ABSTRACT: In the context of digitalization and marketization that we live in, public service broadcasters are losing audience share to other broadcasters, and with this often comes pressure to justify their public funding and status specially in an economic climate of soaring public European deficits where other public services are facing significant cuts in funding. Is public service television in terminal, structural decline or is the decline merely relative and gradual with public service broadcasting continuing to occupy a significant, if no longer dominant role, in the broadcasting ecology of most European countries? In this work the aim is to analyze the recent changes in funding and governance of public service broadcasters in France, Spain, Germany and the United Kingdom (UK). The reason for choosing these countries is that the first ones (France and Spain) have been object of drastic cut-offs and struggle for their survival and legitimacy in a market-oriented audiovisual environment (specially Spain), while the other ones (Germany and the UK) have been referred to repeatedly as ‘models’ of successful public service broadcasting institutions. Although significant differences remain among them, there is a common line of travel emerging public service media (PSM) companies in response to digitalization and marketization that questions the idea that public service television in these countries fit radically different models of media system and that they are in terminal decline. In fact, and despite the fact of a relative decline of PSM companies, sudden extinction should not be expected.

KEYWORDS: public service broadcasting, France, Spain, Germany, UK.
INTRODUCTION

On 25 January 1999, the Ministers of Culture of the EU Member States determined that “public service broadcasting has an important role in bringing to the public the benefits of the new audiovisual and information services and the new technologies” (EU Press Release on the 2261st Council meeting). Nevertheless, in almost all EU Member States there are difficulties to define exactly what it is, and which are the limits of, public service broadcasting.

The concept itself had already been questioned since the late eighties due to an acute loss of once-clear sense of mission (Tracey, 1998), along with other factors dealing with the audiovisual market unstoppable growth and the difficulties that public media had to solve to adapt themselves to the digital era and the audience fragmentation that it brought along (Ouellette and Hay, 2008). And, if we go back further, some earlier studies even refer to concepts of “media citizenship” in which media institutions and practices based on a pluralistic civil society would benefit both media diversity and democratization, while some other concepts such as diversity, pluralism, and public media would provide alternative options to enhance the “public interest” model of media models being threatened, already by that time, by more market-oriented approaches and demands (Keane, 1988; Garnham, 1990; Curran, 1991; Murdock, 1992). However, most authors agree on the fact that every European state should be analyzed as a particular case, due to its singular historical, economic and social conditions (Keane, 1988).

If we look back we will notice that when public service media (PSM) companies started out in Europe, some of them more than half a century ago, the word “public”, itself, was extending all over the European states in a concept that meant: “of or concerning the people as a whole”, “done, perceived, or existing in public view”, and “of or provided by the state rather than by an independent, commercial company”, among others.1 When the term public reached the audiovisual scenario, however, its meaning varied slightly or significantly according to the political, social and economic situation of the different European states where public media saw the light. Therefore, in some European states the concept of “public”, when referring to public service media, was in total correspondence with the definition of “concerning the people as a whole”, while in others it simply meant “belonging to the state rather than to an independent, commercial company”. The real importance of the application of the concept, however, lies within the fact that, no matter what the origins might have been, all European PSM companies were regulated, organized and managed in a different way. These differences, which vary slightly or significantly among countries, were vital to outline the future for PSM in a specific country, and had to be
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summed up to other concepts that had to go from political stability to the level of maturity of the society to accept public media.

In *practical* terms, and since some years ago, the economic crisis and fierce competition exerted by commercial televisions and audiovisual media conglomerates have driven public European media companies to situations of clear instability, and in some cases even fragility – to the point that their mere existence or continuity has been questioned. Also, in some countries the shadow of the political influence exercised over PSM for decades has darkened the public service mission objectives which have accompanied PSM since their creation (Iosifidis, 2010). This is absolutely incompatible with the mission of public service media, public remit, and the role they play in society, but it is very much in line with the belief that the media are very much related to the political power, as Manuel Castells explains in his work *Communication Power* (2009):

“(...) The media are not the Fourth Estate. They are much more important: they are the space of power making. The media constitute the space where power relationships are decided between competing political and social actors”.

Finally, there is the undeniable fact that PSM funding comes directly from the citizens through a license fee in most European countries, which does not make it any easier for them to explain why their economic structures and organizations seem unable to resist the embattles of the current market strategies, no matter how aggressive they might be. In order to solve, or at least clear up this situation, in some countries PSM companies has been adapted to the recent digital era without any major changes, while in others the only foreseeable solution has been to carry out a complete structural reform of the PSM institution.

**COMPARING PUBLIC SERVICE TELEVISION**

Hallin and Mancini (2004) advanced three different models of media systems: polarized pluralist or the Mediterranean model; Democratic Corporatist or the Northern European model; and Liberal or the North Atlantic model. With respect to public service television, the polarized pluralist model is characterized by high political parallelism, political control over broadcasting, weak professionalization, content manipulation, and strong state intervention. The Democratic Corporatist model is characterized by substantial autonomy of broadcasting, strong professionalization, and strong public service broadcasting. Liberal models are characterized by a professional model of broadcast governance, strong professionalization, and market domination (except that Brit-
ain and Ireland have strong public service broadcasting). According to Hallin and Mancini, Spain and France fit into a Mediterranean model, Germany into a Democratic Corporatist model, and the UK into a liberal model (although they acknowledge that the strength of public service in the UK and Ireland fits uneasily with such a market-dominated model).

If public service television were truly endangered, there would be reason to argue that all models are converging to a liberal market-dominated model and Hallin and Mancini make the case for convergence and the triumph of the liberal model towards the end of their book. In contrast, while there are clear signs of convergence (as well as some evidence of divergence), this does not signal the end of public service television and the consequent victory of the North Atlantic model or, at least, not yet. To make this argument it becomes necessary to examine the historic and contemporary funding and governance of public service television in the four countries. Because of public funding, public broadcasters are to some extent insulated from the key problem associated with digitalization, notably how to fund activities when consumers are reluctant to pay and when there is greater competition for advertising revenue from new commercial TV competitors and from the Internet, in particular from Google.

HISTORIC FUNDING AND GOVERNANCE

FRANCE

In the French media landscape the values associated with the mission of public service are most strongly embedded in the public broadcasting companies. But the picture gets complicated in the French context because the claims of public broadcasters to public service status have to be qualified by their long historical association with the political executive power that has often negatively affected their capacity to provide independent and balanced information. Moreover, since the opening-up of the broadcasting system to commercial providers in the 1980s, public broadcasters have had to compete in a market for audiences and advertising revenue. In short, elements of public service can be found across different media sectors and outlets, while in broadcasting the notion of public service applies solely to the public providers.

France, as well as Spain and Germany, had a “mixed model” of funding (with funding partly coming from advertising) until recently. In 2007 advertising, for example, represented about 30% of the total revenue for France Télévisions. The payment of a license fee in France (125 Euros in 2012), which is low compared
to that of Germany and the UK, was used as an argument against public television by commercial competitors, who accused France Télévisions of “unfaithful competition”. Similar arguments can be found in almost all systems with significant public service broadcasters.

Since 1989 regulation of the broadcasting sector has been undertaken by the Higher Audiovisual Council, Conseil Superieur de l'Audiovisuel, which consists of nine members – three appointed by the President, three by the Chairman of the National Assembly and three by the Chairman of the Senate. The Council is the latest in a line of regulatory authorities whose origins go back to the 1982 reform (Chauvau, 1997; Franceschini, 1995). While the establishment of a regulatory authority represented an important symbolic break with previous practices of direct political control, it took some time – and the establishment of no fewer than three consecutive regulatory bodies in the 1980s – for the notion of an independent regulatory authority to be accepted across the political class.

It is true that politicians from all sides have frequently been reluctant to accept the substantive implications of a regulatory authority separated from the political executive. Appointments to the CSA are frequently informed more by party political considerations than professional competence and the Council currently has a very strong bias towards the ruling political Right. Nonetheless, prior to the start of the Sarkozy Presidency, the Council had survived several alterations in government between Left and Right, and its existence had to some degree constrained the freedom of manipulation of the President and government to interfere directly in the management of public broadcasting.

SPAIN

Funding for public broadcasting radio and television in Spain has been a sensitive topic in the last years at a state level. This is due to the specific character of a public media that historically has not fulfilled public media objectives and to the lack of political consensus that has prevailed in Spain. If public media has been traditionally based ‘in the public and in a public space in which social and political life democratically unfolds’ (Habermas, 1989) then in Spain we have a public television more characteristic of an early commercial television service (that is, advertising funding and a wide range of TV series imported directly from the U.S. in the mid-sixties) rather than a public service broadcasting type television and also more akin to a totalitarian-regime television with strong censorship and an absolute State monopoly of media property. In addition, no license fee was ever charged, or considered, for a public television service which was taken for granted as one of the regime’s gifts to its citizens (Palacio, 2004).
Notwithstanding the war origins and political character of public radio and television, in Spain there has never been a formal attempt to privatize public service broadcasting. However, the political use of the public media, during and after the regime (1939-1975), created a debt spiral for RTVE, Radiotelevisión Española (Spain’s public broadcasting radio and television corporation), that reached substantial sums of indebtedness (more than 7.500 million Euros in 2005). The extent of the debt together with the fact that Spain is the only EU country without an independent supervisory audiovisual regulator authority encouraged the government to carry out a complete restructuring of the service in an effort to ensure its existence and redefine its character. The 2005 Report on the Reform on State Media Property inspired the 2006 Law that changed the structure of RTVE and transformed it into a State-owned Corporation which, above all, would not be able to take on debt with the Spanish State as guarantor. Additionally, the State would provide financial support RTVE’s “specific and punctual base expenses” (Bustamante, 2006), such as facilities’ service and maintenance, electricity and similar expenses. For 2010, that amount was only 500 million Euros, which is significantly below funding levels in France, Germany, and the UK. And for 2012 there was a budgetary reduction of 200 ME, which implied a deduction from 1.200 to 1.000 million Euros.

In keen contrast, in 2004 commercial channels Antena 3 TV and Telecinco had already reached historical maximum revenues in the EU: 105 ME for Antena 3 and 205 ME for Telecinco (Bustamante, 2006). There are six analogue terrestrial channels in Spain: TVE1, TVE2, Antena 3, Cuatro, Telecinco, and La Sexta. Multichannel television is provided through digital terrestrial, satellite and cable. By 2008, 64% of the households were multi-channel compared to 39% in 2003 (which it is not surprising if we consider that Spain had its analogue switch-off on 3 April 2010). In addition, 46% of the households in 2008 had access to broadband permitting television programmes to be watched via Internet either live or subsequently, and also 76% of those users downloaded episodes of their favourite TV series. In terms of audiences, the first and second places always go to Antena 3 and Telecinco (sometimes the order is the opposite) with the national public broadcaster La Uno (TVE-1) in the third place as a regular position in the ranking. Cuatro (created Nov. 2005) and La Sexta (created Feb. 2006) are still new channels that seemed to struggle for the other places in the audience, along with the regional channel (Telemadrid in Madrid). However, on December 2008 Antena 3 announced its merger with La Sexta, and the next morning newspapers announced that Telecinco (property of Mediaset) had bought Cuatro.
GERMANY

Public service broadcasting in Germany is funded substantially from the Gebührenenzug (80% of revenue comes from the GEZ) that has remained almost constant in real terms since 2006 at Euros 7.3 billion. Individuals owning TVs, radios, and other equipment capable of receiving broadcasting signals are liable to pay the fee (Internet connections are charged for in contrast to the UK, albeit a reduced rate to reflect a reduced supply). Like the UK license fee, there are some exemptions (those who are blind, over 75, etc.) but, in principle, everyone with suitable equipment pays the same (216 Euros in 2012). Broadcasting, however, is much more decentralized in Germany than has traditionally been the case in the London-dominated UK and Paris-dominated France with significant proportions of the revenue devolved to regional public service broadcasters.

The level of the license fee is recommended by the Kommission zur Ermittlung des Finanzbedarfs der Rundfunkanstalten (KEF), established in 1975 by the Minister Presidents of the Länder. The KEF reports every two years to the governments and parliaments of the Länder. Changes to the fee have to be enacted in law, and the governments of the Länder have to clearly justify any decision on why not to follow the KEF recommendation.

THE UNITED KINGDOM

Despite the context of a rapidly evolving broadcast ecology (notably the growing diffusion of digitalization and marketization) in the UK over the last ten years, the issue of funding for public service broadcasting has been object of peaceful talks, in contrast to the 1980s. The early years of Margaret Thatcher’s first government saw much discussion about whether the BBC should be privatized and the license fee scrapped. The Peacock Report (1986) imagined a future broadcasting system where market competition would entirely replace public service and subsidy but concluded that public service broadcasting should stay until the time that technological change would mean that a free market could operate effectively. In response to Peacock, many argued that the broadcasting market would always be prone to failure because of the ‘public’ and ‘merit’ good character of broadcasting (Graham, 1999). Regarding the concept of “public”, public goods are goods that can be consumed by more people without affecting the supply of the good itself. Welfare is maximized when the distribution is at its greatest and introducing a cost for the good would reduce its circulation and hence the level of welfare. Broadcasting is a merit good because it may bring advantages to citizens (knowledge, for example). This being the case, it does not
make sense to exclude some people from it. Also it may well be that the market
does not supply enough merit goods because citizens are not always as well-
informed as they might be.

Generally speaking, this response to Peacock was broadly accepted among elites
in the UK as too is the desirability of market competition. There are some voic-
es calling for the end of the license fee such as James Murdoch (who rightly sees
the license fee as a regressive form of taxation) and David Elstein (who wishes
to see the license fee replaced by voluntary subscription). James Murdoch, son
of Rupert, carries great political influence amongst elites because of News Inter-
national’s extensive interests in press and broadcasting and its potential impact
on voting behaviour. Notwithstanding this fact, all major political parties both
accept the desirability of broadcasting competition and of public service broad-
casting funded by the license fee. Contention, then, is not about whether there
should be public service broadcasting or even what is the best way to finance
it as the license fee is generally accepted (alternatives such as funding through
general taxation, through allowing advertising, or through an industry levy are
rarely discussed). The issue is rather: how much should the license fee be and
how should it be distributed?

This ideological consensus, however, among political elites should be not taken
as implying that the broadcasting ecology in the UK is not subject to profound
change and that public service is not under strain. There are 5 analogue ter-
restrial channels in the UK: BBC1, BBC2, ITV, C4, and Five. Multi-channel
television is provided through digital terrestrial, satellite, and cable. In 2008
88% of households were multi-channel compared to 54% in 2003. In addition,
58% of households in 2008 had access to broadband permitting television pro-
grammes to be watched via the Internet either live or subsequently (the BBC’s
iPlayer, for instance, has proved to be enormously popular and 20% of those
with broadband have watched TV over the Internet). While the BBC has been
affected by digitalization and marketization it has not been as badly affected as
the other PSBs who are also suffering considerably because of the recession and
significant falls in advertising revenue.

The BBC is not ideologically under significant threat and also financially it is
much healthier than the other public service broadcasters. This is to some ex-
tent because of the medium to long term license fee settlements that recession-
proof, at least in the short run, the revenue of the BBC.

The BBC’s relative strength vis-a-vis the other public service broadcasters has
increased markedly in recent times. This is not simply because of the long last-
ing economic recession in the UK but also because of structural change in media markets. More channels have meant increased competition for advertising revenue and the Internet has also attracted advertising revenue away from television. As a consequence both major advertising funded public broadcasters, ITV and Channel 4, find themselves in crisis.

Ofcom, the industry regulator, has responded to this crisis with the following recommendations:

- that the BBC should be maintained and the license fee should be continued;
- that ITV and Channel 5 should have a much more limited public service remit;
- that some public service content on advertising funded public broadcasting (for example, regional news, children's programming, and programmes for Scotland and Wales) should be funded by some mechanism overseen by Ofcom and paid for from the BBC license fee;
- and that Channel 4 should effectively provide the major public service broadcasting competition to the BBC and this should be enabled through mergers, partnerships and so on (possibly with BBC Worldwide, the BBC’s highly profitable commercial arm which would of course adversely affect BBC revenues).

Whether public service broadcasting overall will be significantly strengthened by these proposals is a matter of doubt. Over the course of 25 years the UK has moved from a system dominated by two strong public service broadcasting institutions: the license-fee funded BBC and advertising funded ITV to a situation where the BBC and C4 will attract significantly less than 50% of the audience. The process of marketization and digitalization has significantly weakened therefore public broadcasters relative to others, particularly Sky. While this may not constitute “death by a thousand cuts” it will mean that public service broadcasters will cease to play a dominant role in UK broadcasting.

**RECENT FUNDING OPTIONS AND NEW FORMS OF GOVERNANCE**

**FRANCE**

The President of France has always been perceived and rightly so as an authority with real power with respect to the media. The terms of the last debate on PSM
in France were spectacularly set by President Sarkozy at a press conference two years ago, in January 2008, when he surprised the audience of journalists with the revelation that he intended to immediately start a process to remove commercial advertising as a funding stream for France Télévisions. This was not the only change, but only part of a broader reform – “the biggest policy shake-up in broadcasting since the 1980s” (Kuhn, 2011) – that modified in three aspects the French broadcasting system and that was finally passed by the legislature at the beginning of 2009. These were:

- The establishment of a single corporation to manage digital channels and online services.
- The withdrawal of commercial advertising from France Télévisions, initially between 8:00 pm and 6:00 am, until it finally disappeared by the end of 2011 – the date for the French analogue switch-off.
- And the most surprising of all: the appointment of the Director General of France Télévisions directly by the President.

The new ban was offset by new taxes to be paid by telecommunications operators and commercial television channels. In Spain, as we will see in the next paragraphs, the government copied Sarkozy’s model several months later, even though the withdrawal from advertising was made faster than in the French public television: it was completed by the end of 2010.

This new reform was very much criticized since it took France Télévisions back to the situation that existed prior to the 1974 Giscardian reform and completed a process of moving towards the reformulation of a single public television organization that began in the late 1980s. The public channels incorporated in this reorganization are: France 2 (generalist), France 3 (regional), France 4 (for young people), France 5 (educational) and France Ô (overseas départements and territories). Paradoxically, the argument that justified this reorganization was that in a more competitive and fragmented media landscape the public services require better coordination to ensure a strong public sector presence against an expanding tendency of generalist and niche-oriented commercial channels and new content providers, even though it is very similar to the one that prevailed in France almost fifty years ago. The main difference between the new organizational set-up and that of the Gaullist ORTF is that the new framework did not include public radio, which local and national services continue to be organized in a separate company.
This central aspect of the reform was defended by President Sarkozy on the grounds that because of their dependence on advertising revenue for an important part of their income stream, the programme output of the public channels was insufficiently differentiated from that of their commercial rivals, with the tyranny of the ratings influencing both the substantive content of programming and the allocation of programmes to particular time slots (Risser, 2004). To remedy this situation, Sarkozy proposed that France Télévisions should be liberated from its dependence on advertising to become a *French style BBC*.

However, this presidential initiative, which in principle changed only the funding sources and organizational structure of the French public broadcaster, had a political reason behind to support it. As Kuhn (2011) also remarks: 

“(…) The withdrawal of advertising (from France Télévisions) predictably caused uproar when it was first announced. Yet in political terms the initiative was shrewdly calculated since the opposition parties of the Left, including the Socialist party, had long campaigned against the ‘perverse’ impact of advertising on programming without ever going so far as to legislate for its abandonment. The broadcasting trade unions were similarly put on the back foot – opposed to advertising on public television in principle, but fearful of the consequences of its withdrawal in practice, notably on levels of employment (…)”.

Nevertheless, the main problem in the eyes of those opposed to this aspect of Sarkozy’s reform was not the principle of the initiative – there is nothing unacceptable in having an advertising-free public service provider of television content. Nevertheless, there were other aspects, like the reluctance of the French government to raise the level of the license fee and the problematic nature of the proposed additional revenue streams, which has been debated at the EU legal institutions ever since.

Sarkozy’s plan to ban advertising on France Télévisions was perceived by many sectors of the society as an attempt to gain public media control. Some claim that Sarkozy’s initiative to ban advertising on public television was really just a camouflaged boost for TF1, the number one television channel in France, property of Martin Bouygues, a long-time personal friend of Sarkozy, because they argue that advertising revenue would be displaced to TF1. Most of the relevant media were already directed by businessmen who were already friendly to Sarkozy and his reform. However, not everyone was happy. Jean-Francoise Tealdi, a union leader at France Télévisions, told Deutsche Welle in January 2010 that Sarkozy’s reform will impoverish public broadcasting and compro-

mise its independence. “This is a return to forty years ago, when the political leaders chose the television directors. Back then the public broadcaster did not serve the people like it does today”, he said. “It was basically state-run television like in Eastern Europe. And that’s what Mr. Sarkozy is taking us back to”\(^3\). In defense of his reform, Sarkozy insists that his measures are a major step towards his goal of modeling French public television just like the BBC, but the left-tendency newspaper *Libération* has called the President’s reforms a pretext to turn France Télévision into “France Sarkozvision”\(^4\).

**SPAIN**

If we consider that it has been repeatedly demonstrated that Spanish citizens are not willing to pay a license fee for a public television and radio service whose mission is not yet clearly identified, then how is public television supposed to survive in this new ecological environment of ferocious commercial interests? Spain’s President Jose Luis Rodriguez Zapatero’s (2004-2011) answer to this question was to emulate the transformation of France Télévisions promoted by his homologue Nicholas Sarkozy in France. On January 2010 TVE started the suppression of advertising for the night prime time schedule (from 10:00 pm to 6:00 am) and it was completely withdrawn from public television by June 2010.

On June 5, 2006, the Law on Public Radio and Television represented the reformulation of a totally new concept of public media in Spain, as it had never been conceived and regulated before. Above all, the fact that this was the first democratic Spanish government to give up any possible manipulation of the public radio and television was a very positive development. This reformulation meant that the new “Corporation RTVE” not only was denied the possibility of acquiring new financial debts (Arriaza Ibarra, 2009) but it would also be ruled by a Director absolutely independent from state power and its influence, elected by two thirds of the Parliament (since January 2007, Luis Fernández, and from November 2008, Alberto Oliart took charge until he resigned in July 2011). As a corporation, it is forced by Law to present annual reports on its financial situation in order to avoid future unexpected financial crisis. As a public company – because even though it has changed into a Corporation, it will only have one owner, the Spanish State -- it will work with long term objectives of nine years but with revision and control of objectives every three years. And as a public entity, it will be under supervisory control from Parliament on an annual basis. The period of election of the Corporation’s director was supposed to change from four to six years in order to keep him/her independent from political power since general elections are every four years (even though Luis

\(^3\) [http://www.dw-world.de/dw/article/0,3932880,00.html](http://www.dw-world.de/dw/article/0,3932880,00.html) (retrieved November 1, 2012).

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Fernandez, who had been in this position not even for three years, resigned on November 2008 citing “personal reasons”. Paradoxically, Fernandez, aged 52, was replaced by Alberto Oliart, a still-active 81-year-old politician and former Minister of Industry and Public Health during Adolfo Suarez’s government. This took place in December 2008 after it had been announced that all those RTVE employees who were fifty (50) years old or older were forced to resign or be part of an advanced-retirement plan.

But the big shock came when the government decided, on June 2012, to appoint directly the new director of RTVE, Leopoldo Gonzalez Echenique, a lawyer who worked for the State and also in the management area of a chain of hotels. Besides from this controverted decision, it also changed the number of members of RTVE Board of Directors from twelve, as it was stated in the original Law of 2006, to nine, in a Law surprisingly called “Law of Urgent Measures to Reform RTVE” in April 2012. The situation, as it is now, has left the conservative Popular Party, now ruling, with six members; the socialist PSOE, which has broken negotiations with them regarding RTVE – “Let them have it all”, said socialist leader Alfredo Pérez Rubalcaba (El País, 3 June 2012) – with only one member, and only until January 2013; the catalan party Convergencia I Unió, one member, in coalition with the government, and the left wing Izquierda Unida, with the last member as the only real ‘opposition’ member.

GERMANY

In Germany broadcasting is a competence of the individual Land / region. In October 2009 at a meeting in Mainz, the Minister Presidents discussed the financial predicament of public service television. The declining acceptance of GEZ meant greater avoidance and more people becoming exempt from the charges. The predicted loss of income will be Euros 1bn by 2020, representing around a 15% reduction in funding. The Minister Presidents considered two options for future funding. One of the options was an amended GEZ (i.e. a charge on those in possession of suitable equipment), while the other, the one that was implemented, is to charge households and businesses rather than individuals starting 2013. Also under discussion is whether advertising should be further limited in public service television. Public service television executives argue against such a reduction in advertising because they fear that it will make them more dependent upon funding decided by politicians and that it will reduce public service funding.

Public service broadcasters also benefit from advertising revenue with around Euros 500 million per year coming from this source (significantly less as a pro-

Funding and governance of public service television in times of crisis: The cases of France, Spain, Germany and the United Kingdom
portion of revenue than in France). Public service television while being deserted by many younger viewers continues to be popular with older and richer socio-economic groups who value public service television for news and current affairs. Certain advertisers, therefore, are content for public service television to continue to carry advertising as these groups would be difficult to reach via private television. Commercial channels for this reason tend not to argue for ending advertising on public service channels (as they are unlikely to attract wealthy viewers and particular advertisers given their palette of programming) but for reducing advertising regulation so that they can show more advertisements to their target audiences. Public service broadcasters argue that advertising revenue helps them to resist political pressures as the decision over the level of GEZ is one made by the parliaments of the Lander and suggest that the advertising restrictions that they face (known as “the corsett”) be relaxed to allow greater competition with commercial broadcasters. This is unlikely to happen. Indeed, the opposite is much more likely and this would be in tune with changes affecting other public service broadcasters at present in Europe.

The CDU/CSU-SPD grand coalition in Germany implied little change in the broadcasting policies in the recent years. The advent of a CDU/CSU-FDP coalition in November 2009, however, meant that the place of advertising in public service television is in doubt for the first time as the FDP prefers an abolition of advertising in a similar way to the changes that took place in France and Spain in 2010 and 2011. Some politicians in the FDP would like to even go further and distribute a tax on communicative devices to a variety of organizations providing public services. There are significant legal problems with such a proposal, but the idea of ending advertising on public service broadcasting has found some support within the SPD. It seems likely that there will be some policy change to benefit commercial broadcasters but this may not imply an abolition of advertising on public service television, as it has happened in the Mediterranean countries.

THE UNITED KINGDOM

While the BBC is currently doing well in contrast to other public service broadcasters, the Ofcom recommendations suggest a threat to the level of BBC funding though not to the license fee itself. The funding of regional news on ITV will initially be found from the ‘digital switchover surplus’. This money was originally given to the BBC to aid digital switchover but was not spent. The BBC is in favour of either using this money for other BBC activities or for handing the money back to license fee payers (about £5 each). Ofcom and the government, however, will use this money to fund independent regional news on ITV with a decision delayed about long term
funding until this year (2012). The BBC Trust and Management have opposed this apparently relative minor issue vehemently as they see it as a precedent for Ofcom and the government to reallocate the license fee to non-BBC public service broadcasters or even to commercial broadcasters prepared to offer some public service broadcasting content, known as ‘top-slicing’ the license fee for non-BBC purposes. It is thus a threat to the autonomy of the BBC to decide how the license fee is spent, the future level of funding of the BBC, and threatens to introduce greater competition for public funds. The real worry here for the BBC is that in the future a portion of the license fee will be supervised by Ofcom (or some other successor organization) rather than the BBC Trust and it will be distributed on a competitive basis to broadcasters prepared to offer public service broadcasting television (for example, children’s TV, regional news) or for some other purpose such as increasing broadband access speeds. This is a realistic and bleak scenario for the BBC.

However, the license fee itself may decline in real terms in the future and BBC revenues may decline relative to commercial broadcasters, but public service broadcasting (both broadcasters and content) television will not disappear. The Conservative Party introduced a motion in the House of Commons in 2009 suggesting that the BBC forego license fee increases during the recession (and still maintain their position) but have also confirmed that the principle of a multi-year license fee settlement is safe should the Conservatives win power in 2010 with the Royal Charter not due for renewal until 2016. Though, the shared perception of the BBC from both the Labour Party and the Conservative Party in recent years is that the BBC is an overmighty, profligate, and privileged institution that needs to be cut down to size. The BBC responds by pointing to the fact that it is the most trusted institution in the UK, far outstripping both parliament and bankers in terms of public trust.

The future of broadcasting regulation is unclear. While the BBC Trust was only established in 2007, replacing the BBC Board of Governors, it has been criticised on the same grounds by the present Labour government, namely of being too close to BBC Management and therefore more of a supporter than an overseer. The Conservative Party meanwhile have suggested that they will abolish many quasi-government organisations (mentioning Ofcom explicitly) and take those functions back into government (in this case the Department for Culture, Media, and Sport). Whether this happens or not it a matter for conjecture and there are both complicated regulatory and political issues to settle before the DCMS could take over these functions.

In response to the impending digital switchover and to recession, the BBC is currently reviewing its activities. It is clearly jumping before it is pushed and it is
an attempt to stave off further reform. The BBC is attempting to make efficiency savings involving job losses and budget cuts. It is moving some more of its production to Salford near Manchester to establish BBC North in order to better represent the diversity of the UK. It is also possible that it will scrap some of its niche TV and radio channels (such as BBC3) and these will be replaced by more ‘on demand’ services through the BBC iPlayer. It may also consider charging for access to the highly successful BBC online archives (currently those using the iPlayer archives solely are not liable to pay a license fee which is somewhat perverse). The BBC is also considering the extent of its news websites as the newspaper industry is extremely unhappy, claiming that they face impossible competition from a subscription free and advertising free BBC news website.

The UK government has recently set a precedent through deciding to fund independent regional news consortia on ITV from license fee revenue up until 2012 thereby relieving the BBC of some of its license fee and relieving ITV of some of its public service obligations in order to make up for the adverse impact of digitalization on the ITV franchises. One distinct and highly significant possibility is that ITV, freed from public service obligations, will be taken over by Sky and Sky will then rival the BBC for audiences. Whereas in the past there was a competitive public service broadcasting duopoly with BBC and ITV competing fiercely with one another, in the future there may well be fierce competition between the BBC and a purely commercial broadcaster Sky.

CONCLUSION

The combination of rapid technological change enabling multi-channel broadcasting together with the rise of neo-liberal ways of thinking, and governing, in Europe and the development of commercial television has led to an embattled view of the future of public service broadcasting. However, it is clear that public service broadcasting as a species does not face imminent extinction. Very few people seriously suggest that public service broadcasters should be privatized and funded either through subscription or through advertising, only. Indeed, the trend is for the opposite to occur and for advertising revenue to be taken away from public broadcasters or at least for politicians to threaten to take advertising revenue away from public service broadcasters thus making them more different from their commercial competitors in terms of sources of revenue. On the one hand, it appears that we will have commercial TV funded either through subscription or advertising or both and public service broadcasting funded either through tax on communication industries (EC competition law permitting) or through a license fee or both. This development is
probably the result of two factors: a shared perception of the value of public service broadcasting amongst political elites and a lack of desire on the part of commercial broadcasters to face greater competition for advertising from privatised public service broadcasters. The future of public service broadcasting in Europe, however, needs to be more stable and guaranteed by fair regulation and market conditions that allow their permanence in a more and more commercial-oriented audiovisual European scenario.

However, if we can conclude that public service broadcasting does not face extinction, the question of whether public service broadcasters will flourish or decline in the digital environment is left unanswered. While taking away advertising revenue from public service television in Spain, France and possibly Germany may reduce the total revenue coming to these broadcasters, they have been more insulated from the effects of recession and from greater competition for advertising revenue because of the Internet and more commercial channels and from the problem of needing to sell their products in an environment where consumers are reluctant to pay. There are also opportunities for public service broadcasters to more clearly distinguish themselves from commercial broadcasters if there is not the competition for advertising revenue. On the other side, the victory of the conservative party and his measures to gain control over public service media in some countries, like Spain, will encourage this process of gradual, relative decline but, luckily, we should expect the continuity of public service broadcasting in Europe.
REFERENCES


