the licence fee. In exchange for the expansion of the BBC's commercial activities internationally, the party reiterated its support for the public funding of its domestic services. However, Labour's fidelity to this principle cannot be assumed. By August this year, at least one media commentator was warning that the Opposition may support the incipient Conservative call for the privatization of Channel 4.

Conglomerates

The 1994 Labour statement had its opponents. One reply, from the television independent Fulcrum Productions, observed that the Tory relaxation of Channel 3 ownership rules had already stimulated a rash of take-overs, resulting in the control of 70 per cent of ITV advertising sales by only three companies. By summer 1994, these take-overs had resulted in mass redundancies, a shift of management control from the regions to London and an unarguable deterioration in programme quality. As for increased industrial competitiveness, Fulcrum cited evidence that the leading national economies, for example Japan, encouraged domestic rivalry rather than concentration of ownership – as well as the instructive history of the British automobile industry, which has been merged nearly out of existence. Finally, Fulcrum reiterated a point as universally conceded as it is ignored: that the media is indeed an industry unlike others, in which corporate interests or individual proprietors may exert undue influence on public affairs.

Since then, further government concessions, combined with the strategic purchase by the larger Channel 3 companies of minority shareholdings in the smaller, have led to a greater concentration of television ownership – but one which Labour still deems insufficient. And competitiveness? In 1996, the Channel 3 broadcasters are still losing viewers to BSkyB and BBC 1. Granada are considering a bid to take over the 75 per cent of the merged Yorkshire–Tyne Tees company which they don't already own. And Scotland's two ITV companies have entered into merger talks, heralded as the first step to a single pan-Scottish media company. Among the significant parties to these discussions is the Mirror Group, one of the two largest shareholders of Scottish Television. And this returns us to the current Broadcasting Bill.

As the owner of the *Daily Mirror* and *Sunday Mirror*, the *Daily Record*, the *People*, and 43 per cent of the *Independent* and *Independent on Sunday*, the Mirror Group controls 23 per cent of the national newspaper market. This would make it,



along with Murdoch's News International, inelegible to purchase a Channel 3 television licence under the terms of the Bill. When Labour challenged the new 20 per cent ceiling in the April Commons debate, the Tories were quick to claim favoured treatment for the one national group which has historically supported the Opposition. What they didn't discuss was their own deal with Rupert Murdoch, permitting BSkyB to set up a UK subscription satellite system broadcasting digital television, in exchange for an undertaking to install its dishes on top of every British classroom. This, in turn, was prompted by Labour's much-publicized 'coup' securing BT's pledge to cable every school and library in the land in exchange for the right to sell television services down its telephone lines.

And while all this was being negotiated, Clive Hollick, originally a moneybroker granted a Labour peerage by Neil Kinnock, was about to take advantage of the terms of the new Bill to merge his television group MAI (owners of the Channel 3 companies Meridian and Anglia) with United newspapers (owners of both *Express* titles and the *Daily Star*). The merger gives United MAI almost £2 billion annual turnover in television, newspapers, periodicals and finance, as well as, in Hollick's description, 'the outlets to distribute content in whatever the appropriate format might be'. (The synergy between television channels required by law to be politically impartial and the true blue *Express* papers will be interesting to observe.)

Meanwhile, the BBC retains its public service charter until 2006, although its newly announced separation of programme production from distribution and sales facilitates both its own controversial moves to an NHS-style internal market and its future break-up in the event of privatization. The much-lamented merging of the World Service's news progamming with domestic radio is merely the most audible manifestation of this drive to reduce costs. Moreover, the innovations judged necessary to secure Tory support for a continued licence fee (including the pioneering of a terrestrial digital service, a 24-hour news channel and themed subscription channels) will make the Corporation even more enticing to private predators. In the 21 June *New Statesman*, BBC Director General John Birt defended these commercial activities as the means to a non-commercial, public service end. His interviewer was the magazine's new editor, who by then could add ex-editor of the *Independent* to his CV, after resigning from that post at the behest of its Mirror Group management, whose right to control still greater sections of the British media the Labour Party now champions. No wonder Ian Hargreaves's article concludes that 'in these days [when] Labour speaks the language of the market on media issues more volubly than the government, Birt knows there are no reliable rules in the political game to come.'

From 1988 to 1991, Mandy Merck was Series Editor of *Out on Tuesday* and Programme Editor of *Saturday Night Out*, made by Fulcrum Productions for Channel 4 and the BBC.