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**CHILE'S MARKET ORIENTED MODEL  
OF PUBLIC TELEVISION**

**SERGIO GODOY-ETCHEVERRY**

A thesis submitted in partial fulfilment of the  
requirements of the University of Westminster  
for the degree of  
Doctor of Philosophy in Communications (PhD)

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# CHILE'S MARKET ORIENTED MODEL OF PUBLIC TELEVISION

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## List of acronyms

<b>CHV</b>	Chilevision, channel 11 in Santiago, since 1994 formally owned by the University of Chile but controlled by Venevision from Venezuela.
<b>CNTV</b>	National Television Council of Chile, the regulator.
<b>DC</b>	Christian Democrat Party.
<b>GDP</b>	Gross Domestic Product.
<b>GNP</b>	Gross National Product.
<b>Mega</b>	Short for Megavision, channel 9 in Santiago, Chile's first private broadcaster.
<b>OECD</b>	Organisation of Economic Co-operation and Development.
<b>PDC</b>	Christian Democrat Party.
<b>PSB</b>	Public service broadcasting.
<b>Red</b>	Short for La Red, channel 4 in Santiago, Chile's second private broadcaster.
<b>RTU</b>	Old name of the University of Chile's television Corporation, channel 11 in Santiago, before the purchase of 99% of its stock by Venevision in 1994.
<b>R&amp;P</b>	Short for Rock & Pop, channel 2 in Santiago, Chile's third private broadcaster.
<b>SECC</b>	Secretariat of Communications and Culture, a department of Chile's Ministry of Communications.
<b>SISA</b>	TVN's International Signal or channel
<b>SUBTEL</b>	Sub-secretariat of Telecommunications from Chile's Ministry of Transport and Telecommunications, the technical body in charge of allocating broadcasting and telecommunication franchises.
<b>SVS</b>	Directorship of Insurance and Values, Chile's watchdog of public listed companies.
<b>TVN</b>	Television Nacional de Chile, channel 7 in Santiago, the state-owned broadcaster.
<b>TVUC</b>	Television Corporation of the Catholic University of Chile, channel 13 in Santiago.
<b>Telenorte</b>	Television Corporation of the Catholic University of Antofagasta, channel 3 in Antofagasta, in the country's northern region.
<b>UCV</b>	Television Corporation of the Catholic University of Valparaiso, channel 5 in Santiago and channel 4 in Valparaiso.
<b>UNDP</b>	United Nations' Development Programme.
<b>UTM</b>	<i>Unidad Tributaria Mensual</i> , a RPI-indexed unit used to keep monetary values at par with inflation. Laws often express monetary amounts in UTM's. In December 1995, one UTM was equivalent to US\$ 53.75.



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**Abstract**

*The main objective of this dissertation is to provide a comprehensive picture of the evolution and current performance of the market-oriented model of public service television in Chile. The focus is largely on the commercially-funded state-owned television network, Televisión Nacional de Chile (TVN). This thesis argues that Public Service Broadcasting (PSB) is still valid and necessary, yet the means to achieve this ideal have evolved and require some fresh thinking; such as the way forward provided by this case study.*

*This work attempts to describe TVN's main political, economical, and managerial characteristics when delivering PSB according to television law, considering the evolution of the media in Chile and Latin America. For this purpose, the analysis integrates the political economy of the media from a managerial and regulatory perspective.*

*The work is divided into two main parts. The first explains the current situation of PSB in the industrialised world, and also deals with the peculiar development of Chilean broadcasting within Latin America. The second part is the most important because it assesses the Chilean model at its present state. Nowadays TVN is an influential counterweight to authoritarian entrenchments as well as a booster of innovation and growth of the audio-visual sector. Its pro-market orientation prevents traditional forms of government manipulation, it is coherent with overall macroeconomic policy, and introduces awareness for the audience's preferences. But this case also has important contradictions that need to be dealt with in order to enhance its contribution to social welfare and democracy.*

*The thesis assumes that PSB -a Western European concept- has been possible in Chile because of a relatively extended republican tradition, and because of the effectiveness and probity of its public institutions. Nevertheless, as a developing country Chile has also suffered poverty, economic instability, and a prolonged military dictatorship (1973-1990) among other problems. These factors explain the differences between Chilean public television and its counterparts in the industrialised world, yet at the same time they reveal a special need for such a service despite all the technological changes that are taking place.*

## INTRODUCTION

This work deals with the development and contemporary performance of public service broadcasting in Chile through its commercially-funded and profitable state-owned television network, Televisión Nacional de Chile. Because of dramatic political and economic changes, a market based model of public service is possible and necessary in the Chilean condition.

Chilean contemporary public television has not been thoroughly studied, despite (or perhaps because) the deep economical, political, and social implications of the subject in post-dictatorial times. Television is the most influential, wealthy, and credible medium in Chile, and the public service network TVN is the second most powerful and profitable of all. Yet its social contribution has not been assessed properly. This work attempts to describe TVN's main political, economical, and managerial characteristics when delivering public service broadcasting (PSB) according to contemporary television law, considering the evolution of broadcasting in Chile. For this purpose, the analysis will integrate the political economy of the media, development economics, and principles of public sector management.

The thesis assumes that a particular version of public service broadcasting -a Western European concept- has been possible in Chile because of a relatively extended republican tradition since the 1830s, an effective and socially legitimate state structure, low levels of corruption, and some favourable aspects in its socio-economic development. Nevertheless, as a developing country Chile has also suffered substantial poverty, economic instability, foreign indebtedness, foreign cultural penetration, and a military dictatorship between 1973 and 1990. Advertising was always an important source of income for the whole system and contradicts the European notion of a subsidised service. On the other hand, in the past "public" was taken to mean "government" and TVN became the channel of those in power, specially during the regime of general Augusto Pinochet.

These factors explain the differences between Chilean public television and its counterparts in the industrialised world, yet at the same time they reveal the need for a nation-wide service on behalf of the public interest despite all the technological changes that are taking place.

The thesis is basically divided into two main parts. The first provides background information about the concept of public service broadcasting (chapter 1) and about the peculiar development of broadcasting in Chile within the Latin American context (chapters 2 and 3). The second part is about the current situation of Chile's market-oriented model of public service television. Chapters 4

and 5 outline the contemporary legal framework of television. Chapter 6 describes the main characteristics and problems of the Chilean broadcasting market. Chapters 7 and 8 deal with TVN's most relevant areas of performance, whereas chapter 9 studies the changes in programme diversity in Chilean terrestrial television between 1988 and 1997. Final conclusions are discussed in chapter 10.

## PART I: CONTEXT

This first part of the thesis outlines the background situation of current public service television in Chile. Part of this concerns the discussions that take place in the developed countries of Western Europe and North America, while the rest involves the history of television in Chile. Chapter 1 outlines the development and current situation of public service broadcasting in the industrialised world, and analyses Latin American broadcasting from the perspective of public sector and development economics. It is argued that both the tradition of a [semi-authoritarian] republicanism and the effectiveness of the public sector are important explanations for the persistence of public service values in Chile. Chapter 2 comments the evolution of Chilean television from its origins in 1958 up to 1990, the date in which a seventeen-year dictatorship finished and public broadcasting was re-launched in its present market-oriented form. Finally, chapter 3 deals with the advancements and changes occurred to public television since 1990 up to the present.

## CHAPTER 1: CONCERNING PUBLIC SERVICE BROADCASTING

This first chapter is divided into five parts. The first one concerns terminology, objectives and methodology. The second explains the reasons for state intervention in the economy, which partially explain public service broadcasting. The third part is devoted to the discussion about PSB in the industrialised world. It covers the definition, attributes, and current situation of public broadcasting in that context. The fourth part of this chapter links this discussion with the Latin American context: it discusses the relationship between PSB and development economics, and the way this European concept took an imperfect shape in the region. The final section explains the peculiar characteristics of the state and public institutions in Chile that make possible public service television today.

### 1. Framework of the thesis

Scannell's (1990, 1989) concise definition of public service broadcasting - the provision of a wide range of programmes through national broadcasters available to all- was for many decades obtained through public monopolies, public funding, and regulated broadcasting markets, on the assumption that this was the best way to serve the public interest, i.e., reinforce the nation's cultural heritage and democratic values (McQuail, 1992). Throughout the 1980s public broadcasting was severely challenged by the dramatic increase of channel capacity, audience fragmentation, and political change towards pro-market policies in the main industrialised nations. This thesis argues that Scannell's definition on behalf of the public interest is still valid and necessary, yet the means used to achieve it have evolved and require a refreshed view (Ishikawa, 1996; Raboy, 1996a, 1996b; Collins, 1993b).

Latin American broadcasting has largely developed following the commercial model from the USA, yet without a parallel background of democracy, civil rights, and generalised welfare (Fox, 1997). As a part of the developing world, the region shares important economic, social, and political troubles -extensive poverty, institutional and economical instability, and important levels of corruption and violence in many cases (Todaro, 1994; CELARE, 1997, 1996).

Nevertheless, the international factors are insufficient to explain the wide disparities in broadcasting arrangements in the Latin American countries. Internal, domestic factors are decisive:

*“Latin American broadcasting is not the atavistic product of poverty, underdevelopment and tyranny, nor is it an exclusive product of US imperialism...Latin American broadcasting industries are the product of a complex interplay of strong and weak domestic governments and markets, authoritarian and populist policies, and largely excluded social forces. The possibilities of changing domestic media structures continues to exist within the societies of Latin America, although, as in the past, foreign relations remain a part of the equation for change”* (Fox, 1997: 5, 6).

That is why the case-study analysis of TVN within its national context is necessary. The two largest broadcasting markets, Brazil and Mexico, are in fact controlled by family-owned monopolies powerful enough to influence politics and economics by their sheer economic weight (Fox, 1997, Scnheier-Madanes, 1995). Although these two countries represent an extreme case, in general Latin American broadcasting is not responsive to the “public interest” in the way it occurs in the Western industrialised democracies. Most state broadcasters are discredited, underfunded government propaganda outlets (Fuenzalida, 1997b; Roncagliolo, 1996). This is because of the weakness and vulnerability of democratic values and institutions in the face of powerful interest groups such as the military, the big business, and even organised crime in some cases (CELARE, 1996, 1997; UNESCO, 1995, 1994). In this context, many authors regard community radio as Latin America’s grassroots public service broadcasting (Huesca, 1995, 1994; López Vigil, 1997; Roncagliolo, 1996; UNESCO, 1995, 1994) and are sceptical of -if not hostile to- the contribution to democracy that “mainstream” media can make. Nevertheless, community radio is too marginal to be effective by its own.

This work argues that public service values can be accomplished in Chile by the “mainstream”, market-led state-owned network TVN because of conditions that are perhaps not transferable to other Latin American nations. Until 1990 Chilean television was exclusively in the hands of universities and the state, which meant that some considerations of quality and public service permeated the system and conditioned audiences’ expectations and tastes. Even today, after considerable deregulation and the explosive growth of cable and private television, the most successful broadcasters are still the university-owned TVUC and TVN.

Perhaps the most conspicuous underlying condition for all this is Chile's republican tradition of public probity associated to relatively legitimate and effective public institutions dating from the early 1830s. This legacy is similar to that of Uruguay and Costa Rica at least. Many of the political conditions implicit in the notion of public service broadcasting survived the 1973-1990 Pinochet regime, and were very probably helped by the favourable economic situation. The market-oriented reforms started by the dictatorship were continued by its democratic successors and has meant an annual growth rate of 6.7% during the last decade, with a substantial reduction of poverty from 45.1% to 23.2% of the population in the same period.

It is within that context that public television, with all the dramatic swings experienced since the 1960s, has been as a crucial character in the contemporary Chilean media, acting as an influential counterweight to authoritarian entrenchments and as a booster of innovation and growth of the audio-visual sector. Its pro-market orientation prevents the government manipulations of the past, it is coherent with overall macroeconomic policy, and introduces awareness for the audience's preferences. But TVN also has important contradictions and challenges that need to be outlined in order to enhance its contribution to social welfare and democracy.



## 1.1. Objectives

The aim of this thesis is to provide a comprehensive picture of the development and current performance of the market-oriented model of public service television in Chile. In the course of the analysis, the following secondary objectives will be pursued:

- a) Outline the main features of Public Service Broadcasting (PSB) according to the Chilean context;
- b) Describe the political, economical, and corporate evolution of Chilean television, stressing the role played by TVN in this process;
- c) Outline and analyse TVN's objectives, performance, corporate strategies and operations; and
- d) Assess the service delivered by TVN according to Public Service principles.

In pursuit of these objectives this work integrates political economy of the media and development economics. This gives a wider scope than focusing only on the efficient allocation of scarce resources (traditional economics) and its relation with politics (political economy). It comprises "the *economic, social, political, and institutional* mechanisms, both public and private, necessary to bring about *rapid* (at least by historical standards) and *large scale improvements* in levels of living for the masses of poverty-stricken, malnourished and illiterate peoples of Africa, Asia, and Latin America" (Todaro, 1994:8).

Development economics assumes that "developing" countries are intrinsically different from "developed" ones, whereas other economic perspectives -such as neoliberalism- dismiss this distinction. Nevertheless, not only the differences between Chile and the neat ideal of perfect markets and well-informed consumers are evidently vast, but also it is precisely these differences that explain the peculiarities of the Chilean case.

Principles of public sector management underlie the analysis, since the welfare focus of this work attempts to be as practical as possible. As Parston puts it, "the key to developing effective management in public services lies in basing organisational strategy and action on the values that the public service organisation is there to produce" (1993:9). The public sector responds to at least four sets of competing social demands, which exceed just cost and volume calculations: [1] demands for improved societal outcomes (e.g., a better informed public, for a public broadcaster); [2] demands for improved comparative performance (e.g., delivering clear indicators of the value of the service); [3]

demands for distinctive services (e.g., those not available in the private sector); and [4] demand for more service outputs (e.g., more education programmes) (ibid.).

## **1.2. Methodology**

This thesis is a case study of Chile's public broadcaster Television Nacional (TVN), i.e. "an empirical enquiry that uses multiple sources to investigate a contemporary phenomenon within its real-life context, in which the boundaries between the phenomenon and its context are not clearly evident" (Yin in Wimmer & Dominick, 1994: 154). What it is studied is TVN's performance and structure, which in this case consists respectively on the channel content (and its delivery to audiences) and its organisational conduct (McQuail, 1992).

The case of TVN is hard to understand without an account of its origins and historical development. Therefore this thesis combines the strategies of explanation building and, secondly, historical and time series analysis<sup>1</sup>. In the former, the investigator constructs an explanation about the case by making statements about the cause or causes of the phenomenon, and in the latter he/she tries to compare a series of data points to some theoretic trend (Wimmer & Dominick, *ibid.*: 156, 157).

The conceptual framework of this case study consists of the political economy of the media, from a managerial and regulatory perspective rather than from a purely theoretical stand. It is aimed to help and clarify decision making on the public interest at the level of the industry and the nation's legislature. This work shares Banfield's view of public interest as what "serves the ends of the whole public rather than those of some sector of the public" (in McQuail, 1992:28), as well as McQuail's search for "specific manifestations of public benefit from communication which go beyond the immediate purposes of the media themselves, of their clients or of their audiences" (*ibid.*: 21).

This means a recognition of the triad of freedom, equality/justice, and order/solidarity as the main values for media assessment according to Western tradition<sup>2</sup>. Freedom is often defined in terms of communications rights: of belief, speech, movement, assembly, association, and access to information. Equality,

---

<sup>1</sup> Historical analysis dominates chapters 2 and 3, whereas chapter 10 deals with the changes in programme diversity in Chilean television between 1988 and 1997.

<sup>2</sup> In contrast to the colloquial sense of "the West" in North America and the EU as comprising only their rich industrialised democracies, Chilean constitutionalism defines itself as Western because of its attachment to Christian values (an old Spanish legacy) and capitalism (however imperfect).

associated with the notion of justice, implies adequate, “fair” channels of communication for participant citizens of a democracy. Finally, order/solidarity is concerned with the sense of commonality required for social stability and the rule of the law.

These three values imply assessing seven factors: [media] independence, access, diversity, objectivity, solidarity, social control and [collective] symbolic culture (ibid. :78). Subsequently, this thesis examines TVN’s contribution in each of these factors, within the peculiarities of Chilean broadcasting. These values and factors are an appropriate standard for this case not only because they have been present throughout Chile’s extended republican tradition, but also because they were quoted as long-term justifications for the changes introduced by the military dictatorship between 1973 and 1990.

### **1.2.1. Primary data**

The main source of primary data for this research was a set of interviews with the highest authorities and executives of both the public broadcaster TVN and the regulating body (CNTV), as well as with selected TVN’s staff members and media experts. Due to my academic work at the Catholic University’s School of Journalism, there was permanent contact with these and other relevant bodies and personalities as well. Interviews were conducted in Chile between March and May 1995 and from July 1996 to December 1997. Appendix 2 provides more methodological details about the interviews. Chapter 10 also provides an original study of the changes in programme diversity in the Chilean system between 1988 and 1997 based on TV programming published in newspapers. Due to the nature of the problem studied, observation/participation was not used as a data collecting technique.

### **1.2.2. Secondary data**

The main sources of secondary data were the National Television Council (CNTV), the Ministry of Communications’ Secretariat of Communications and Culture (SECC), media and advertising research bodies (such as the Chilean Association of Advertising ACHAP, TIME/Ibope, Search Marketing, Megatec, BBDO), other private or non-governmental research institutions (such as CENECA, CPU, ILET, DESUC), and Television Nacional de Chile itself. Most of this information is relatively available for research, yet in some cases these

sources provided confidential data for the exclusive purposes of this thesis (see chapters 8 and 9).

Nevertheless, Chilean data present important gaps. Each one of these sources operate under different criteria and budgets, therefore their results are not easily comparable. Data prior to 1990 are generally from private or non-governmental organisations, since during the military dictatorship (1973-1990) the public bodies were mostly concerned with the political control of television and did not do reliable media research. Market studies are largely quantitative measurements of TV ratings required by the advertising industry, but it excludes the poorest 17.5% of the national population and it is excessively centred on the capital, Santiago (these problems are discussed in more detail in chapter 4). On the other hand, non-governmental sources mostly produced isolated studies rather than on a permanent, long-term basis. During the military rule, they were highly concentrated on the problems caused by the prevailing official censorship and only occasionally studied the broader dimensions of television (see Hurtado, 1989; Portales, 1987; Fuenzalida, 1991).

Given all these problems, using as varied sources of data as possible was important in the attempt to confirm the material. The permanent contact with media professionals and experts was particularly helpful in this respect.

### **1.3. Terminology**

Throughout this work the concept of public service broadcasting (PSB) will be referred exclusively to terrestrial television unless stated otherwise. Similarly, the state-owned network Televisión Nacional de Chile (TVN) is named "the public broadcaster", or "public channel". The reason for this is that TVN is the only channel subject to special legislation inspired on PSB values (law No.19,132 of 1992), albeit the university broadcasters also accomplish some public service aims due to their corporate nature. Nevertheless, they have no obligation to be pluralistic or objective, nor are obliged to provide a distinctive service. On the other hand, some authors claim that the contemporary Chilean television system is based on public service principles since all channels must follow the principles of "correct operation" established by law No.19,131 of 1992 (Navarrete, 1994:16). Nevertheless, this mandate (explained in chapter 4) is too broad and is limited to the observance of a set of moral values.

## **2. State intervention in the economy**

From an economic perspective, public service broadcasting is a particular form of state intervention. Anderson (in Hughes, 1994) identifies the following economic roles for the state:

1. To provide economic infrastructure;
2. to provide collective goods and services;
3. to provide access to a minimum of essential goods and services to individuals;
4. to resolve group conflicts;
5. to maintain competition;
6. to protect the natural resources; and
7. to stabilise the economy.

In order to achieve these seven tasks, governments use four instruments: regulation, provision (in which goods and services are financed by taxation), subsidy (the state pays a private producer to provide desired goods and services) and direct production. PSB is related to the latter: the government-desired goods or services are directly produced by the state itself -in this case, by a state-owned radio or TV channel, i.e. public broadcaster. Today direct state production is highly controversial, specially in those cases in which a public enterprise operates in competitive markets such as media.

Direct production by the state is a very heterogeneous phenomenon; actually one of the few shared characteristics of the wide range of public enterprises is state ownership. Another common characteristic is the contradiction between the principles of control and accountability: public enterprises are supposed to be both independent from government and efficient, but at the same time accountable to the public (Hughes, 1994). This concern extends to public television as well, as shown below.

The economic justifications for the existence of public enterprises are varied. From the four ones outlined by Rees (in Hughes, 1994), at least three apply to the appearance of TVN in Chile in the 1960s: to promote redistribution of [broadcasting] resources amongst the population, to strengthen economic development, and to correct market failures. Market failures is the most quoted reason to justify public broadcasting and state enterprises across the world. According to Stokey & Zeckhauser , these are (in Hughes, 1994):

- [a] Insufficient market information;
- [b] Excessive transaction costs<sup>1</sup>;
- [c] Non-existence of markets;
- [d] Market disbalance (excessive influence of some buyers or sellers);
- [e] Externalities; and
- [f] Allocation of public [and merit] goods.

Many of these market failures explain state intervention in radio, and later in television, throughout the globe. Some of them are not valid anymore, specially those related to technology. The most evident technical problem of broadcasting has been spectrum scarcity, which not only limits the number of outlets but also results in inter-station interference if operators are not properly regulated. In the last two decades, channel scarcity turned into over-abundance due to the proliferation of cable TV, DBS, on-line audio-visual services, and enhanced transmission capacity through digitalisation and optical fibre.

Other reasons for intervention are also obsolete. Broadcasting markets are no longer non-existent, an important problem when television started in post-war Europe or in Chile. Finally, the “merit good”<sup>2</sup> of spreading liberal democratic values is not as necessary as on the times of the Cold-War and post-fascism (see McQuail, 1992; Shimizu, 1996).

But terrestrial broadcasting still has the characteristics of a public good, i.e., non-excludable and non-rival in consumption (Collins et al., 1988; Simon & Nobes, 1992). This means that the service is not directly chargeable, since there is no effective way to exclude people from consuming the airwave once they have the receiving set. Putting scrambling devices in all existing TV sets of the world is still too expensive, albeit technologically possible.

Apart from that, broadcasting is still perceived as specially positive in some relevant cases, such as its supposed contribution to form a “better informed public” (Entman & Wildman, 1992). Alternatively, it is also regarded as potentially harmful for vulnerable groups (notably children) and able to stimulate violent behaviour in some cases. Accordingly, and despite there is no conclusive evidence in either case, the rather liberal Chilean Constitution of 1980 entitles the

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<sup>1</sup> Public goods, merit goods, and externalities can be also conceived as transaction costs problems. Establishing and enforcing property rights and the financial liability for using a service is too costly in these cases, and almost infinite in the case of pure public goods (Bailey, 1995: 37).

<sup>2</sup> In economics, a merit good is a socially beneficial commodity to which individuals attribute insufficient merit or personal value. Therefore, allocative inefficiency will occur if production and consumption is left to free markets (see Bailey, 1995:28).

state to operate television channels and sets a regulator for television (see Brunner & Catalan, 1995c, 1994b).

Finally, broadcasting suffers from bias towards oligopoly (see Garnham, 1994a). This is caused by the economic characteristics of broadcasting: zero marginal costs, uncertain demand, quick obsolescence of the product, and the broadcaster's corporate need to ensure the highest possible economies of scale and scope in order to be economically viable (see Collins et al., 1988; Miede, 1989, 1987). State intervention is economically justified if "markets fail to achieve allocative efficiency [of available resources] where monopoly power replaces perfect competition and/or where markets fail to include all social costs and benefits" (Bailey, 1995:40).

Nevertheless, economics alone are insufficient to explain public service broadcasting unless they are associated with considerations of value judgement. State intervention is justified if markets fail to allocate the resources efficiently, but only if it makes allocation more efficient. Nevertheless, if a set of social goods are attributed to broadcasting, the efficiency argument can be stretched considerably (see Collins et al., 1988; Garnham, 1994a, 1993a).

Here it lies the difference between "normative" and "positive" economics. The former incorporates "value judgements, beliefs, and moral stances, what *should* happen e.g. to wage levels or benefits). Positive economics shows what *will* happen if certain specified conditions are met and if certain changes occur (e.g. if the price of labour rises)...It is usually implicitly assumed that positive economics can be presented in a value-free-way...independent, objective, scientific" (Bailey, 1995:3). Nevertheless, the supposed objectivity of positive economics has been politically utilised to dismiss public broadcasting in Europe and the USA according to value judgements as disputable as those who defend it (see Curran & Seaton, 1997; Blumler, 1992a, Barnett & Curry, 1994; Entman & Wildman, 1992; Raboy, 1996a). In Chile, the "economist" argument was used by the military dictatorship to deregulate the television market in the most convenient moment, i.e. only when political control was no longer feasible.

### **3. Public Service Broadcasting in the industrialised world**

Public service broadcasting is specifically a Western European phenomenon. Nevertheless, its influence obviously exceeds that particular continent and is interpreted and put into practice differently in each national context.

In the earliest stages of radio broadcasting, the state intervened in broadcasting to correct the market failure derived from spectrum scarcity and the impossibility of charging users directly (Scannell, 1990). There were also cultural, political, and legal reasons: broadcasting was regarded potentially dangerous, but also capable of promoting democracy, national values and culture. Besides, many European states associated state-owned radio and TV as a reinforcement of their constitutional mandates to ensure freedom of expression (Ricchieri, 1993). In the case of post-war West Germany and Japan, public broadcasting was a tool to reinforce liberal democracy and capitalism (see Shimizu, 1996). In other cases, such as Gaullist France or Franco's Spain, the aim was more related to engineering consent for the political benefit of those in power within the state (see Campbell, 1994). Finally, the earlier stages of television development required huge capital investments that only the state dared to face (Fuenzalida, 1997).

Since the 1980s, the principle of PSB is under tremendous pressure from four different fronts. In technology, relatively new distribution channels severely eroded the principle of spectrum scarcity. Additionally, digitalisation eroded the traditional barriers between broadcasting, telecommunications and informatics. In economics, the private sector has pressed for deregulated global markets to spread the industry's rising production costs and the need to fill the new distribution channels developed by technology. The wealthy but highly protected European market became a crucial target for this expansion, helped by the political swing towards neo-liberalism and the decline of legitimacy of the social-democratic welfare model. Finally, in socio-cultural terms there was a new, fragmented demand for a lot of minority tastes and interests (Garnham, 1994d; Costa, 1986; Ricchieri, 1993; Rowland & Tracy 1990).

#### **3.1. Definition of PSB**

As the Peacock Committee acknowledged more than a decade ago in the UK, the attempts to define the evolving concept of public service broadcasting are still not fully accomplished. A sharp yet insufficient definition is provided by Maddox: PSB is just regulated broadcasting that "puts programmes together



according to certain principles [based on]...a mandate to inform, educate and entertain” and defines how these three tasks are to be done (in McCabe et al, 1986:73). This definition integrates the regulation factor, but assumes that broadcasting is a sum of isolated programmes and ignores scheduling, a mistake shared by Peacock.

A more satisfactory synthesis is given by Scannell: the provision of mixed programmes on national channels available to all (Scannell, 1989). PSB is not necessarily a synonym for state-owned television. In a PSB system, private and state-owned channels are regulated so to complement each other and offer viewers the best from both worlds.

Raboy adds a further point. PBS is “broadcasting with a purpose”, although he really means two social purposes: (a) to enhance the public’s quality of life, and (b) to empower citizens to participate equally in democratic life. In contrast to commercial television, PSB is targeted to change people, not to leave them into the mood to consume (Raboy, 1996a:13). This requires not only that public broadcasters address their audiences as citizens, but also that everybody may have free access to it in contrast to pay technologies. Universal access means that PSB could not be a “gap filler” channel of elitist programmes not provided by its commercial counterpart: it should be a mass appeal, generalist service (ibid. :9).

So, for the sake of a sharp definition, a reasonable solution is to combine these three statements:

*Public Service Broadcasting is the regulated provision of mixed programmes on national channels available to all, with a social purpose on behalf of democracy and the quality of life of the public.*

### **3.2. Attributes of PSB**

The discussions about exactly what PSB was heated up in Britain in the 1980s and early 1990s. The Conservative government, hostile to the notion of PSB, was to promulgate a new broadcasting act for commercial operators in 1990 and to renew the BBC's Royal Charter in 1994. The 1920s' Reithian vision of PSB as "educate, inform, and entertain" through a public channel seemed too broad in times of channel proliferation and an ideology based on consumer choice. In this context, the Broadcasting Research Unit (BRU) outlined eight constitutive principles of PSB in 1987:

- i. Geographic universality;
- ii. universality of appeal;
- iii. catering for minorities;
- iv. fostering national identity and community;
- v. separation from vested interests, including government;
- vi. universality of payment;
- vii. encouragement of competition for good programming rather than competition for audience size; and
- viii. guidelines for liberating rather than restricting programme makers.

A few years later, the conservative government incorporated consumer satisfaction, cost-consciousness, and competition to the BRU's list, in accordance to its market-oriented philosophy (Department of National Heritage, 1992). Apart from that, the new quasi-decalogue was not particularly innovative:

- 1- User empowerment;
- 2- Quality of programmes;
- 3- Diversity and choice for the viewer;
- 4- Viewer access to a wide variety of programmes;
- 5- Editorial independence for the BBC;
- 6- Efficiency and Value for Money;
- 7- Accountability; and
- 8- National identity.

This search has culminated in December 1994, when the 4th European Ministerial Conference on Mass Media Policy concluded that independent, well-funded public service broadcasters were essential for democracy (Council of

Europe in Raboy, 1996a:15). The ministers defined nine tasks for PSB, some of them sharper than the two previous British lists, and for the first time a pan-European scope (convenient to confront the USA) was set:

- be a common reference for the public;
- be a forum for comprehensive public discussion;
- provide impartial news coverage;
- provide pluralistic, innovative, and varied programmes;
- appeal to the wide public interest as well as to that of minorities;
- reflect the ideas and beliefs of Europe's multicultural societies;
- offer a diversity of national and European heritage;
- screen original productions by independent producers; and
- extend viewer choice by offering programmes not provided by the commercial sector

In summary, these characteristics listed above can be summarised into six main attributes of PSB:

- [a] It is a nation-wide service available to all citizens;
- [b] It offers a meaningful choice of programmes of a high standard;
- [c] It is independent both from government and private interests;
- [d] It is intrinsically linked to a nation's population, character, identity, culture, and territorial boundaries;
- [e] It is substantially financed by public funds; and
- [f] It satisfies some welfare considerations.

These are quite abundant and complex. The main ones are the following:

f.1. Communication for citizenship. Perhaps the deepest of the welfare considerations assigned to PSB. It is made from a "classical liberal" perspective that assumes that broadcasting is neither a series of individual consumption choices of specific programmes -as neoliberalism says- nor class domination -the Marxist critique. Achille & Ibáñez actually define public television as "the television of citizens...like a Parliament...Everybody's television, in contrast to the thematic networks that work according to the principle of fragmentation" (1994a:18,19).

Defenders of PSB in the academia have related this function to Jurgen Habermas' notion of public sphere: a "space between government and society in which private individuals exercise formal and informal control

over the state: formal control through the election of governments and informal control through the pressure of public opinion" (Curran, 1991:29; also Garnham, 1990). The media play a very relevant role here, and specially PSB -providing balanced, contextualized, and impartial information addressed to rational citizens in order to enhance the democratic debate (Garnham, 1990). Defenders of PSB claim that this task is badly accomplished by the commercial channels, who present information in a sensationalistic and superficial way in order to easily attract viewers (Blumler & Hoffman-Riem, 1992a, 1992e, 1992d). Authors like Ranney (1983) confirm this view. In contrast, PSB regards the public as rational political beings who participate actively in a democracy rather than scattered consumers, and promotes distinctively political sets of social relations rather than purely economic ones, and trying to isolate itself from state control (Garnham, 1990).

Despite the notion of a public sphere has been challenged in many aspects (see the next subsection), at present it is perhaps the most important argument in favour of PSB unless the very notion of citizenship within a national community is discarded altogether. Blumler (1993a) stresses three types of communication for citizenship accomplished by PSB: the generation of a sense of responsibility for the health and quality of the political process; the promotion of a well-informed and self-determining individual; and the information for national debate (for a deeper discussion see Aufderheide, 1991; Garnham, 1993a, 1990; Hoffman-Riem 1992a; Hoynes, 1994; McCaffey, 1995; and Scannell, 1989, 1990).

f.II. Culture and education. Most authors agree that PSB is not elitist television, although initially bodies like the BBC were contemptuous about popular tastes (see Collins, 1993; Fuenzalida, 1997; Tracey, 1998). Fuenzalida (1997, 1990), and Portales (1994) propose stripping "culture and education" from their paternalistic and restricted connotation, making them appealing to the mass audiences. PSB should be "a trustee for the maturing development, quickening curiosity and the educative needs of growing youngsters" (Blumler, 1993a:406).

In general terms, private TV have favoured what Raymond Williams called Type-B programmes (general entertainment and fiction, followed by "information" and "education", the "classic" programme categories and functions according to Achille & Ibáñez, 1994a). On the other hand, public channels preferred Type-A programmes -news and current affairs, features

and documentaries, education, arts and music, and TV plays; stressing "education" and "information" rather than on "entertainment" (Achille & Mieke, 1994b; Hellman & Sauri, 1994)<sup>1</sup>. Besides, public channels showed more national productions than their commercial counterparts, who tended to rely more in cheap imports. For instance, in 1990 European public broadcasters produced more than 75% of their programmes, in contrast to less than 50% of the private outlets (Achille & Ibáñez, 1994a:232). Similar patterns emerge from other countries as well (see Raboy, 1996a).

f.III. Industrial development. PSB is an industry as well, and should set standards of production and quality across the whole industry by encouraging programme creativity, originality, innovativeness, and viewer involvement (Achille & Ibáñez, 1994a; Blumler & Nossiter, 1991; McCaffey, 1995; Portales, 1994, 1987).

f.IV. Express and develop both regional and national identity. Public broadcasting should not only reinforce the common national identity and cultural heritage, but also that of the regions that compose the whole. That is the justification of regional broadcasting in Spain or Belgium, and TVN's Regional Network in Chile (Aimone, 1994; Blumler & Nossiter, 1991; Home Office, 1986; McQuail, 1992; Navarrete & Portales, 1994). According to Scannell, in the current multicultural stage of PSB, the challenge is to cater for the diverse ethnic and cultural groups without destroying national unity (Scannell, 1995).

f.V. Be accountable. As said before, accountability is problematic for enterprises in the public sector because of the tension between autonomy and the need of managerial efficiency defined by current fiscal budget priorities world-wide. Yet different voices -including the last conservative government in the UK- have insisted that PSB should reinforce its legitimacy by reinforcing its mechanisms of public accountability (Department of National Heritage, 1992; Garnham, 1993a; McCaffey, 1995).

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<sup>1</sup> Achille & Ibáñez quote the following differences of output between public and private networks in 1990: information-education programmes, 42% and 13% respectively; fiction, 30% and 50%; youth-oriented, 4% and 6%. There were no major differences in other programme types (1994a:232).

Blumler & Hoffman-Riem (1992a) stress that, for the survival of European PSB, accountability is as important as a proper legal framework and a much-needed renewal of the public television bodies. The usual mechanisms have involved mostly specialised reports and debates that circulate in the restricted realms of politicians and broadcasters, with little direct participation of the public apart from audience share figures. Therefore they favour a richer approach interconnecting different elements including: the employees in broadcasting organisations, a wider reliance on scientific research and specialised critical work in communications, and more space for common citizens and groups affected by television, all coordinated by a new body -perhaps National Television Forums.

### **3.3. PSB and the notion of public sphere**

Despite the emphasis in public funding, it is its nature and not its means what gives PBS its peculiarity. At least in its British version, PBS is more linked with the notion of citizenship rather than that of the consumer market or governmental discretion. This view was boosted by Garnham's "discovery" of Habermas' concept of the public sphere in 1983, a very delicate moment when both the concept and practice of PSB were under heavy attack (see Collins, 1993). Garnham and the following proponents of the public sphere defined PSB as a sort of neutral, enlightened space for citizen debate placed in-between both the government and the market, independent from their vested interests of maximising political power and profits (Curran, 1991; Garnham, 1990; Raboy, 1996a). This meant that PSB is consensual rather than antagonistic, providing a space where the contemporary multicultural societies could negotiate their antagonisms instead of fragmenting/segmenting the social fabric as commercial TV does (Raboy, op. cit.: 8,9).

Nevertheless, Collins notes that Habermas himself was not only contemptuous of broadcasting with respect to print media, but also that the public sphere is an abstract, sentimentalised construct that did not emerge from broadcasting practice (Collins, 1993a). Habermas did not restrict the public sphere to publicly-owned media; in fact, he suggested it could be delivered by the market and privately owned institutions. Additionally, European public broadcasters experienced dramatic losses of audience when exposed to private competition throughout the 1980s. This was inconsistent with the claim that PSB was successful in satisfying audience tastes (ibid.: 250, 251). Additionally, the public sphere concept did not tackle with the problem of PSB's elitism, its waste of

resources, and its tendency to lose contact with the needs and desires of its audiences (ibid. :258; Fuenzalida, 1997).

Yet the association of PSB to Habermas' public sphere had the great merit of providing non-market television with a libertarian edge different from that proposed by defenders of deregulation, such as the Peacock Committee. Public broadcasting was born in the UK in the 1920s under the paternalistic, authoritarian seal of John Reith, who shared the 19th-century elites' mistrust of popular tastes voiced by Matthew Arnold. This top-down Arnoldian view, mediated by a national broadcaster, was gradually challenged throughout what Scannell calls the "popular" phase of public broadcasting the late 1950s and 1960s, started by the BBC's Director-General Ian Jacob and enhanced by his successor Hugh Greene (Scannell, 1995; Tracey, 1998). This stage was characterised by the BBC's move towards the middle ground between high-brow "quality" and mass popularity as a way of counteracting the expansion of the newly-born commercial channel ITV (see Collins, 1993; Scannell, 1995). Nevertheless, the final word on broadcasting was still determined by broadcasters, not viewers.

According to Curran & Seaton, the Annan Committee in 1977 broke the basis of the BBC-ITV duopoly by suggesting that broadcasting should cater for the full range of groups and interests in society, rather than seek to offer moral leadership (Curran & Seaton, 1997: 303, 304). This stage, still valid nowadays, corresponds to what Scannell calls "multiculturalism" and has an intrinsic conflict between social fragmentation and the notion of a unified national culture (Scannell, 1995: 37). The Hunt committee in 1982 left cable TV outside any PSB remit. In 1986, the Peacock Committee placed consumer sovereignty as the utmost objective for terrestrial broadcasting, yet it acknowledged that up to that moment PSB had precisely done that. Nevertheless, Peacock envisaged a future in which channel abundance would transform broadcasting into something similar to publishing. Services would be delivered by subscription and pay-per-view, and public funding would finance unprofitable programmes instead of a producer/broadcaster, i.e. the BBC (Home Office, 1986).

According to Collins, Peacock's market-oriented perspective was libertarian in the sense of allowing viewers to freely decide by their own what to watch or not. It was a "positive freedom", i.e. the wish to be one's own master. This "freedom to" depends on the individual's ability to choose, yet it may become despotic if a person or group overrun others (Collins, 1993b: 253). The proponents of the Habermasian concept of public sphere also made a libertarian proposal, although in a different sense. Viewers could be satisfied within an egalitarian space that provided a high-quality service available for all, rather than by market

mechanisms. In contrast to Peacock's claim, neo-Habermasians argued that markets led to less diversity, media concentration and centralisation; lower quality programmes, and so on. This proposal implied a "negative freedom" or "freedom from", which depends on a set of available choices not interfered by others (ibid.).

Nevertheless, Collins and other authors believe that market principles are not irreconcilable with PSB. Neither the fears of the defendants of markets nor of its detractors have been demonstrated: the market discourse is not just a masquerade to conceal ownership concentration and economic disparities, nor "political markets" are ran by ambitious elites that act against the preferences of individual consumers (see Entman & Wildman, 1992; Fuenzalida, 1997; Portales, 1994). Collins' policy implication therefore is "a system which combines both positive and negative freedoms is required", i.e. a mixed system in which commercial and PBS principles interact with each other (Collins, *ibid.*: 258).

Many other authors insist that PSB should be relaunched and updated. The implication is that the means to achieve it may be obsolete, but not its final aim. According to Curran & Seaton, broadcasting needs to find a new type of relationship with the state and a new form of commitment to PSB, apart from a new definition of the concept that can work in conditions of increased competition (Curran & Seaton, 1997:314). This new arrangement must protect the public and empower all the media, not the state nor the media moguls. In other words, a system both powerful and responsible (*ibid.*: 370). Many other authors now include community broadcasting as a constitutive component of a full PSB system (see Raboy, 1996a; Roncagliolo, 1996).

Apart from this socially responsible reason, the constant concern for quality of public broadcasters is another core argument on behalf of a reinvention of PSB (see Ishikawa, 1996). In fact, "the question of broadcast programme quality, and how it is perceived, has been central to the important debates on the future of public service broadcasting...[and] broadcast programme quality can be said to mean broadcasting which meets the standards and fulfils the objectives of public service" (Raboy, 1996b: 265, 266).

Given that market mechanisms and private broadcasting are nowadays an inherent part of any broadcasting system, the re-launch of PSB requires a concept of the state as an architect-designer instead of an engineer-operator (Raboy, 1996a:11). Under those conditions, the state should ensure the conditions for a communicative space "rooted in a constructive engagement with emerging patterns of political and cultural diversity" (Murdock, in Raboy 1996a:9). The requirements for a PSB system would then be (a) regulation and supervision by an independent public agency; (b) broadcasters should be accountable as well as



independent, and (3) the system's resources should concentrate in programme making (Raboy, *ibid.*).

As the Canadian case suggests, regulation can provide a valid overall PSB framework for the system despite the corporate crisis faced by the public network CBC (Raboy, 1996b; Brown, 1996a). Hopefully, the same logic could be applied to the increasingly deregulated television markets in the European Union, North America, and Australasia, where public channels co-exist with a plethora of commercial ones (see Brown, 1996a; Brown & Althaus, 1996b; Hulten, 1995; Sparks, 1995; Winter, 1995).

### 3.4. The response of public broadcasters

The difficulties faced by public broadcasters in the last decade and a half can be better understood by looking at table 1. Channel proliferation is likely to increase with the envisaged start of digital broadcasting in the near future, although in many countries there is no clarity about how and when digital franchises will be granted.

**Table 1.**  
Channel and network availability in selected OECD countries, 1995

	Terrestrial networks of national coverage	DBS networks of national coverage	Cable networks of national coverage	Licensed terrestrial channels	Licensed DBS channels	Licensed Cable channels	Expected digital channels (*)
Australia	5	0	-	48	3	-	10 now
Austria	1	-	0	2	-	30	?
Belgium	-	-	35	-	5	30	20
Canada	3	-	-	157	2	2000	?
France	6	10	402	7	21	21	75
Germany	-	-	-	-	32	30	-
Italy	15	-	-	729	6	-	-
Japan	7	-	-	14839	34	1738	174
Mexico	4	-	145	480	-	145	-
Netherlands	3	6	8	4	6	25	-
New Zealand	3	0	2	22	0	2	-
Spain	-	-	-	-	25	31	-
Sweden	-	-	-	4	16	35	-
Turkey	-	-	-	-	17	-	-
UK	5	4	0	20	103	145	24-30
USA	4	11	137	1550	11	-	125+
<b>OECD total</b>	<b>75</b>	<b>86</b>	<b>1781</b>	<b>18258</b>	<b>206</b>	<b>5316</b>	<b>-</b>

(\*) Digital channels expected at different dates since 1995 onwards  
Source: OECD, 1997

There are two important determinants for the strategies that the public broadcasters need to follow to confront these challenges. One is the country's wealth and size, which determine the resources available for television. The second is the definition of the public networks' budget by the state (Achille & Ibáñez, 1994a; Kopp, 1989). Kopp classified the European broadcasters according to their cost per hour of output: the "rich" ones could tackle both quantity and quality in their schedules, i.e. high-cost programming during many hours a day. The "poor" ones could neither deliver enough quantity nor quality, and an intermediate group had to choose between quality and quantity. The "rich" comprised the public channels of the biggest European economies (UK's BBC, Germany's SWD or ARD, Italy's RAI, and Spain's RTVE). Most of the rest were classified as "poor" and corresponded to smaller economies: for instance, Denmark's DR, Holland's NOS, Sweden's SR, Austria's ORF, Norway's NRK, Belgium's BRT. On the other hand, Germany's ZDF and France's Antenne 2 were

included in the quality-oriented, "intermediate" group (in Achille & Ibáñez, 1994a:96)<sup>1</sup>.

According to Achille & Ibáñez (1994a), the main dilemma for the European public networks is whether to become commercially aggressive to fight against the private ones, or to insist on a marked differentiation. Both alternatives are risky: entering into the same arena as the commercial operators is not only contradictory with PSB, but also dubiously profitable -advertising revenues have stagnated in Europe. On the other hand, differentiation can lead to increasing marginalisation. Unsurprisingly, a considerable confusion about the *raison d'être* seems to persist among the public broadcasters (see Achille & Miege, 1994b; Achille & Ibáñez, 1994a; Blumler, 1993a).

In practice, the European public broadcasters have either [a] allied with the private sector, [b] differentiated themselves from private competitors, or [c] complemented other public networks. But "except for the BBC, where the commercial orientation has slightly affected programming, the European public networks too often compete against the private televisions on their own terrain: the accentuation on *vedettariat* (spectacularity), the theatricalisation of information, [and] the extensive diffusion of foreign programmes at low cost are preferred above the search for a more clear differentiation" (Achille & Ibáñez, 1994a:229).

These strategies have required important corporate changes targeted to compete more efficiently, but at the risk of losing public-service identity. In programming, audience maximisation through counter-programming was sought, new cost/audience and cost/revenue considerations were taken into account, and complementation between public channels was enhanced. So RTVE in Spain has done complementary advertising: TVE-1 targeted mass-consumer advertisers by offering a schedule oriented to general publics; whereas TVE-2's grid became much more specialised in order to attract more selective and sophisticated advertisers. The French public networks followed specialisation and complementation: Antenne 2 became the generalist, nation-wide channel while FR3 went for segmented and regional publics helped by its network of production centres across the country. In Italy, the focus was on confronting the powerful private competition. RAI-1 defined itself as popular-familiar and avoided shocking its public. RAI-3 replaced its regionalist-cultural profile by a more critical one through its daring and often sensationalistic journalistic programmes. Finally, RAI-

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<sup>1</sup> Following this classification, TVN would be "poor" with its approximate cost per hour of output of US\$ 10,628 (ECU 9,162, figures for 1994). If TV-UC is added to the definition of Chilean public broadcasting, the figure is US\$ 41,323 (ECU 35,020) per hour i.e., the quality-oriented "intermediate" group.

2 dropped its elitist edge and moved "between the historical richness of RAI-1 and the agitated vivacity of RAI-3" so to attract the female public targeted by Berlusconi's Fininvest channels (G. Sodano, director of RAI-2, in Achille & Ibáñez, 1994a:227,228).

Despite legal, economical, and political restraints, flexibility was also introduced in order to respond faster to demand and reduce costs. Schedules were adapted to changes in the demand; programme production was externalised; resources and employees were made multi-functional ("polyvalent"). The corporations were broken up into programme units; regional production centres were enhanced to respond better to local audiences; and international transmissions sought foreign markets. Some public service obligations were eased and lowered, such as restrictions on advertising, quotas of expensive or unprofitable programmes, and the like. Management principles of entrepreneurial character were enacted, leading to deep structural changes (for updated details in continental Europe see Achille & Ibáñez, 1994a).

Some of these reforms were more cosmetic than effective. For instance, the controversial "producer choice" system was launched at the BBC, but the efficiency gains were not as clear as the increase in accounting paperwork. Nevertheless, this and other acts of painful submission to market principles under the eyes of the Conservative government finally ensured the BBC a renewal of its Royal Charter in 1994 (Barnett & Curry, 1994; Curran & Seaton, 1997).

Achille & Mieke (1994b) and Achille & Ibáñez (1994a) outline three possible future scenarios: [a] The disintegration of public channels within the "commercial model"; [b] a "mixed system" of public and private television that may avoid the worst excesses of commercialism while maintaining a concern for social solidarity; and [c] a "new model" of public television, clearly different from the commercial one, which still does not exist. At the time of writing, the second seems the most plausible of the three alternatives.

Blumler & Hoffman-Riem favour clearly the latter: Western European public broadcasters need to "work out a mission and a role for themselves that can give principled guidance to their policies internally and justify their continuing claim on societal resources externally" (1992a:25). They need to spell out this new mission, define avoidable activities and partners (i.e., those contrary to PSB principles), specify clear performance targets and create improved mechanisms of public accountability (Blumler, 1993a). But there are three main problems: [a] the new and unfamiliar challenges require a sharper definition of the public broadcasters' *raison d'être*, [b] there are no models to look at; and [c] it should be compatible

with the increasing autonomy of viewers in multi-channel conditions (Blumler & Hoffman Riem, *ibid.*).

For the future, Blumler & Hoffman Riem strongly advocate "complementary competition" against the private channels not for audience share only but also for higher standards in information, entertainment, and education "guided by a sense of *qualitative priorities*" (1992a:28). This requires considerable public funding to allow experimentation and risk-taking. The authors say private channels tend not to take risks because of profit considerations. Public channels should not concentrate in elitist or minority-oriented programmes, not only because a basic feature of PSB is its universality but also because "in principle, *all* kinds of programs can be different from how private broadcasting tends to shape them" (*ibid.*) In fact, Tracey (1998) insists that the role of public broadcasters is to excel in all programme types, including entertainment.

Finally, defenders of the public broadcasters argue they should emphasise in the intensity of their impact and audience reach, instead of crude ratings and shares (see Raboy, 1996a; Tracey, 1998). While intensity of satisfaction can be a valid indicator of success (although difficult to measure), the argument about reach is weaker. Unless programme costs are low and there are many channels, advertising finance effectively forces broadcasters to screen mildly amusing programmes for wide audiences rather than risk a smaller but highly satisfied public (see Owen & Wildman, 1992; Noam, 1991). But to pretend that tuning to the public channel for a minute throughout a whole week (reach) is a better measure of success and social influence than a high number of viewers tuned at any given moment, sounds more like an excuse for low viewership rates. In practice, it turns a public channel into something similar to a zapped-through cable channel.

### 3.5. Situation of PBS in the OECD<sup>1</sup>

The world-wide situation of PSB can be compared to the state apparatus: though ideologically out of fashion, it is still relevant and present. As Scannell puts it, despite all the political attacks and channel multiplication "PSB has proved durable, because it regards broadcasting as a public, social good" (Scannell, 1995:39). In 1870, total government expenditures in the OECD countries averaged less than 10% of GDP, whereas in 1995 it was slightly below 50% (World Bank, 1997:2). Table 2 depicts the situation of public broadcasting in selected OECD nations according to the latest available data.

	Public channels	Private channels	Public firms	Private firms	Name of main public broadcasters	Main funding for public broadcasters	Total revenues of public broadcasters, 1994 (US\$m)
Australia	2	42	2	42	ABC, CBC	Government	379.5
Austria	2	0	1	0	ORF	License fee	400.2
Belgium	6	6	3	2	BRTV, RTBF, AFN	License fee	395.3
Canada	6	58	6	58	CBC, SRC	Government	699.1
France	5	22	4	3	FR2, FR3, Arte, 5eme	License fee	1074.0
Germany	10	19	2	7	ARD, ZDF	License fee	4451.7
Italy	3	9	1	697	RAI	License fee	1485.0
Japan	-	-	2	132	NHK	License fee	5317.6
Mexico	2	3	32	95	TV Azteca	Government	-
Netherlands	3	10	1	0	NOS	License fee	572.2
New Zealand	-	-	1	14	TVNZ	License fee	-
Spain	4	10	1	2	RTVE, autonomic channels	Advertising	199.5
Sweden	3	9	2	1	SVT, YLE	License fee	369.3
Turkey	5	13	1	-	TRT	Advertising	159.7
UK	3	62	3	13	BBC	License fee	2997.4
USA	-	-	1	-	PBS	Gov./ private donations	-
<b>OECD total</b>	<b>49 (*)</b>	<b>260 (*)</b>	<b>62</b>	<b>1218</b>	<b>-</b>	<b>-</b>	<b>17928.3 (*)</b>

[\*] Total of those countries in the table only  
Source: OECD, 1997

Of the countries selected in table 2, 18.8% of the available terrestrial channels and just 5.1% of the broadcasting organisations are public. By far the largest source of their almost US\$ 17 billion income (94.4%) was originated by a license fee on the TV sets in 1994.

<sup>1</sup> The Organisation for Economic Co-operation and Development (OECD) comprises 27 nations, most of them industrialised. A few "newly-industrialised" are included: the Czech Republic, Greece, Hungary, Mexico, and Turkey.

	Definition of PSB	Minimum national programming	Foreign ownership allowed	Cross media limits for TV licensees	Ownership limits to individuals
<b>Australia</b>	Community purposes, encourage participation, free for all, non-profit	55%	20%	One medium per area per owner	Channels up to 75% of national coverage per owner
<b>Austria</b>	Independence, objectivity, variety of opinions, basic media coverage, cultural obligations -for ORF alone	Not applicable	Only ORF allowed	Only ORF allowed	Only ORF allowed
<b>Belgium</b>	Separate services for Flemish, French, and German communities	10% European, (20% own production for French-speaking private TV)	49% in Flemish channels, 24% in French channels	24% of up to 5 radio stations	24% of shares
<b>Canada</b>	Separate services in English and French, and maintenance of Canadian identity and culture	Variable, some 60% for CBC	20% of voting shares	At the discretion of CRTC depending on quantifiable social benefits and Canadian production	See left column
<b>France</b>	State financed, pluralist, ethical, and protecting children and adolescents	60% European, 40% in French	20% of shares	If serving more than 4 million people by TV: 20% shares of a national newspaper; radio and cable depending on people served	49% of shares
<b>Germany</b>	N/A	N/A	N/A	N/A	N/A
<b>Italy</b>	Extend citizen participation, promote social and cultural development; independence, objectivity, and access to any political, social, cultural leaning	50% European	49% non-European, plus reciprocity criterion with foreign investor	16% of total newspaper circulation: no licence; 8% of newspaper circulation: one licence. Maximum: three licences.	See left column
<b>Japan</b>	A variety of high-quality programmes on behalf of public welfare all over Japan by NHK, plus improve TV technology	Not specified	Exclusive for Japanese firms and individuals	Only one person per licence	See left columns
<b>Mexico</b>	Transmission of programmes for the public	No restrictions	No (49.7% in cable)	No restrictions	No restrictions
<b>Netherlands</b>	Provision of programmes to satisfy cultural, religious, or spiritual needs of the public. At least 50% of programmes must be of European origin, and 40% in Dutch	Not applicable	No restrictions	25% of national newspaper market, 50% of regional newspapers	See left column

*(table continues in the next page)*

Table 3 shows that regulation of terrestrial television is a widespread, yet heterogeneous phenomenon. Almost all of the countries selected in the figure have a public service remit, although in some cases it is limited to the public

broadcasters alone such as in Austria (the only surviving public monopoly), France, Belgium, Canada, or Japan. The UK and Japan have some of the most developed legal elaboration concerning PSB. In general, regulation seems concerned with regional, ethnical, and national identity; and foreign control of the media outlets. Cross-ownership and welfare-related regulations are not so prevalent.

<b>Table 3 (continued).</b>					
<b>Regulation of terrestrial television in selected OECD countries, 1995</b>					
	<b>Definition of PSB</b>	<b>Minimum national programming</b>	<b>Foreign ownership allowed</b>	<b>Cross media limits for TV licensees</b>	<b>Ownership limits to individuals</b>
<b>New Zealand</b>	Foster national identity and culture including Maoris; universality, variety of high-quality programmes, and setting audio-visual archives	No restrictions	No restrictions	No restrictions	No restrictions
<b>Spain</b>	N/A	N/A	N/A	N/A	N/A
<b>Sweden</b>	No specified official definition, although public broadcasting has certain welfare obligations	Broadly: varied high-quality programming in Swedish. Plus EU's quota of 50% of European material	No restrictions	Only applicable to radio and newspapers	See left column
<b>UK</b>	BBC: inform, educate, entertain; reflect UK's cultural diversity; impartial news coverage, high quality programming, etc. Ch4: appeal to tastes not covered by ITV	ITV: 65% of original production, 50% made in the region. All channels: up to 25% of programmes from independents	Licences exclusively for EU citizens and firms (future bill may remove this restriction)	Future bill: non-national newspapers may have a stake in TV after a "public interest test".	Future bill: up to 15% of national TV audiences, including cable and satellite
<b>USA</b>	Limited to non-profit PBS stations	No restrictions	1/4 of capital stock	Incompatible with daily newspaper. TV licensee cannot duplicate itself by cable	See left column

Source: OECD, 1997



#### **4. Public Service Broadcasting and development economics**

The "classical" notion of PSB is a Western European concept intimately related to political conditions of representative liberal democracy in a certain nation-state, and to an economic stage of substantial industrialisation and wealth. Most developing countries do not share all these characteristics. In Latin America, public broadcasting was either government manipulation or under-funded elitist channels unable to attract wide audiences (see Fuenzalida, 1997b; Portales, 1987, 1994; Roncagliolo, 1996).

Now it is time to define "developing countries", a less equivocal term than "Third World" (Todaro, 1994; Reeves, 1993). There are some slight differences of terminology: the OECD classifies developing nations on Low-Income, Middle-Income, Newly-Industrialised, and the OPEC oil-producers. The World Bank also divides the nations according their per capita income levels: Low-Income, Middle-Income, Upper-Middle Income (Chile joined this category in 1993, when its nominal GDP per capita surpassed the US\$ 3,000 mark<sup>1</sup>), and High-Income Economies. With a slightly less economicist perspective, the United Nations classify the countries as Least Developed, Developing and Developed (Todaro, 1994:28).

Despite enormous differences amongst developing countries, they share some economical and political features which finally determine PSB. The economical commonalties are:

- I. Imperfect markets;
- II. Structural changes are taking place;
- III. Consumers and producers have limited information;
- IV. Imbalance of outcomes in the products and resources markets;
- V. International debtors, not creditors;
- VI. Mostly exporters of raw materials; and
- VII. Importers of technology and capital-intensive goods (Todaro, 1994).

Politically and socially, developing nations tend to present uneven attachment to capitalist principles, institutional instability, extended poverty, and important income inequalities (Todaro, 1994). The latter problem is remarkably acute in Latin America (Bulmer-Thomas, 1994; Williamson, 1992). Concerning cultural industries specifically, Reeves (1993) identifies two further commonalties:

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<sup>1</sup> The nominal figure was US\$ 4,163 in 1997 (The Economist, 1998).

developing nations are largely net importers of cultural products (though Latin American *telenovelas* are one of the most remarkable exceptions) and constitute secondary markets for the cultural goods produced in the industrialised nations. Imported material is cheap because costs have been fully recovered in the wealthier markets of North America and Western Europe, causing problems of cultural penetration because local producers cannot compete against them.

#### **4.1. Public Service Broadcasting and state intervention in Latin America**

Latin American media are largely shaped along the US-inspired commercial model. In contrast other developing regions and Europe itself, most Latin American television became a private business following the existing patterns in the radio and print sectors (Fox, 1997; Reeves, 1993; Schneier-Madanes, 1995).

There were attempts to develop Latin American television according to public service values (IPAL, 1988; Portales, 1994; Schneier-Madanes, 1995), but they failed because of the absence of a project, the instability of the directive cadres, the lack of entrepreneurial spirit, the excessive governmental interference, and under-funded public-service obligations (Portales, 1994: 68). Public channels remained either marginal almost everywhere or, as in Chile until at least 1990, extremely vulnerable to government manipulation.

The chronic lack of public funds forced the Latin American state-owned networks to rely more and more on advertising. Subsidies appeared to pay for deficits -an operational defect- rather than as a positive cultural project. After the external debt crisis, advertising definitely displaced public funds as means of financing Latin American public television (Portales, 1994, 1987).

Results were no better when states choose the road of regulation. Private entrepreneurs were provided with infrastructure, credit, and subsidies, but in many cases this led to the formation of private monopolies. On the other hand, policies did little to protect local production or support national cultural production. The few examples in this respect were mostly opportunistic reactions based on nationalistic prejudices. So apart from occasionally subsidising arts and filmmaking, the most common policy was indeed a 'no-policy' in which the entrepreneurs were free to do whatever they wanted (Fox, 1988; Reeves, 1993).

If policies were enacted, they were short-lived because of their origin in times of crisis and the lack of a longer-term vision. In the case of television most of them consisted of rules for minimum percentages of local programming, maximum times for advertising, and the like. They were ineffective due to the lack of both

clear directives for their implementation and effective mechanisms of control, as well as the obstinate resistance of the entrepreneurs who often evaded and opposed the rules, eroding their legitimacy (Portales, 1994:70). This is hardly surprising, given the history of unaccountable and instrumentalised state apparatuses in most of Latin America.

In short, state intervention in Latin American media has been not only weak, inconstant, and erratic due to the constant swings of the groups in power, but also economically inefficient. In fact, it often consisted in 'a somewhat unpredictable censorship which reflected the insecurity of those holding power, and the constant struggles between different fractions of capital, and the different fractions within the military' (Reeves, 1993:94; IPAL, 1988; Portales, 1994).

In a recent article about public television in Latin America, Fuenzalida (1997b) draw the following picture:

- Argentina: The state national network ATC covers the whole territory, but bad administration and corruption has left it with a US\$ 75 million debt. The future of ATC is uncertain, and alternatives considered include its partial privatisation and its transformation into a high-brow “culturalist” channel.
- Bolivia: the government’s national network Empresa Nacional de TV suffers economic problems, scarce viewership, and low credibility. The university-owned channel 13 in La Paz is a cultural-educative service constrained by technical and economical limitations. Plans to link the country’s university channels seem unlikely.
- Brazil: there are educative stations owned by the federal governments in Rio de Janeiro, Sao Paulo, Porto Alegre, and other states. These channels work co-ordinately and share programmes, and produce very amusing material for children. Their ratings are not more than 5%, and they are facing severe cuts of public funding. Some universities also operate their own TV channels. Apart from that, the Ministry of Education broadcasts a nation-wide training service for teachers with mixed results.
- Colombia: its television system was similar to the ITV model in the UK. Private franchisees were allocated a certain time slot in the three existing networks that were formally owned by the state. In the 1970s Colombian television offered some of the highest amounts of educational and cultural material in the region (Fox, 1997). In practice this model became a closed commercial oligopoly. A new television law proposed in 1996 contemplated five national networks -two of which private, two franchised as in the original law, and one educative-cultural public channel (*Senal Colombiana de Interes Publico*).

- \_ Mexico: The formerly state broadcaster TV Azteca was recently privatised, and now competes against Televisa's virtual monopoly. Only two non-commercial channels remain. One of them, channel 11 of the Polytechnic National Institute, is Latin America's oldest educative-cultural broadcaster. Its high-brow profile attracts an average of 4% of the audience.
- \_ Peru: the state-owned network RPTV covers the whole nation, but has low viewership. After the return of civil power in 1980, Peruvian television returned to an almost totally privately owned and commercially operated system (Fox, 1997).
- \_ Uruguay: the SODRE national broadcaster suffered both cuts in public funding and the opposition from the commercial sector to receive advertising money.
- \_ Venezuela: the state-owned Venezolana de TV operates two national channels, yet they simulcast the same signal because of financial problems. The broadcaster also suffers of poor administration and low credibility. Until recently, UNESCO was engaged on a reformulation of Venezuelan public television.
- \_ Others: There are different examples of failed educative channels in Central America. The apparent exceptions were Panama and Costa Rica.

According to Fox, in Latin America only Uruguay and Chile seemed in a better shape to attain the ideals of increased accountability, democratisation, and social development in their media systems. Brazil, Mexico and Venezuela face the toughest challenge due to the excessive power of their private communications oligopolies. Peru, Colombia and Argentina lie somewhere in between with their moderately concentrated and fragmented media structures (1994: 4,6).

#### **4.2. Community broadcasting as public service**

It is in this context of unaccountable and corrupt state apparatuses that many authors have stated that community radio broadcasting can be the only genuine manifestation of public service broadcasting in Latin America (Roncagliolo, 1996). Community broadcasting "officially" started in 1947 with Radio Sutatenza in Ecuador, an educational outlet of the Catholic church (Gallegos, 1997; López Vigil, 1997). Since then, an extremely heterogeneous collection of relatively comparable cases mushroomed across the continent. Guerrillas, trade unions, religious congregations, ethnic groups, fire brigades, schools, students, NGOs, and even madhouse inmates have engaged in this particular type of radio broadcasting.

According to the few authors and practitioners that have studied this dispersed phenomenon, community broadcasting has four main characteristics: [a] non-profit purposes; [b] strong cultural identification with the locality or group from which it emerges; [c] it educates for the transformation of the community; and [d] sender and receiver are horizontally related on an equal basis, so that both roles are interchangeable and the public participates both in programme making, and in the station's management and operation (Gallegos, 1997; López Vigil, 1997). The social importance of community radio was acknowledged in UNESCO's "Declaration of Santiago" of May 1994, which highlighted the contribution these media for the enhancement of democracy (UNESCO, 1995, 1994; Godoy, 1997b).

Although a few years ago community radio was often associated with left-wing parties, nowadays its defenders (grouped in entities such as ALER and AMARC<sup>1</sup>) reject that it is a synonym of marginal, clandestine, illegal, low-quality, artisanal, or under-funded radio. In fact, they replicate the arguments used by the university and public TV channels in Chile: advertising is a legitimate source of funding if used for socially worthwhile programme-making, non-profit motivation is crucial, and coverage can be nation-wide if possible (see López Vigil, 1997; Gallegos, 1997).

Despite community radio is effectively an important contributor to democracy and to the "classic" definition of PSB, its marginal, fragmented influence cannot be matched to that of "mainstream" media, both state-owned or private (Godoy, *ibid.*). At least in the case of Chile TVN will remain as the most important contributor to PSB in the foreseeable future<sup>2</sup>.

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<sup>1</sup> ALER, Latin American Association of Radio Education; AMARC, World Association of Community Radio.

<sup>2</sup> Chilean legislation recognised community broadcasting in 1993, but the cost of easing the licensing requirements for community radio was the prohibition to do advertising. Community broadcasters find this discriminatory (Gallegos, 1997; Roncagliolo, 1996).

## **5. The roots of Public Service Broadcasting in Chile**

If “traditional” PSB can take place in Chile through a mainstream, industrial, professionalised state-owned network, the necessary precondition is the country's long tradition of democracy since the 1830s, which survived the dictatorial break of 1973-1989. A second reason is the relevance of the public sector in Chilean life, possibly helped by its social legitimacy, probity, and effectiveness. The democratic government of 1990 devoted many efforts and resources to revive the ideal of public service with which television was born. Yet PSB was adapted to new political and economic parameters.

In contrast to the USA, the state was always a crucial and acknowledged actor in national life, both in economics, politics, and in the creation of the very sense of national identity. Even throughout the 20th century participation in public affairs was almost monopolised by the political parties, because of the nature of the Chilean state itself. The parties were quite effective in channelling the demands of their supporters and negotiating them through the state apparatus, and the bases did not question the pyramidal nature of this relationship (Garreton, 1986a:198.).

For a variety of reasons, only Chile, Costa Rica, and Brazil escaped from the anarchy and economic chaos that engulfed the former Iberian colonies in America after independence in the 1810s and 1820s (see Dietz & Street, 1987; Williamson, 1992). The homogeneous and austere Chilean elites soon adopted a republican form of government under the influence of minister Diego Portales, who drew the lines of an impersonal, authoritarian, and hierarchical structure known as the Portalian state. The ensuing 1833 Constitution was "the most enduring of modern times in the Hispanic World, and certainly more durable than many European constitutions of the period...the weight it gave to the rule of law influenced democratic practice in Chile until 1973" (Williamson, 1992:255). Legislation based on the Napoleonic codes was imitated by other Latin American nations.

The export-oriented Chilean economy grew steadily throughout the 19th century, and so did the public sector, the educational system, and urbanisation rates (the highest of the region together with Argentina). Military success in two bloody wars against neighbouring Peru and Bolivia fostered national pride and showed that the republican state was also effective in serious international conflict. The state and the army were also crucial for the definite and often ruthless colonisation of the southern territories down to Cape Horn, a process similar to the Far West in the USA that the Spaniards never completed. In the

1910s, Argentina, Uruguay, and Chile represented "Latin America's success stories before the First World War" (Bulmer-Thomas, 1994:150).

Nevertheless, the world-wide economic crash of the 1920s and the excessive dependence on a single commodity (nitrates) were disastrous. The Chilean economy remained almost stagnated for the next six decades. Both World Wars were very harmful for the extremely open, export-oriented Latin America that sold most of its raw materials to Europe and the USA in exchange for increasingly expensive manufactures. Inward-looking import-substitution industrialisation was therefore fostered since the late 1940s by the UN's economic commission for Latin America CEPAL, or ECLA in English (Bulmer-Thomas, 1994; Dietz & Street, 1987; Foxley, 1979).

Endorsed by contemporary economic wisdom as today, the Chilean state promoted indigenous industrialisation in a context of closed frontiers and extensive public sector intervention. This was the environment in which television was born in Chile in 1958. The new medium was given exclusively to the universities and the state as a way of encouraging national development.

By the late 1960s, the 130-year old democratic system was reaching a crisis. The left, centre, and right wing parties were divided among three blocks of similar electoral weight around irreconcilable positions. When the socialist Salvador Allende won the 1970 elections by slightly more than 30% of the votes, he was opposed by almost 70% of seats in the Congress. With the Cold War and the Cuban revolution as background, Allende was also confronted to the USA. Pressure piled up behind him as his supporters' demands radicalised. After three turbulent years, the Armed Forces violently entered into scene "to restore democracy" and "extirpate the Marxist cancer". Only seventeen years later they returned to their barracks, the longest government in the nation's history.

The anti-Communist dictatorship of general Augusto Pinochet irreversibly altered the panorama. The latent authoritarianism of the system was implacably unleashed against its opponents. The CEPAL-inspired welfare model was scrapped, and the economic advisors of the regime -nicknamed "Chicago Boys" for their postgraduate degrees from the University of Chicago- imposed the neoliberal orthodoxy in 1974. Ironically, the state structure that was so effective in the past was also effective to impose the dictates of the enemies of state intervention in the economy.

The neoliberal paradigm initially caused a big economic trauma as welfare expenditures fell sharply, protectionist barriers were lifted, and deregulation swept over the largely inefficient import-substitution industries (Fortin, 1985). Only after the mid 1980s the model began to show consistent success, which was finally

acknowledged by the centre-left opposition to general Pinochet. After democracy returned in 1990 only relatively secondary redistributive adjustments were introduced to the model, which remains largely undisputed.

According to Fox (1988, 1994), the state was one of the last actors capable of re-democratising the media systems in Latin America after the wave of military *juntas* was over in the late 1980s. Despite all the traumatic changes, the Chilean state was able to conduct such a process. The economy has grown 150% at a rate of almost 7% between 1985 and 1995. Inflation, unemployment, fiscal surpluses, investment and saving rates (essential for long-term economic development) are consistently among the most favourable of the region. According to the UNDP's Human Development Index, the country enjoys the highest standards of living of developing America together with Uruguay, Bahamas, and Argentina (UNDP, 1996; The Economist, 1998). In terms of corruption, in 1995 the country scored slightly below Germany but better than the USA, Hong Kong, France and Japan, according to the World Transparency Index<sup>1</sup>.

But in the 1990s direct state intervention was neither affordable nor well-regarded politically. The new democratic government in Chile followed a non-interventionist approach in communications policy, and PSB was redefined along those lines. So the contradictions, weaknesses or strengths of Televisión Nacional de Chile are deeply rooted on the paradoxes, pros and cons of the dual transition towards democracy and economic development.

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<sup>1</sup> Newsweek, 25/12/1995:59.



## CHAPTER 2

### THE DEVELOPMENT OF TELEVISION IN CHILE BEFORE 1990

This chapter discusses the development of Chilean television from its origins in 1958 to 1990, the date in which a prolonged military dictatorship was replaced by a renewed democracy. The analysis of this period allows to understand the ethos and origins of the current arrangement of public service broadcasting. Between 1958 and 1990, Chilean broadcasting went through three radically different “totalising” paradigms (Hurtado, 1989): the “social developism” (also called structuralism) of Eduardo Frei’s government (1964-1970), the socialist experiment of Salvador Allende (1970-1973), and the “repressive monetarism” of general Augusto Pinochet (1973-1990). For more details, see appendix 1 for a chronological account of Chilean television from the 1950s to 1997.

The first part of this chapter covers the 1958-1973 period, in which the university/state duopoly was formed under a mixture of public service broadcasting ideals and advertising finance. That period was characterised by increasing political conflicts that ultimately led in 1973 to the abrupt military interruption of 140 years of republican life. The second part deals with the 1974-1990 period under the dictatorship of general Augusto Pinochet. Throughout his regime, decisive political and economical changes occurred in the formerly regulated and protected television market.

## **1. The First Years: 1958-1973**

In this period the basis of the Chilean television system were set and the major players were defined. The new medium was born and remained exclusively in the hands of the universities (TVUC, UCV, and the channel of the University of Chile), until the state started with its own network, TVN, in 1969. Although it was not written as such in any specific law, this arrangement was widely assumed to be public service broadcasting. This was consistent with the welfare-conscious, public-sector driven character that characterised Chilean democratic debate of the period. Yet because of insufficient public funding, broadcasters were drawn into advertising. The combination of commercialism and academia yielded what Tracey (1998) would call “intelligent populism”, i.e. a socially-conscious, yet mass-appealing television service. Nevertheless, the growing political polarisation that took place since the mid-1960s eroded the basis of social cohesion of Chilean democracy. Broadcasters adopted confronting political positions, just as the rest of the society. The military coup of 1973 put an abrupt end to this stage.

### **1.1. Television with respect to other media**

Chile was the only country in Latin America in which television remained exclusively in the hands of non-profit, public and semi-public institutions, with a somewhat confused but definite public service orientation from its beginnings (Fuenzalida, 1984; 1990; Hurtado, 1987; Portales, 1987). Other countries that started similar systems such as Bolivia or Peru were not able to sustain them in the long run (IPAL, 1988). Nevertheless, the notion of public service of the first years was more an opposition to private television than a systematic reflection about a specific type of service to maximise public welfare, as it happened with the BBC in the 1920s.

The rest of the media had a similar evolution as elsewhere on the continent. Since independence from Spain in 1818, print media were private-sector ventures. Until 1973, the press was tightly related to politics as well. Chile was a politically sophisticated country in which each main party had its own newspaper or magazine. The 1973 dictatorship forbade partisan publications and allowed instead the growth of sympathetic commercial newspapers, notably the holdings *El Mercurio* and *La Tercera* (later COPESA). The former was a crucial source of ideological legitimisation for the regime, specially on behalf of its pro-market economic reforms, whereas the *Tercera*/COPESA conglomerate has had a much lower ideological profile. Nowadays both groups constitute a powerful duopoly in

the press market. The only cases of state-owned newspapers have been the Official Gazette, where all laws and decrees are published but no journalism is involved, and *La Nación*, an historically loss-making, scarcely read title. Both still exist today. *La Nación* has been partially privatised after 1990, and has low readership levels despite no longer being a mere government pamphlet.

Radio broadcasts appeared in Chile soon after the USA and Argentina. The wireless became mostly an entertainment medium from its beginnings in 1922, due to North American influence. As in print, private ownership was always prevalent (Tironi & Sunckel, 1993). In fact, the only cases of permanent state-owned radio occurred during the pro-market Pinochet regime, which despite its allegiance to private property created *Radio Nacional* and *Radio Colo-Colo* with the expropriated stations of the deposed left-wing parties in the 1973 coup. Radio Nacional was a traditional news/talk AM network that constantly praised the regime, whereas Colo-Colo was merely an entertainment AM station for the working classes (Lasagni *et al.*, 1988). The latter proved much more successful, and was privatised in the last years of the military regime. Radio Nacional was sold off in 1995, after the dictatorship left it hugely indebted and discredited. Radio Nacional's case was very similar to that of TVN, with the difference that the democratic government believed that television was still too important and therefore avoided its privatisation.

Even though cinematography appeared in Chile extremely early as well (the first Chilean film is a 1898 Lumiere-type short about Valparaiso's fire brigade), the small size of the market never allowed the development of a proper cinema industry. In the 1940s, the state tried to support film production and distribution by creating Chile Films, a public enterprise; but it never took off properly despite a rather short blossoming in the 1960s and early 1970s (Chanan, 1976; Schnitman, 1984). At its best times (such as nowadays), just a handful of feature films are released in a year.

But television was another story. There were strong prejudices against the new medium, which was considered almighty, mentally hazardous, and banal (Portales, 1987). Television was finally born inside the universities and the State exclusively.

## **1.2. The universities take the lead**

Television entered Chile rather late in comparison with the larger Latin American republics (Portales, 1987)<sup>1</sup>. Economical, political, and cultural reasons account for this. Apart from the despise and mistrust towards the new medium amongst the political elites of the 1950s, the country's economy was suffering from the low prices of its main export commodity, copper. Protectionism was the norm so the foreign investors who started television elsewhere in the continent were not allowed to settle (Portales, 1987).

The first applications for TV franchises date from 1952 and came from foreign investors (mainly from the USA). In a context of promoting economic development through protectionism, they were rejected on grounds of being 'unable to meet the requisites intended to either stimulate industrial development or improve the mining, agricultural, and forestry wealth' (Hurtado, 1987:25). The domestic private radio operators, lacking both the funds and the political strength to overcome the formidable entry barriers put up by the state, were unable to start television channels as they desired (Portales, 1987).

On the meantime, experimental broadcasts were taking place in the engineering departments at the Catholic universities of Santiago and Valparaíso (UC and UCV, respectively) and at the state-owned University of Chile. Since 1956, UC and UCV transmitted occasionally through the VHF frequencies 8 and 2 respectively. Realising the potential of the medium, their chancellors lobbied for a legal framework allowing them to operate a permanent service. Only the universities had the expertise, the infrastructure, and the tariff exemptions necessary to start with television. Their social prestige and political neutrality was a guarantee for all ideologies, something the chancellors appropriately stressed. Most parties finally agreed that the new medium had such an enormous social responsibility, that it should be in charge of these academic organisations (Fuenzalida, 1984: 164).

Marxist authors argue that while the US' commercial model influenced Chilean media structures, Europe was the cultural paradigm for the elites in power (see Mattelart, 1975, 1980; Littin and Soto in Chanan, 1976). The elite's European-inspired, culturalist, patronising bias thus explains the dismissal of commercial television. Non-Marxist authors emphasise instead on the neutral and

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<sup>1</sup> The pioneers had been Mexico, Brazil, Cuba, and Argentina in the early 1950s. This group was followed at the end of the decade by an intermediate one comprised, amongst others, Venezuela, Colombia, Peru, Puerto Rico, Uruguay, and Chile. The latest group comprised smaller republics such as Bolivia, Ecuador and Nicaragua (Schneier-Madanes, 1995).

prestigious role that the universities and the state played in the 1950s and 1960s (Fuenzalida, 1984; Fox, 1997; Hurtado, 1987, 1989). In terms of ownership, the new medium was kept aside from what was regarded as corruptive commercialism, an unusual step both considering the other Chilean media and the Latin American context.

### **1.3. Decree No.7,039 of 1958**

The pressure and perseverance of the universities succeeded. In October 28th of 1958 outgoing president Carlos Ibáñez [1952-1958] issued Decree No.7,039, just a week before leaving office and being replaced by his conservative successor Jorge Alessandri [1958-1964]. This first law of television had similar problems as almost all others that followed. It was reactive, it did not offer a plausible long-term vision, and, at the end, it did not work as originally intended.

The decree allowed all sorts of broadcasters, and it was based on the radial model of small and decentralised stations scattered along the territory. A total of 78 channels were envisaged, while only 16 were to be given to universities. These could neither do political proselytism nor advertising, and should finance their broadcasters from their own budgets. There was no definition of a 'public service', yet university channels were to do only academic and educative broadcasts.

Private broadcasters did not have special content restrictions, yet foreigners were excluded from the new medium (Hurtado, 1987, 1989). As it was the norm with radio until the mid-1980s, franchises were granted at the President of the Republic's discretion. (As explained in chapters 2 and 4, contemporary broadcasting law only considers technical criteria, so to avoid any bias in this respect.)

Despite the relatively favourable wording in the law, private television failed to take off. There were two main reasons. The first was that the decree did not reduce the high import duties on the essential inputs and electronic equipment - not rare in an import-substitution environment. No private investor dared to enter in the new industry. Universities, on the other hand, were exempted from this sort of taxation. The second reason was that president Ibáñez' successor deeply disliked all media in general and television in particular. Himself an ascetic and austere personality who often walked from his home to the presidential palace, the conservative Jorge Alessandri (1958-1964) deplored television for being not only a cultural impoverishment but also a waste of resources the country could not afford. He was convinced that 'Chile is a poor country, [and] television is a waste of the rich' (in Hurtado, 1987:26).

Therefore, both the Catholic University in Valparaíso and in Santiago were able to start permanent transmissions in 1959. UCV was allocated the channel 4 in VHF for exclusive coverage in its zone, whereas UC was granted the channel 13 in Santiago. The state-owned University of Chile inaugurated its own channel 9 on November 1960 in the capital (Fuenzalida, 1984).

University broadcasting was tolerated by Alessandri, but he refused to grant further franchises. Despite representing the interests of the entrepreneurs, he vetoed all the attempts of radio and other media businesspersons to participate in the new market. In 1961, he even ordered the termination of pioneering (and illegal) cable transmissions in the city of Concepción by Radio Bolívar (Hurtado, 1987, 1989; Portales, 1994).

#### **1.4. Consolidation of university television: the 1962 World Cup**

With the 1962' Football World Cup, played in Chile, television ceased to be an experiment of the engineering departments at the universities. The live event attracted a mass public, and the number of receiving sets rose from 5,000 to 20,000. The medium looked increasingly attractive as a business, so entrepreneurs launched a powerful campaign at Parliament to ensure favourable legislation (Hurtado, 1987). A proposal found its way to the upper house of Congress in September 1963, but failed because of the well publicised opposition from the universities and the widespread fears of private manipulation of the medium (Fuenzalida, 1984).

Nevertheless, the parliament demanded the universities to deliver 'public service' without either defining the task or giving any public funding (Hurtado, 1987). With insufficient university money available, TVUC, UCV-TV and channel 9 of the University of Chile began to develop disguised forms of advertising to finance their operations. President Alessandri tolerated this circumvention of the law.

TVUC was the only one that successfully combined the economic demands of a proper media industry and the cultural demands of the political elite. Channel 13 mixed profitably [a] public funding with advertising, which never determined the schedule; [b] both education and entertainment, as well as foreign and national programmes; and [c] in-house and commissioned programmes from a small but significant number of suppliers (Portales, 1987:81). Provided with an autonomous corporate structure and an efficient, market-oriented management, TVUC became

the leader from up to these very days<sup>1</sup>. Its managing director, Ernesto Tironi, triumphantly claimed that Chile's university broadcasting avoided the "corruption" of the commercial model of the USA, as well as the disregard of viewers' tastes and government interferences of the European public service monopolies (in Hurtado, 1989). On the other hand, the other two channels were not so successful. UCV remained small and isolated in Valparaiso, whereas channel 9 suffered chronic financial and political crises.

### **1.5. The Creation of TVN: presidency of Eduardo Frei (1964-1970)**

The next relevant actor and innovator in Chilean television was the state itself (Portales, 1987). At the end of Alessandri's term, the Christian Democrat (PDC) presidential candidate Eduardo Frei announced an ambitious programme of social development and industrial modernisation in-between communism and the conservative right known as "Revolution in Liberty". In contrast to Alessandri's despise for the media, Frei conceived television as an instrument of social change, development, and democracy. University channels therefore expected generous state support should the PDC won the elections (Hurtado, 1989).

Frei was elected president with an overwhelming majority in 1964. But instead of reinforcing the university broadcasters, the new government kept the legal status quo. It also ignored their requests for territorial expansion, so UCV remained at Valparaiso and both TVUC and Channel 9 in Santiago. Furthermore, in 1965 an "experimental" channel of the Northern University at Antofagasta was denied authorisation to continue broadcasting (Hurtado, *ibid.*).

As a compensation, the Executive announced its ambitious "Basis for a state policy on Television". The aims were to foster the domestic manufacture of TV sets, expand television coverage to the whole country, and connect the rather isolated Chile with the rest of the world by means of a satellite link (Hurtado, 1987; Portales, 1987). An exclusively instructional state-owned network was conceived as a complement to formal education.

As the PDC became politically isolated, it increasingly concentrated in its own television project and distanced itself from the university channels (Hurtado, 1989). Nevertheless, the three objectives set by Frei were achieved. Satellite connection was achieved in 1968 by the construction of a receiving station in

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<sup>1</sup> Portales stresses that TVUC was born as and in practice behaved like a private outlet, benefiting (somehow abusively, insinuates the author) from public subsidies and enjoying all the benefits of a private organisation due to its autonomy within the Catholic University (1994:88,90).

Longovilo. Import-substitution manufacturing of TV sets raised from 31,000 to 364,000 units (Hurtado, 1987). National and international integration was accomplished by something 'unique' by Latin American standards: Television Nacional de Chile, a state owned, nation-wide broadcaster (Fuenzalida, 1984: 164). Bartolome Dezerega, TVN's Administration Manager in 1995, recalled that

*...Frei put me in charge of the project of Television Nacional as a whole...[he] put money from the Ministry of Education in order to assemble TVN just as it is today: territorial extension; use of microwaves for transmitting the programmes; [the] design and building of the studios. Between 1965 and 1968 the project was designed and then executed. In 1968 I had already installed the transmitters, the buildings, the studios and the people [needed] for operating<sup>1</sup>.*

TVN was born as a joint venture by the paramount CORFO, the innovative public utility created in the 1930s to foster industrialisation (see previous chapter), and ENTEL (privatised in the 1980s). The new channel officially started transmissions on September 18th 1969 after a year of experimental broadcasts. But in fact, TVN began broadcasting *de facto*. The governing PDC, sandwiched between a frustrated left and a scared right, apparently did not want its initiative to be blocked up in the polarised Congress. Frei's term was to end in 1970, and the government simply forced its television project as a *fait accompli* (Hurtado, 1989). Realising that either a propaganda channel or an educational one would be scarcely watched, the PDC tried to regain public support by a mass-appealing, non-ideological channel. The original idea of a purely educational service was thus dropped (ibid.).

With the creation of TVN, the broadcasting arena was defined for the next two decades: the state-owned broadcaster and TVUC would virtually dominate the industry, whereas the rest were relegated to a secondary role. That picture is still valid today.

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<sup>1</sup> Interviewed on May 5th 1995.



## 1.6. Public service and law No.17,377 of 1970

When TVN was set up in 1969, television still operated under the virtually outdated 1958 decree. The last effort of the Christian Democrat administration in broadcasting was the promulgation of law No.17,377 of 1970. According to Hurtado (1989) it was imbedded with the far-reaching, ambitious, socially-conscious "developism" that characterised the Frei period.

The notion of public service broadcasting of Chilean television in general and of TVN in particular was settled -but not defined- in the 'general objectives of Chilean television' of law No.17,377 of October 24th 1970. Despite its many defects and naivety, law No.17,377 was rather influential. In fact, after 1990 the public network went back to it for a better understanding of its *raison d'être* (see Aimone, 1994:1). Throughout the military dictatorship, it was widely considered as a sort of garden of Eden from where broadcasting was expelled (see Fuenzalida, 1984).

But the law had many defects. First, it was promulgated by an outgoing government wanting to curtail the influence of its successor (Fuenzalida, 1984; Portales, 1994). Second, it both underestimated the economics of the industry and consolidated the contradiction between public service and advertising of Chilean television (Hurtado, 1987). Third, the law did not define a very clear and distinctive mission for TVN (Navarrete, 1994:1), nor the concept of 'public service' itself. Fourth, the law favoured the extreme centralisation of the industry on the metropolitan centre by freezing the existing franchises (Portales, 1994:121)<sup>1</sup>. Finally, yet this is not a failure of the law itself, it was short-lived: in 1973, the military altered its main principles to ensure political control of television. TVN was particularly affected by this.

On the other hand, law No.17,377 outlined a television system that was unique in Latin America because it was beyond mere profit-making: the whole industry was to accomplish 'public aims' (Navarrete, 1994:1) and no private operators were allowed. Many public service values permeated the system despite the seventeen years of dictatorial manipulations (Aimone, 1994; Navarrete, 1994). But the political turbulence of the early 1970s prevented these high ideals from becoming a full reality.

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<sup>1</sup> Three out of the four authorised broadcasters were from the metropolitan centre: TVN, TVUC, and the channel of the University of Chile (then Channel 9). UCV from Valparaiso was always a marginal player (Portales, 1994:68). The law also prevented other operators from entering the market. Centralisation was enhanced when TVUC began expanding geographically in 1970, partly to oppose the socialist government's discourse carried by TVN (Portales, 1994:90). Later the law allowed all universities to operate channels, but regional television never matched TVN or TVUC.

### 1.6.1. Description of Law No.17,377

Law No.17,377 assumed, yet did not explain, a definite public service orientation. It was composed by four main elements: a] A set of [public service] principles to be accomplished by all the operators; b] a mixed system of funding; c] a rigid set of authorised operators; and d] a regulatory body for the industry.

a] The principles were defined in article 1:

*"Television should...communicate and integrate the country, spread the knowledge of basic national problems and procure the participation of all Chileans in the great initiatives targeted to resolve them; reaffirm the national, moral and cultural values, the dignity of and respect for the rights of the person and the family; foster the **education** and the development of culture in all its forms; objectively **inform** about national and international affairs; honestly **entertain**, caring about the spiritual and intellectual formation of children and youth...*

*'Television will not be at the service of any ideology and will respect for all the tendencies that express the thought of sectors of the Chilean people'* (emphasis added).

Many authors agree that this wording implied public service broadcasting (see Aimone, 1994). But there is no direct reference to such a crucial concept, which is left implicit.

b] Finance: The draft of the law contemplated a licence fee such as the existing in Western European systems. Nonetheless, the suggestion was discarded at Congress as unfeasible (Fuenzalida, 1984:170). A more detached view is that Chileans wanted a BBC without paying for it<sup>1</sup>. So a mixed system of funding, combining advertising and direct state subsidies, was established instead (Arts. 30, 32). The contradiction between public service and commercialism, dating from the 1960s, consolidated (Fuenzalida, 1984; M. Hurtado, 1987; Portales, 1994). Advertising could not exceed an average of 6 minutes per hour, but could be accumulated up to 12 minutes per hour (art. 30). A special norm attached to the law prohibited advertising to interrupt the programmes. Except for special cases authorised by the CNTV, commercial sponsorship was also banned (Fuenzalida, 1984:171).

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<sup>1</sup> Jorge Navarrete, former CEO of TVN, interviewed on 28/7/1997.

Unfortunately the envisaged funding formula underestimated the industry's economics. The broadcasters were increasingly squeezed between the limited pool of public funds and the restrictions to advertising. Soon the subsidy had to be enlarged, but it never was enough.

**c] The operators and TVN:** Only certain universities and the state were entitled to own and operate television channels. Private broadcasters were excluded (art. 2). Each outlet should have a Programming Advisory Council<sup>1</sup>, a socially-representative body that oversaw the quality of programmes. They were composed by a psychologist, a physician, a sociologist, a lawyer, and a lecturer, who authorised the 'tele-cine programmes' to be broadcast (art. 39).

The state-owned broadcaster was defined as Television Nacional de Chile (TVN). The law dedicated TVN a whole chapter (Title IV), but did not outline a special mission apart from the very act of broadcasting itself:

*[TVN's] objective shall be to establish, operate, and exploit a national system of television aimed to broadcast audio-visual programmes throughout the national territory...The enterprise can accomplish all the activities, businesses, acts, contracts, and covenants related to its objective'* (art. 14).

The constitutive document of Television Nacional<sup>2</sup> added some elements to the implicit -and undefined- notion of public service: '[TVN will] collaborate with the tasks of education, formation, teaching, spreading of the culture, and [academic] improvement developed by either fiscal, private, national or foreign entities' (Navarrete, 1994;1). There was no clear definition of 'public service' here as well, although the emphasis on TVN's education role was clear.

The administration of TVN was responsibility of a Directorate of seven members, just as in the contemporary legislation. 'The law sought a representative and counterbalanced internal administration in behalf of [both] the common good and citizen participation, forbidding all individual or authoritarian control, and vetoing any ideological monopoly' (Aimone, 1994:2).

The composition of TVN's Directorate was more complicated but also more socially representative than today. Two Directors were elected by each of the two chambers of the Congress, two by the National Television Council [CNTV], one by

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<sup>1</sup> *Consejo Asesor de Programación.*

<sup>2</sup> The document in which TVN, as all new firms do, defined its main corporate objectives amongst other technicalities in the Official Gazette.

the workers of TVN, and one directly appointed by the President of the Republic. The Chair was appointed by the President in agreement with the Senate (art. 17)<sup>1</sup>.

Finally, TVN related with the government 'for all effects whatsoever' through the Ministry of Education (art. 26), thus confirming the educational ethos of television. In 1973, the military made TVN depend from the Ministry of Information.

**d] The regulator:** A National Television Council (CNTV) was created as an autonomous public watchdog for the whole television system. Its aim was to lead, supervise and control the television system (Art. 8). Furthermore, the CNTV was obliged to raise programme and technical quality, something that is absent in current legislation (Art. 8a).

As with TVN, the CNTV was socially representative and related to the government through the Ministry of Education. The Council had sixteen members, and was chaired by the Minister of Education. The three powers of the state were reflected through one member appointed by the President of the Republic, six by both chambers of the Congress (three each), and two by the Supreme Court. Broadcasting workers elected other two members (TVN one, the university channels the other). The remaining four councillors were the Chair of TVN's Directorate plus the three chancellors of the three authorised broadcasting universities (art. 9).

As for TVN's Directorate, the current law of the CNTV reduced its members to eleven, simplified the mechanism of appointment to a single list proposed by the President of the Republic in agreement with the Senate, and linked it to government through the Ministry of Information.

### **1.6.2. The short life of a well-intentioned law (1970-1973)**

The main problem of Law No.17,377 was that it was born amidst such serious political agitation that its well-intentioned principles were swallowed by contingency. Apart from that, it had a very short effective life: three years after its promulgation, the military *junta* deeply changed it to ensure the control of television.

The expiring Christian Democrat government, realising the likely triumph of the socialist candidate Salvador Allende on the 1970 elections, accelerated the Congressional debate of the draft in order to prevent the socialists from controlling

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<sup>1</sup> Today six of the seven Directors are appointed by the President in agreement with the Senate. The Chair is named directly by every new President of the Republic. The representative of TVN's workers nowadays has no right to vote in the Directorate.

television. The mechanisms of social control both at TVN and the CNTV were clearly aimed to this (Fuenzalida, 1984; Portales, 1987).

Throughout the three years of socialist government [1970-1973], the channels lost their political neutrality and became divided between the pro-government left and the centre-right opposition. Both sides were irreconcilable. The extreme left was convinced that media neutrality was an illusion and that notions such as “journalistic objectivity” and “public service” were simple consecrations of bourgeois ideology and class interest (see Mattelart, 1980). The PDC sided with the right against what they perceived as an imminent replication of the Cuban revolution.

TVUC and UCV became fervent opponents of Allende, whereas Channel 9 of the University of Chile was exactly on the other side, at serious conflict with its PDC chancellor as well. TVN was somewhere in the middle, blocked by the strong counterbalances set by the law. According to the socialist filmmaker Helvio Soto, programming manager of TVN until 1973,

*[President] Allende had dossiers ready on politics, economics, etcetera. But as for culture, information, nothing. There was never a comprehensive plan and you had to improvise...I left Chile in March 1973 without having set eyes on a single paper where I could read: You, State functionaries in charge of television, must follow such and such policy. This was never produced, and I think my friend [Augusto] Olivares<sup>1</sup> waited in vain for this paper right to the end...The extreme left, as well as myself, thought that Chilean television ought to be a barricade, but unfortunately [our] chief Allende disagreed. And within the Socialist Party each person would say something different...It was very difficult to do whatever-it-might-be in television without endangering the very fragile equilibrium of [the governing coalition] Popular Unity...The Communist Party was clearer, more realistic...it saw that a revolutionary television was impossible if the people wasn't yet in power and if the competitive system of television was still going on...The task of the two right-wing channels [TVUC and UCV] was easier than ours because we had to resolve a contradiction they didn't have: our television, insofar as it was aligned with Popular Unity, was a television of combat, it wasn't neutral. But being state television, it had to take into account the general public which continued to demand serials, adventures, diversion...You couldn't say that our television was like that of a country trying to build socialism' (Soto, 1976: 44, 45).*

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<sup>1</sup> TVN's Director General at the time, who committed suicide during the 1973 coup.

Anyway, if anybody doubted about TVN's independence from government, it clearly became certain after the military *coup d'etat* of 1973.

## **2. Dictatorship (1973-1990)**

Before 1973, Chilean television had developed an imperfect but rather definite public-service orientation. Some traces of it survived to these days. Most of the decisive changes that affect today's television environment took place under the dictatorship. Some of these are related to what happened in other authoritarian regimes throughout the continent, others to the technological changes suffered by terrestrial television world-wide, and some to specific and local conditions.

### **2.1. The media under military rule in Latin America**

The wave of military coups during the 1970s in the continent had some common characteristics despite wide differences from one country to another. In general, pro-market reforms expanded increasingly the commercialised and internationalised media, whereas censorship and intimidation restricted contents (Fox 1988a, 1997; Portales, 1987; Reeves, 1993:98,99).

The massification of television occurred during the 1970s and 1980s mostly under the military dictatorships, who used it for propagandistic reasons (Skidmore, 1993). Through autocratic state apparatuses that pre-existed them, the military *juntas* carried out neoliberal economic reforms together with technocrats working in close collaboration with multinational corporations. These regimes sought to exploit the national and modernising symbols of their policies through the mass media (Reeves, 1993:98). In Chile, the pro-market reforms were exceptionally early and deep, helped by the relative administrative effectiveness of the state structures.

The mass media fitted well with the organisational skill and the technocratic vision of some military regimes, notably the Chilean one. Their economic policies led to the rapid transnationalisation of the media. Private operators also grew due to the increases in technological investments and the growth of advertising. Yet, in the long run, the double standard of liberal economics on the one hand and repressive politics on the other eroded the power of the dictators (Tironi & Sunckel, 1993).

### **2.2. The impact in the television sector**

The sudden and violently effective coup in September 11th 1973 brought in the closure, confiscation, and purge of all the media that supported Allende's

socialist government. This first stage of direct repression lasted approximately until 1975 (Portales, 1987). Physical violence was often utilised and its well-known details will not be repeated here. It was a great trauma for the country's tradition of freedom of expression, as well as a violation of the principle of pluralism and neutrality of the public system of broadcasting as expressed in the original law of 1970 (Aimone, 1994).

Television was the media sector most affected by authoritarianism. TVN and the leftist channel 9 were occupied by war-clad troops; employees were arrested, and archive material was destroyed (Tironi & Sunckel, 1993). The state-university duopoly was kept to ensure centralised government control. Following the traditions of Chilean legalism, law No.17,377 was deeply altered by the military *junta* to legitimise this. TVN's newscasts became a simple means of the regime's propaganda (Aimone, 1994:3). Thus, public television became government television, a common malaise of state-owned broadcasting all throughout the continent (see Portales, 1987).

The regime ensured its grip over the industry either by direct intervention as in TVN and the CNTV, or by indirect means by appointing chancellors at the universities (who were granted more power than before). All representative bodies were promptly replaced by the *junta's* appointees.

This quite harsh stage of direct government repression in television lasted until 1975 approximately. Inside the regime rose a struggle between two different perspectives. On the one hand there were those who wanted absolute control by the military, and therefore opposed any liberalisation of the industry's ownership structure (in fact, it remained almost unchanged until 1990). On the other hand, there were the neoliberal economic advisors of the regime, the "Chicago Boys", who fostered economic deregulation, fragmentation, and privatisation (Portales, 1987).

The Pinochet regime adopted the Chicago Boys' discourse and started with their prescription of applying market principles and deregulation to the heavily-protected Chilean economy. The subsequent deep cuts of state expenditures meant that in 1975 television ceased to receive the public funds contemplated in the law of 1970. Channels were forced to self-finance through advertising, but political control remained.

Fuenzalida notes that in 1972 30% of the income of TVUC, the most successful broadcaster in commercial terms, were public funds. The cut of the subsidy was worse for the smaller networks such as the University of Chile's, for which public funding was 60% of its income (Fuenzalida, 1984:171). As a sort of compensation, a much smaller 'Fund for Chilean Television' was created to



finance programmes of non-commercial interest. The fund was competitively allocated (DL No.1086, 1975; Mena, 1989) and it still exists today (see chapter 4). Eleven years later, a similar mechanism was recommended in the UK by the Peacock Committee to finance public service broadcasting. Each year, 35% of this money went directly to TVN for 'maintenance of the network', together with the slice that the corporation obtained from producing programmes of national interest (Mena, 1989).

Meanwhile, the CNTV ceased to oblige the channels to constitute the Programming Advisory Councils that had in the past contributed to enhance programme quality. These bodies soon fell into oblivion and disappeared. All these moves were followed by an abrupt increase of 'canned' foreign entertainment -films and series (Fuenzalida, 1984:170; see chapter 7). In 1976, Chilean material reached its lowest point in broadcasting history -a tiny 16.0% of the schedules (Fuenzalida, 1984:75; Portales, 1987). Furthermore, advertising saturated the screens after a 1977 decree terminated the time restrictions on publicity. The channels also extended their broadcasting hours in order to maximise their possibilities of selling advertising (Portales, *ibid.*).

As a countermeasure, the CNTV enforced a "cultural slot" that obliged all channels to broadcast one hour a week of high-quality, "cultural" programmes at prime time. This policy is widely regarded as successful, yet it is not included in contemporary legislation (see 4). Another positive feature, although less fortunate in the long run, was the extension of geographical coverage by the university channels. TVUC became the most serious competitor of TVN, with partial national coverage through its southern channel in Concepcion (dating from 1972) and an alliance with the Northern Catholic University's recently created TELENORTE network in the north<sup>1</sup>. UCV finally could reach Santiago through channel 5, whereas the outlet of the University of Chile (now channel 11) was extended to the Valparaiso area<sup>2</sup>.

Nevertheless, at the beginning of the 1980s both TVN and TVUC attracted more than 85% of television's advertising income and most of the audience share. But while TVN was blatantly used by the dictatorship for propaganda, TVUC consolidated the position as the market leader while being submissive with the regime (Portales, 1994:90). The smaller channels were always secondary players and did never affect the duopoly TVN-TVUC.

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<sup>1</sup> TELENORTE started broadcasting in the northern regions in 1976.

<sup>2</sup> The VHF frequency of the University of Chile's channel was changed from 9 to 11 as a way to erase the leftist image of the old channel 9. Besides, the coup itself was colloquially known as "the 11" because it took place in 11 September 1973.

Political restrictions in television only began to fade away in 1987, during the visit to Chile of pope John Paul II. TVUC broadcast without interference the pope's ceremonies, in which many dissenting voices spoke aloud. On the contrary, TVN manipulated the broadcasts as far as it could, despite a formal agreement with the Catholic hierarchy (Portales et al., 1988).

### **2.3. The impact in TVN**

Under general Pinochet's rule Television Nacional was totally submissive to the dictatorship more than any other channel (see Aimone, 1994; Navarrete, 1994; TVN, 1990). TVN was used for viciously attacking dissent, and for socialising the symbols of modernisation and nationalism promoted by the regime.

#### **2.3.1. Initial repression**

The tight political control exercised by the regime started the very day of the coup itself on September 11th 1973. That day Television Nacional was militarily occupied (Tironi & Sunckel, 1993:222). Its Director General, Augusto Olivares, committed suicide during the air attack against the presidential palace of La Moneda soon before president Allende himself<sup>1</sup>.

The *junta's* DL No.113 of October 1973 abolished the socially representative Directorate, and allowed the regime to appoint a Director General with supreme corporate powers. TVN's liaison with the government shifted from the Ministry of Education to the Ministry of Information -just as it happened with the CNTV. The switch of ministry ensured the direct manipulation of TVN by the regime (Aimone, 1994:2; Fuenzalida, 1984). DL No. 386 granted the Ministry of Information ample powers to define TVN's personnel policy, including recruitment, selection, and pay. It also supervised the corporation's annual financial statements. Later in 1976 this office created a sort of public-relations agency with censoring powers: the National Division of Social Communication, DINACOS<sup>2</sup>, which fixed content guidelines for TVN (Aimone, 1994:3).

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<sup>1</sup> The Truth and Reconciliation Commission set up by the democratic government in 1990 finally concluded that the deposed president committed suicide and was not killed.

<sup>2</sup> After 1990 DINACOS was replaced by the Secretariat of Communications and Culture [SECC] under Eugenio Tironi, and its intrusive activities were terminated.

Since the mid-1980s, TVN incurred increasing losses. The regime utilised the network as a propaganda tool without cost considerations. Between 1988 and 1990, after general Pinochet realised that power would be handed to his opponents, financial mismanagement was deliberately used to force the privatisation of the corporation (TVN, 1990).

### **2.3.2. TVN as a propaganda tool in the 1980s**

The ruthless use of the public broadcaster as a propaganda tool during the dictatorship revealed some of the worst aspects of Chilean authoritarianism. Apart from that, it was wasteful and ineffective. It did not persuade the public to support the regime when voting took place in 1988 and 1989 (see Fuenzalida, 1990).

The regime had faced its first series of overt and strong mass protests in 1983, amidst the serious economic recession during the external debt crisis. The government began to spend more money on political propaganda through TVN. As the date for the elections fixed by the 1980 Constitution approached, TVN went into a spiral of upward costs. Despite the increase of expenditure, neither viewership figures nor audience appreciation grew at the same pace. Actually, both fell. Between 1986 and 1989, the corporation's debt grew sevenfold. Furthermore, by 1989 the corporation's assets had diminished by 83% in comparison to 1982 (TVN, 1990:2).

There were five main inter-twinned reasons for the losses. Three of them were quoted by the Special Commission of Congress that investigated the case in 1990. The first one was the change of TVN's statutes by the dictatorship, granting discretionary powers to the government on all corporate aspects. This allowed the second factor, the regime's propagandistic use of the channel without financial considerations. Third, the obscure and wasteful commercial policies of TVN's administrations, including confused advertising rates, arbitrary discounts to some clients (such as the government), excessive expenditure on some programmes, and non-cash barter agreements with some advertisers. Some of cases were prosecuted in the courts afterwards (TVN, 1991:5,7). There were two other reasons for TVN's financial deterioration. One was the occasional seizure of the profits (when there were any) by the government. The final factor was deeper and explained all the rest: an authoritarian concept of propaganda television with no regard for cost-controls.

1984 was the last profitable year for TVN under military rule, in spite of the fact that the channel got the biggest advertising share. Of the slice grabbed by the industry, TVN received 45%; TVUC, 34%; UCV-TV, 11%; and the channel of the University of Chile, a mere 10% (Portales, 1987:98). In 1985, satellite broadcasts replaced the microwave network and ensured direct access to the whole territory without need of the production centres in regions. But contents were not affected by this technological innovation and average ratings were unable to surpass those of TVUC (see chapter 6). Losses reached their highest point in history in 1986,

partly due to propaganda campaigns targeted to rouse public sympathies before the pope's 1987 visit to Chile (TVN, 1990).

An account of TVN's manipulations during the Pope's visit in 1987 is given by Portales et al. (1988). The tour was extremely significant not only because of Chile's geographical isolation (it was the first papal visit ever), but also because of the international ostracism faced by the military regime. The administration wanted to make the trip appear as an implicit endorsement by the Vatican. TVN frequently violated the transmission agreement with Rome and censored the most conflictual aspects of the ceremonies in which John Paul II participated. TVUC did not, so for the first time since 1973 dissenting voices were broadcast. This was the start of the process of redemocratisation of television (Ibid.; Hirmas, 1993; Tironi & Sunckel, 1993).

TVN's manipulation of the Pope's visit was accompanied by another expensive and unsuccessful exercise of image-cleansing. The presidential plebiscite that would put an end to authoritarianism was due the next year, on October 1988. The corporation started a 'cultural channel' through one of its other two idle VHF frequencies, Channel 9<sup>1</sup>. But the new outlet did not appeal to viewers, whereas TVN's overall audience share continued dropping (see chapters 6 and 7).

In 1988 TVN did extensive government propaganda (30 minutes a day, at its own expense) for the October plebiscite (TVN, 1990:6). Increasing amounts of money were spent in expensive shows aimed to attract viewers, and in the useless 'cultural' channel 9. The most conspicuous case was an extravagantly expensive Saturday afternoon showbiz in 1989 which lost more than twice the income it generated (Ch\$ 470 and Ch\$ 199 million, respectively. TVN, 1990:6).

The last two years of military administration at TVN were a stunning example of mismanagement and even fraud. Many debtors were foreign suppliers of programmes who at the end were not paid back, yet US\$ 9.4 million in new contracts (the usual was some US\$ 4 million) were signed in 1989 (TVN, 1990:3.). The number of employees increased by 20% between 1987 and early 1990. Other harmful practices included staff benefits and allowances above all reasonable levels, excessive and uncontrolled expenses, and even contracts with non-existent entities such as a certain 'Corporation for the Development of a Free Society' (ibid.). Enrique Aimone, TVN's Secretary General, recalls:

*'In the last year under Pinochet's regime [1989], the Executive Director knew perfectly well that he was going to be sacked [by the new*

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<sup>1</sup> TVN operated channel 7 in Santiago, but also owned frequencies 4 and 9. The University of Chile had changed its frequency from 9 to 11 almost a decade before.

*administration] regardless how well he might do. So it was carnival year. During 1989, nobody worked here. It was Christmas every day. Through barter agreements with the advertisers, the management gave away all you can imagine, including rather good cars -like some Nissans that are still kept by many old workers. All this [occurred] while the corporation was broke and indebted up to its neck<sup>1</sup>.*

Despite the critical financial situation, TVN's management increased its expenditures as it became evident that a change of government was inevitable<sup>2</sup>. The new administration was certain that all this was done to force TVN's privatisation. All these manipulations were financed either by debt or sale of the corporation's assets; the state did not make any contribution nor investment after 1982 (TVN, 1990:3, 7).

Losses peaked again in 1989, although at lower levels than in 1986 because there was less left to spend. In an act of financial self-cannibalism, TVN's other two VHF frequencies, 4 (idle) and 9 (where the "cultural channel" still operated) were sold off a few days before the new administration stepped in. This sale allowed private terrestrial television to appear, because the 13-channel VHF spectrum was almost saturated. Frequency 9 became Megavision and frequency 4 La Red, Chile's first private channels. At least the cash was received by the next administration and not wasted.

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<sup>1</sup> Interviewed on 8th May 1995.

<sup>2</sup> Interview with Enrique Aimone, General Secretary of TVN, May 8th 1995.

## **2.4. Television and economic modernisation**

When the focus is placed on the economic side of the television industry during the dictatorship, the picture is different. After the first two or three years of direct repression, the regime's propaganda efforts mostly concentrated on TVN's newscasts and some important events, as the pope's visit (see Portales, 1987).

According to the socialists Tironi & Sunckel (1993), the economic changes brought in by the regime were even more relevant to democratisation than the often heroic struggle of those smaller media that dared to oppose authoritarianism. Below the political repression, mass communications irreversibly modernised. Following strict market reasons, the "mainstream" media 'effectively pressed the authoritarian regime to ease the political controls that introduced "noise" into the communications system, [and so] affected their credibility and their possibilities of [business] expansion' (1993:233).

When the long dictatorial gap ended in 1990, there was a double-stream transition: in political terms, from dictatorship to democracy; and from a socio-economic perspective, towards modernisation. The latter was a by-product of the economic transformation under Pinochet, and in communications it meant the change from the pre-industrial media structure of the early 1970s to a 'properly mass and industrial system' (Tironi, 1994:27).

Media modernisation in Chile took place mostly throughout the 1980s. It was promoted by the regime itself through its model of market economy open to external forces, which was one of the earliest and more radical on the continent. It was characterised by four elements. The first was the massification of the receiving infrastructure, specially television (by the 1980s, 95% of households had a TV set). The second was the growing economic importance of the communications system, which reached unprecedented high percentages of the GDP (around 1%; see table further below). Thirdly, the communications system became mostly driven by the market and private agents despite there were only public and semi-public non-profit broadcasters until 1990. Finally, television became the most consumed and influential medium (Tironi & Sunckel, 1993:229-231).

Similarly, authors began to agree that the state/university channels competing for advertising revenues yielded many positive results due to their corporate nature (see Ancien, 1995; Fuenzalida, 1990; Tironi & Sunckel, 1993), despite the political drawbacks of the period. According to Portales -by no means a supporter of the regime- 'the Chilean experience demonstrates that the public agents, with both an adequate organisational structure and stimuli, can constitute

authentic national models of television' (Portales, 1987:82). Indeed, in his comparison between the television systems of Mexico, Argentina, and Chile made in the last years of general Pinochet's rule, Portales highlights the 'great innovative capacity of the [Chilean] public sector' throughout all its history (1987:61).

The liberalisation of the economy meant a fast increase of consumer expenditure and, subsequently, advertising. This was helped by a first economic boom in the late 1970s, which also served to massively update the channels in technology (Portales, 1987:98). In 1982, television surpassed definitely printed media in terms of advertising revenues (Tironi & Sunckel, 1993). The table below illustrates the increasing economic importance of television. The amount spent in this medium in 1975 was US\$ 7.1 million, whereas in 1993 it was US\$ 398.0 million (Fuenzalida, 1986; Lutz, 1994. Each year's values).

PERCENTAGE OF ADVERTISING EXPENDITURE DEVOTED TO TELEVISION	
YEAR	PERCENTAGE
1975	26.6%
1976	31.4%
1981	43.2%
1993	45.3%

*Source: Fuenzalida, 1986:83, Lutz, 1994:59.*

As in 1962, football again helped the massification of the medium: colour broadcasts were introduced in 1978 for the World Championship in Argentina. This was an unexpected technical innovation motivated by the government's need to "burn up" fast a US\$ 250 million excess on the balance of payments (Portales, 1987:93). It also helped the regime to project an image of technological modernisation.

The material abundance in the early 1980s was nonetheless often wasted as the channels stuck to repeating easy and secure formulas. Chilean television was able to show considerably more creativity and innovativeness during more austere times, such as the severe economic crisis that followed in the second half of 1982 (Portales, 1987). But the slump did not reverse the supremacy of television in the media system nor alter the duopolistic structure of the market, with TVUC and TVN dominating the scene.

Some crucial industrial features prospered despite the obstacles to pluralism, creativity, and innovation. First, the regime exercised political control over journalistic programmes, but allowed the rest -specially entertainment- to develop. This was functional for its political purposes (Portales, 1987), but nonetheless it ensured an interesting level of domestic production and expertise in



both TVN and TVUC. According to one of the founders of the most successful current affairs programmes of Chilean television since the dictatorship, TVN's *Informe Especial*,

*During the years of the brass hats, the only thing it mattered was that you didn't touch them. Quite the contrary, that you praised them. They didn't really care for rest of the programming schedule....During the dictatorship you had to make yourself your own niche, keeping your dignity as far as you could. There were no other possibilities. TVUC was almost the same [as TVN], the newspapers too. I dedicated to sports. Later, when we launched "Informe Especial" we didn't touch the military, it's true. But we broadcast for the first time highly conflictive subjects that, if you really looked at them, were caused by the background situation of the country -poverty, domestic violence, etcetera. In those years, journalism was very marginal. There was very little apart from the newscasts<sup>1</sup>.*

Gradually, the channels recovered from the initial shock of forced self-financing in 1975. Chilean productions went up gradually from their very low levels of 16% in 1976 to 39% in 1982, and to near 50% at the beginning of the 1990s (Fuenzalida, 1984; CNTV, 1994c, 1993b). Nowadays the proportion is even higher (see chapter 7).

The structure of production had its problems, of course. The first was the bias towards entertainment. Both advertising finance and political repression were the main reasons for this. 80% of the Chilean programmes produced in the 1980s were entertainment ones: shows, special events, and the first long-haul telenovelas such as TVN's *La Gran Mentira* and TVUC's *La Madrastra* (Portales, 1987). Many authors recognise that the expertise gained with these productions constitutes nowadays a competitive advantage for TVN and Chilean broadcasting in general (see SECC, 1994g:136,210,231. For a longer discussion on telenovelas and national production, see chapter 7).

A second problem of production was its centralisation. The 'two big ones', TVN and TVUC, were vertically-integrated producing and broadcasting corporations almost impregnable to new views and talents from outside (see Fuenzalida, 1984; Portales, 1987, 1994). The Catholic network was specially resistant (Portales, 1994). Many authors have agreed that independent programme-making fosters creativity, diversity, innovativeness, democracy, and economic efficiency (Fuenzalida, 1990; Portales, 1987, 1994). But neither the centralised, vertically-integrated structure of Chilean television nor the political

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<sup>1</sup> Interview with Guillermo Munoz, editor of TVN's *Informe Especial* since the 1980s, 4/11/1997.

repression were helpful. During the 1980s, independent producers were mostly dedicated either to produce advertising spots, an already quite developed and profitable subsector, or to 'alternative' and institutional circuits (many of them related to NGOs or pro-democracy groups). Only the smaller channels, mostly because of cost reasons, contracted them often. Independent production is also discussed in chapter 7.

Insiders have insisted that -dismissing the obvious political difficulties- the system 'always' favoured quality in programmes (Miranda in Lira et al., 1987:106). The combination of competition and the non-profit nature of broadcasters was relevant in this respect: competition encouraged the channels to attract the widest possible audience, while state/university ownership kept technical and content quality thresholds afloat (Fuenzalida, 1990; Portales, 1987, 1994; Vargas<sup>1</sup>). An important incentive for this was the compulsory one-hour-a week "cultural slot" at prime time defined by the military regime. The most quoted cases were the documentaries series *La Tierra en que Vivimos* in TVN and *Al Sur del Mundo* in TVUC; the science and technology current-affairs series *Mundo* in TVUC; the more contingent *Informe Especial* in TVN; historical mini-series like *Martin Rivas* in TVN (ibid.; Portales, 1994). When not produced internally, channels bought from selected foreign sources such as the BBC, ITV, PBS, TVE or RAI.

But the concern for quality and public service also extended sometimes to apparently frivolous programmes, such as the veteran TVUC's showbiz *Sabados Gigantes* on Saturdays, which included many useful sections of legal assistance, psychological counselling, and household care (see Schneier-Madanes, 1995).

Apart from the examples of valuable programme content, the state/university ownership was largely beneficial for acquiring a good technological stand in the relatively small Chilean market. The huge profits derived from the economic bonanza of the early 1980s were reinvested in technologically updating the industry (Portales, 1987). This could have not been the case should the channels were private, profit-seeking firms (Miranda in Lira et al., 1987), considering the political limitations of the era, the atmosphere of "easy money" in the early 1980s, and the rather backward status of radio broadcasting in general. TVN's current executives also note that in technical terms Chilean programmes are well regarded throughout Latin America<sup>2</sup>.

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<sup>1</sup> Juan Agustin Vargas, was an executive of TV-UC for more than 20 years until he became Megavision's General Manager in 1991. Interviewed on March 10th 1995, then as an advisor to TVN's Executive Director.

<sup>2</sup> Hector Navarrete, interviewed on April 25th 1995, then the manager of TVN's International Signal.

A final positive aspect of the industry began to be better appreciated as the end of the dictatorship approached: competitiveness and efficiency. After criticising the “cultural impoverishment” caused by the marketisation of television in the late 1970s (Fuenzalida, 1984), many began to praise the productive efficiency achieved by the main Chilean broadcasters throughout the 1980s: relatively lean corporations able both to produce and broadcast on a relatively large scale (Fuenzalida, 1997, 1990; Portales, 1994). But the system was still over-centralised:

*'The comparative figures show that Chilean TV...has kept an efficient performance. Competition for both the audience and advertising sources has been beneficial for Chilean TV and had prevented some vices and corruptions of some public systems of TV...The success in the Chilean case seems related to the competition amongst many public agents...Public control prevents the excesses of a private system competing for the maximum profit...*

*'[But] Chilean TV has not solved its deficiencies related to its [own] centralism and the incorporation of a wider scope for cultural innovation, nor has become a dynamizing axis for the national cultural industry'* (Fuenzalida, 1990:25,26).

## **2.5. New media and privatisation**

Two further significant economic changes occurred during the military rule: private terrestrial television and the appearance of new media technologies. These, as in the rest of the world, have had an important and irreversible impact on traditional television. Due to their influence on the competitive environment currently faced by TVN, they should be briefly examined here. More details are found in chapters 6 and 7.

The regime based its neo-liberal economic transformation on the enhancement of the private sector and market principles. The 1980 constitution broke with the state/university television duopoly by allowing -in principle- private broadcasting, although the government's desire to politically control the medium delayed the matter until the end of the decade. The private entrepreneurs did not insist on the point (Portales, 1994). The new television law of 1989 (reformed in 1992) was built over a different paradigm than that of 1970. It opened the field (nowadays called market) to everybody, either foreign or national, either non-profit or profit-seeking. No “grand” mission for broadcasting was contemplated, just a set

of moral values to be observed (see chapter 4 about legislation). The regime announced that privatisation, deregulation, and market competition would radically increase programme quality, choice, and viewer satisfaction. The argument was summarised on the “Bardon thesis” (named after the “Chicago Boy” economist Alvaro Bardon) that suggested that the television sector should be like radio, i.e. a competitive, multi-channel market of private outlets with as less as regulation as possible (see SECC, 1993c). Yet the analysis of the changes in programme diversity since 1988 in chapter 9 suggests that this statement was over-optimistic. Despite the fundamental ideological discrepancies, the subsequent democratic administrations agree that the private sector, market principles, and competition must be the main ingredients in the media field, with a few relevant exceptions such as TVN<sup>1</sup>.

On the other hand, the policy of open markets led to an inflow of imported electronic consumer goods in an unprecedented scale. By the 1980s, there was at least one TV receiver set in almost every home. The traditionally austere, modest life of Chileans was deeply changed by the avalanche of hi-fi audio systems, VCRs, and similar hardware from all over the world, now easily available through increasingly easier-to-get consumer credits. The legitimisation of consumerism was perhaps the most revolutionary and the most successful aspect of Pinochet’s rule (see Moulian, 1996).

Private terrestrial television materialised only in 1989, when the old and altered law of 1970 was replaced by law No.18,383 (see chapter 4). By then the dictatorship had lost the 1988 plebiscite, and was eager to restrict the power of the next government as much as possible. The new law also reformed the CNTV and appointed its members for the next three years (between 1990 and 1992, the post-dictatorial TVN clashed frequently with the regulator). Apart from that, the regime tried to privatise the broadcasters, including TVN. Surprisingly, the regime’s own Legislature, i.e., the heads of the Navy, the Air Force, and the *Carabineros* police, vetoed the forced sell-off of the existing networks<sup>2</sup>. Instead, it legalised the entry of the private sector on the market (Portales, 1994: 87,88).

*Pinochet's regime, in one of the arbitrary measures that characterised his last year of government, dictated law No.18,383 which opened the doors to private television...The alternative of dividing the frequencies to private holdings appeared as a strategy to reduce the power of the new*

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<sup>1</sup> Interview with Pilar Armanet, Chair of the CNTV, 25/11/1997.

<sup>2</sup> Since the promulgation of the 1980 Constitution, the regime formally separated its executive branch (general Pinochet) from its normative one (the military *junta*, formed by the head of the other three commanders of the armed forces, plus a representative of the Army subordinate to Pinochet).

government. Doing it before the change of command allowed them to choose the new franchisees "adequately". This strategy was consummated by the handing of Channel 9 and its national network to the [Ricardo] Claro Group and Channel 4 to a group of investors with political sympathies for the outgoing regime (Portales, 1994:119,120).

Just before the end of the dictatorship, the heavily indebted TVN sold its VHF frequencies 4 and 9. The birth of private channels was thus prompted discretionally by the regime at the expense of TVN. However, these were not bad deals and the money was received by the new administration. In 1994 values, they generated an extraordinary income of US\$ 19.4 million<sup>1</sup> that probably avoided the immediate collapse of the firm.

*The contracts for the sale of frequencies 4 and 9 were signed one day before the change of government -March 10th 1990. The frequency 9 was sold on rather good terms to Megavisión...Ricardo Claro [its owner] overbid, because if he had paid a smaller amount they would have sold it to him anyway. On his own initiative, he surpassed other bidders. But there was a trick. In compensation, Megavisión got the right to use TVN's antennas at a bargain price. Until then, Ricardo Claro had bought only air. The access to those antennas that cost Television Nacional twenty years to build allowed Megavisión to reach a great part of the national territory from the first day. In contrast, the frequency 4 of La Red was sold on less advantageous terms because there were no better bids<sup>2</sup>.*

The development of cable TV was less politicised and initially was one of the most decentralised and diversified media industries of the continent. The first franchises for cable services were granted in 1984 by the CNTV to Intercom, a firm related to *El Mercurio* newspaper group, which started operating in 1987 for a few high-income subscribers in Santiago. In 1994, cable penetration was 11.4%, one of the highest in the continent, with 67 channels owned by 20 different firms operating throughout the whole territory. Two years later, 28.1% of households were subscribed yet a wave of mergers left only two firms dealing with 97.5% of subscribers (see chapter 6).

As foreign investors began to enter the market, new challenges appeared. But these were quite different from the anti-Yankee ones of the 1960s. The new entrants come from Mexico, Venezuela, Canada, and Spain as well. From these, the most immediate rivals to the public broadcaster TVN (and TVUC) were Televisa from Mexico and Venevisión from Venezuela. The former had a 49%

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<sup>1</sup> The sale was Ch\$ 5,637 million in 1991 rates (TVN, 1992:15).

<sup>2</sup> Enrique Aimone, Secretary General of TVN interviewed on May 8th 1995

stake in Megavision, the third largest terrestrial channel, whereas the second controlled 99% of the University of Chile's channel. Both were much bigger programme-makers than any Chilean outlet, and had a stronger bargaining position in the international markets.

Fortunately, private television did not promote authoritarianism nor threaten democracy as many feared in 1990. The symbiotic relationship between the dictatorship and big businesses had raised doubts about the democratic credentials of the private sector. Precisely this was one of the arguments put forward by the new government to preserve TVN as a sort of regulator of the whole TV system. But as the memory of the dictatorship faded away, political concerns became gradually displaced by matters such as the fragmentation of audiences and revenues, the fate of terrestrial television in the multi-channel environment, the cultural diversity in Chilean media, and so on.

## **Conclusion**

It has been said that Chilean television was shaped both by last-minute legislation by outgoing governments -and football. The first law of 1958 was promulgated one week before president Ibanez finished its period and outlined an unrealistic multi-channel scenario that never worked. Both the 1970 (probably the most influential) and the 1989 laws were issued by governments keen on placing obstacles to their successors. The only exception in this respect was the current legislation, promulgated in 1992.

Meanwhile, the popularity of football twice helped to decisively boost Chilean television. The first time was for the 1962 World Cup played in Santiago, which revealed that TV was much more than an experiment of the universities' engineering departments and started the massification of the medium. Similarly, although under a very different political context, colour broadcasts were introduced for the 1978 championship in Argentina as a background to the modernising policies of General Pinochet's military dictatorship. Soon afterwards television was the most pervasive and wealthy among the media.

But the real peculiarity of the system was its public service stand, a undefined concept but nonetheless extremely influential because of the characteristics of the only broadcasters that existed until 1990: the universities and the public sector. Despite the political repression under the military dictatorship (1973-1990), the university/state duopoly managed to keep a relatively high technical standard and many positive production and programming

values. This was possible because most of the regime's manipulations were concentrated in the newscasts.

The version of public service broadcasting that re-emerged when democracy was recovered in 1990 blended some old ideals with contemporary market-oriented praxis. The painful lessons of the former two decades were also incorporated. The prevalence of privatisation, deregulation, and consumerism had brought new challenges. Nowadays Television Nacional synthesises all the contradictions, the advantages and the drawbacks of this blend.

### CHAPTER 3

#### TELEVISION IN CHILE SINCE 1990

Since the return of democracy in 1990, there has been two main stages in the evolution of TVN. The first one was essentially political. It was faced by the Aylwin administration (1990-1994) in that very unique moment of transition from dictatorship to democracy, in which many authoritarian entrenchments persisted. Aylwin concentrated on legitimising both the concept of public service broadcasting and TVN as its main instrument. This effort culminated in 1992 with the new law of TVN (No.19,132) and the reform to the general law of television (No.19,131). Entangled with this, there was the corporate challenge to rescue TVN from the critical state in which it was left. The fact that the broadcaster was the second most important player in the most influential media sector was crucial for this decision, because the less influential state-owned radio and newspaper were at the end either wholly or partially privatised. This first period finished when Jorge Navarrete was dismissed as TVN's executive director in 1994.

The second stage is less political. The legal framework of broadcasting was settled, and democracy was consolidating. TVN's initial concern about diversity and representativeness shifted gradually from politics to cultural issues. Long-term considerations became more relevant, and a new set of questions appeared. Before the problem was how to recover credibility and regain competitiveness. Now it was different. What sort of public service TVN should do? How distinct is TVN from other broadcasters? How to combine public service with complete market finance, with no fiscal "safety net" underneath? Is the model sustainable?

For more details, see the chronological account of Chilean television in appendix 1.



## **1. Legitimation and immediate survival (1990-1994)**

This stage is essentially political and coincides with Patricio Aylwin's government and Jorge Navarrete's administration of TVN. The president's immediate challenge was to legitimate the concept and structure of public television, and to set up adequate legislation. Meanwhile, Navarrete had to put the house in order and demonstrate that the market-oriented solution was feasible and socially worthwhile.

### **1.1. The political and economic context**

The model of public television implemented in 1990 by the government of Patricio Aylwin (1990-1994) responded to the set of political and economical conditions existing at the end of the seventeen years of military dictatorship. The president represented an alliance of centre-left parties that opposed the Pinochet regime, the *Concertación*, composed mainly by Christian Democrats (PDC) and two strands of "renewed" socialism (PPD and PS), plus some other minor parties. Aylwin kept high levels of citizen support throughout his period, so another PDC candidate was elected again in 1994, Eduardo Frei, son of the homonymous president who created TVN in 1969.

The Concertación came into power after negotiating with the Pinochet regime a series of mutual concessions. This allowed a pacific transition to democracy, but on the other hand it also meant that the new government was limited in what it could do. Some of these limitations were compatible with contemporary democracy, yet others were simple legacies of authoritarianism, as explained below. In the economic field, the market-oriented paradigm was maintained.

The Concertación initially focused on regaining a legitimate space for public television and rescuing TVN from imminent bankruptcy. The reasons why TVN was kept in its current and sometimes contradictory shape lie in the political and economical conditions confronted by Aylwin. The new administration found a set of political justifications for state-owned television in terms of reinforcing the reborn democracy, yet a "classic" public broadcaster -i.e., financed with abundant public funds- was not feasible for economic reasons.

Even though the formula was largely successful in the case of TVN, the other two troubled state-owned outlets, the newspaper *La Nación* and Radio Nacional, did not share its fate. Although in 1990 TVN was at a critical corporate situation, it was the second player in the most important and restricted (in terms of

ownership) of the media fields. Apart from their much lower social impact, *La Nación* and Radio Nacional operated in sectors that had much lower entry barriers than television. So the former was partially sold, while the latter was totally privatised in 1995.

### **1.1.1. Economic reasons**

Four main phenomena were evident. First of all, the Concertación kept the market-oriented economic model imposed by the dictatorship, as it proved successful to generate economic growth and eradicate poverty. Therefore, only a limited set of redistributive measures were set (see Seissus, 1994; Tironi 1994; Tironi & Sunckel, 1993). Although Pinochet's hasty sell-off of public enterprises and utilities was frozen by the democratic administration, the age of the "entrepreneur state" was indisputably over in Chile. The public sector was to accomplish an indirect role in the economy, co-ordinating and regulating the conditions for an optimal functioning of the markets and the private sector, and avoiding the provision of goods and services as far as possible (Brunner, 1995; Tironi, 1994).

Another economic condition worth mentioning was the country's high level of external indebtedness, which was an important constraint on public expenditure all throughout Latin America (Bulmer-Thomas, 1994). Navarrete & Portales' (1994) claim that TVN was not forced to self-financing because of lack of public funds is inconsistent both with the external debt at 66.5% of GNP in 1989 (World Bank, 1994:207) and the conditions of repayment set by the international banking system. Neither were encouraging for financing public service broadcasting in creditor nations, to say the least.

Yet because of modernisation, television had become the most influential mass medium. In contrast to the conditions existing when the previous law of television was promulgated in 1970, by 1990 the country was considerably wealthier and life conditions were better. The media system had modernised up to a properly industrial stage thus affecting the way audiences consumed media (Brunner, 1994a; Tironi & Sunckel, 1993; TVN, 1994a). The costs of the literally 'neoliberal counter-revolution' were already paid and its outcomes were, finally, flourishing -by 1992/93, GDP was a 50% higher than a decade ago<sup>1</sup>. The economy was not only growing fast, but also it was developing: a higher portion of the

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<sup>1</sup> The Economist, 13/11/1993; Country Report 1st Quarter 1994; Financial Times, 11/04/1995; 8/12/1993.

expanding GDP was being devoted to the media as both the economy and society as a whole became increasingly sophisticated. By the end of the dictatorship, the percentage of advertising expenditure to GDP was already at the 1% mark.

Modernisation definitely reached Latin America by the 1990s (Brunner, 1994a; Seissus, 1994). But it was far from being a completed process. The existing problems and inequalities make authors like Fox (1994, 1988), Randall (1993), Schwoch, (1993) or Skidmore (1993) rather pessimistic, pointing to cases like Chile as exceptions to the gloomy rule.

Advertising expenditure versus GDP in Chile, 1987-1992		
YEAR	ADVERTISING AS PERCENTAGE OF GDP	ANNUAL GROWTH
1992	1.07%	23.5%
1991	0.96%	6.5%
1990	0.95%	6.1%
1989	1.03%	14.4%
1988	1.00%	15.2%
1987	0.93%	11.0%

*Source: SECC, 1994f:39*

This combination of economic factors did not allow "classic" public service broadcasting with generous public funding and a secondary role for private players. But also television was the most influential medium, and a profitable business -and the state already owned Televisión Nacional, the second most important network in the country. From the point of view of the newly elected government, there was a political need to correct existing distortions without contradicting the economic paradigm. Set within a competitive market which anyway forbade state monopolies in communications, TVN was therefore an attractive and powerful tool to enhance a set of desirable objectives -namely, to prevent private media monopolies and foster the national television industry.

### **1.1.2. Political reasons**

The political context was the definite motivator of the current arrangement of public television. A complex set of factors were interlinked here. First of all and from the perspective of the Aylwin administration, there was a considerable amount of political abnormalities inherited from the dictatorship which required some sort of correction.

The 1980 constitution, though reformed by a plebiscite in 1989 after negotiations with the Pinochet regime, left three important restraints to the elected authorities: [a] the irremovability of the commanders of the armed forces and the

police; [b] the appointment of eight out of 47 senators by the outgoing government, which instantly turned the victorious *Concertación* into a minority in the upper chamber of Congress for a period of eight years; and [c] a Constitutional Tribunal - also appointed by the dictatorship- able to turn down those laws that contradicted the constitution with no further appeal.

Specifically in the communications realm, there was concern about the authority-dependent, self-restrained type of journalism exercised after seventeen years of repression, which was very much in the mood of "switch on the recorder and don't ask questions" (Correa, 1993; Fontaine, 1994; Tironi, 1994. See also chapter 8). A study conducted amongst militants of left-wing parties in 1989 (Halpern, 1994) demonstrated that the more the subjects had been exclusively dependent on 'mainstream' media during the dictatorship (i.e., newspapers and the tightly-controlled TV channels), the more likely they held 'rightist' opinions despite their left-wing militancy<sup>1</sup>.

Also disturbing was the issue of media concentration on a few politically-conservative private holdings. This was quite clear in the case of newspapers, which in 1989 grabbed 43% of all advertising revenues, the same as television (Schneier-Madanes, 1995: 182). By the early 1990s, two newspaper holdings sympathetic to general Pinochet's cause, *El Mercurio* and *COPESA*, practically monopolised the market. Between 1991 and 1993 both controlled six out of ten national newspapers (apart from many regional titles all over the territory), obtained 91% of the revenues of the newspaper sector, and attracted 95% of the nation's readership. The titles belonging to *El Mercurio* were read by 51% of the newspaper-reading population, while 44% did so with those of *COPESA* (SECC, 1994g: 532, 533, 539).

Besides, both holdings were expanding into other markets -albeit this became clearer a bit later. *El Mercurio* had pioneered in providing cable TV services to high-income boroughs of Santiago during the mid-1980s (CNTV, 1994e), and later associated with the privatised telephone monopoly (CTC) to offer wide multimedia services through CTC's digitalised network<sup>2</sup>. In 1992 *COPESA* bought the troubled centre-left newspaper *La Epoca* (though it was re-sold in 1995). A year later it got a 25% stake in the new terrestrial channel *La Red*, which increased to 51.5% (the remaining 48.5% was bought by *CanWest* of Canada at US\$ 8.4 million<sup>3</sup>).

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<sup>1</sup> Leftism or rightism was measured according to adherence to statements such as 'Elections are the best way to improve the Chilean political system', 'Armed rebellion is justified for social change', or 'I believe in the dictatorship of the proletariat' (Halpern, 1994:44).

<sup>2</sup> *La Tercera*, 25/06/1994.

<sup>3</sup> *El Mercurio*, 31/05/1994.

While these press holdings grew in a favourable environment, outlets related to the centre-left (such as the newspapers *La Epoca*, *El Siglo*, *Fortin Mapocho* and most of the magazines that stood against the dictatorship) faced a crisis of readership and income. Not only their politically-motivated sources of funding from abroad dried up after 1990, but they were also ideologically reluctant to adapt to market principles (Tironi & Sunckel, 1993). The imminent appearance of private television renewed the worries in the Concertación about the ideological balance throughout the media system (see Portales, 1994). On the other hand ownership was more evenly spread on radio; but this and other potentialities were matched by the medium's well known poverty -radios got just an 8.7% of the advertising cake (Lutz, 1994:60).

If corrective state intervention was required to deal with these problems, there were important factors to bear in mind. Firstly, the dictatorship's own experience demonstrated that government propaganda was both wasteful and ineffective, as general Pinochet's electoral defeat suggested (Fuenzalida, 1990). Furthermore, any expansion of the public sector was ruled out by economic considerations. Finally, Aylwin's communications policy rejected the manipulation of information and proclaimed absolute media autonomy (Aylwin, 1993: 12, 13).

But on the other hand the tradition of public service broadcasting not only managed to survive the seventeen years of authoritarianism but also adapted to the new conditions. A quite revealing case is provided by Fuenzalida (1984), who in 1984 advocated the re-establishment of the public service system on the lines of the law No.17,377 with a smaller role of entertainment programmes, restrictions to advertising, considerable public funding, and no private channels. This view was actually supported by many others academics and practitioners (see Altamirano in Lira et al., 1987). But by 1990 Fuenzalida had already accepted that the hybrid Chilean system of commercially funded state/university channels competing against each other was worthwhile after all, despite the criticisms he had thoroughly exposed in 1984 (1990:28).

Paraphrasing Portales' study of television innovativeness across Latin America (Portales, 1987), Fuenzalida highlighted competition as the clue for a better television industry. State/university ownership avoided the 'excesses of commercialism', but the broadcasters' behaviour could be legitimately competitive and, at the same time, market-responsive. Public funding was no longer indispensable, given -amongst other reasons- the post-debt crisis reality. Furthermore, the private sector was recognised as a valid participant in any of the production stages of the industry, eased by the technological change towards lighter and cheaper hardware (1988:56). The excess of channels, so strongly

denounced in 1984, was no longer mentioned as an important concern (1990:24, 28). Finally, the main programming component of commercially-oriented television, entertainment (also deplored six years before), was regarded as able of delivering worthwhile contents and not only alienation (1988:56).

On similar lines, other influential member of the team who participated on the definition of president Aylwin's communications policy, called for a new synthesis between the old extremes of excessive *laissez-faire* of the military period and the previous high brow, "culturalist", and politicised views on television (Portales, 1994:31). This required to recognise the 'economic nature of the processes of production and circulation of cultural goods, from the perspective of [an] enterprise of communications' (ibid.).

This meant a recognition of the pros and cons of both previous paradigms. The positive entrepreneurial spirit should not become private monopoly, whereas the concern for the politics and culture of television could not end up on excessive regulations contradicting the economics of the industry. Thus Portales summarised six challenges to be tackled by the television system:

- [1] mass appeal (in contrast to culturalist elitism);
- [2] respect for freedom of expression;
- [3] pluralism (both inside the channels and throughout the whole system);
- [4] self-regulated competition between the channels (able to deliver impartiality);
- [5] a national television (able to overcome the excessive fragmentation of audiences);
- [6] geographical decentralisation and avoidance of media concentration;
- [7] a creative and innovative television (comprising an understanding of the industry's basic codes, a critical spirit against self-complacency and standardisation, and ambition to innovate). Portales argued that since competition in the market is the most powerful lever of innovation, the appearance of new outlets is even desirable (1994: 14,19).

Effectively, a synthesis between the previous stages of extreme liberalisation and regulation was the path followed -TVN would remain as a state-owned channel, but independent from government and competing for survival against private and university broadcasters. Tironi summarised Aylwin's government policy in the following terms:

*...[The] respect and enhancement of freedom of expression, [the] end to administrative pressures over the mass media, [the] exercise of informative*

*transparency by the government, and the transformation of the old governmental media into public media...The new democratic state [has] resigned from [giving] any indiscriminated directives...The role of the state has consisted, throughout these four years [1990-1994], on a selective and focused intervention (1994:27,30).*

This also meant a recognition of the paramount role to be played by markets, and the private sector. The days of the extended welfare state were over. The notion of public service broadcasting, settled in 1970, was to be adapted in the 1990s to the new reality of focused and selective state intervention.

## **1. 2. The road to legislation**

Four months after taking office, president Aylwin sent to the Congress a draft for a new law of TVN and for a reform of the general law of television. Both acts were promulgated in 1992 and are thoroughly discussed in chapter 4a-4b. The presidential proposal was accompanied by a special address<sup>1</sup> which stated three objectives for TVN:

*'The main objective of the draft is to grant Televisión Nacional de Chile a legal framework that ensures its nature as an **autonomous state enterprise**, independent from Government and from any other power or influence...[so to] serve the interests of the community [and] participate without [any] discrimination on the **free competition** [against the rest] of the television enterprises...*

*'The State of Chile must have a television enterprise which, due to its mechanism of generation of its powers, **guarantees pluralism**...[this is] of utmost importance for the democratic life of the country' (in Navarrete, 1994:3; TVN, 1992:2. Emphasis added).*

The subsequent parliamentary debate confronted the government's aim with the privatisation thesis of the right. The multi-party legislative commission that reviewed the draft<sup>2</sup> was able to agree on four justifications for TVN's existence:

- [a] the need of a nation-wide coverage for reasons of territorial sovereignty;
- [b] the need of an accurate portrayal of the nation's reality;

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<sup>1</sup> *Mensaje Presidencial*, or the president's message to the Congress attached to the draft itself.

<sup>2</sup> The Commission on Constitution, Legislation, and Justice of the Chamber of Deputies (lower chamber of Congress) included members of the right-wing opposition who agreed on these justifications.

- [c] the need to guarantee an open, moderate and pluralistic debate of all social, ideological, cultural and political perspectives and thus acting as a 'factor of moderation' or 'regulator' of the system; and
- [d] 'the accomplishment of public-service objectives' (Navarrete, 1994:7).

The latter two points deserve a little more attention. The moderation factor that TVN would play in the media system was an important reason given by Aylwin's government to maintain TVN. The idea was that other broadcasters would not become biased if they competed against an objective and pluralist TVN that was getting profits for it. This hypothetical positive externality was called 'the regulatory role of Televisión Nacional' by the Minister of Communications Enrique Correa (see Navarrete, 1994).

Concerning the public service role to be accomplished by TVN, the president's address attached to the draft included a vision related to strategic considerations of territorial sovereignty:

*Amongst the public services to be accomplished by [TVN], the most important is the nation-wide reach of its network...which must provide all the inhabitants of the country at least one television service. This purpose is linked to the needs for national integration and it is a security component at the borders or in isolated areas of the national territory (in Navarrete, 1994:3).*

There were further public service considerations for TVN in the draft. These were a virtual replication of article 1 of the old law No.17,377, but the Congress dismissed them for two reasons. First, they would hamper TVN's competitiveness by placing a special obligation while no compensatory privileges, exemptions, or funding were contemplated (Navarrete, 1994:10). Secondly, the Legislature assumed that general legislation had enough public-service principles in itself, and that TVN's inherent characteristics would do the rest. (As seen in chapter 4, these principles were simply the obligation of all broadcasters to observe the "correct operation" defined by the law of television, a rather broad task in fact.)

Another important consideration was the method of finance. Public finance for Televisión Nacional was dismissed for two main reasons: it contradicted the government's economic policy of holding down public expenditure, and it allowed government manipulation of TVN. A licence fee on the TV sets was dismissed because it never worked before (TVN, 1991:15).

The Executive's view was that TVN's independence from government was the basis of any public service. Maximum autonomy was to be achieved through complete advertising finance and TVN was not to have any special obligations that



would affect its market competitiveness (ibid.). TVN's influential director-general, Jorge Navarrete, was so convinced of this that he plainly opposed the political parties' calls for a free slot of electoral propaganda for the municipal elections of 1992 (SECC, 1994g). Any pool of public money was to be competitively allocated by the CNTV to the most suitable applicant, thus keeping the 1975 procedure for financing valuable programmes.

On January 25th 1992 the final draft of TVN's law was unanimously approved by the Congress. In TVN's next Public Account, Jorge Navarrete highlighted that

*...As a country, we have broken up with a practice that was permanent: to legislate on television at the end of a presidential term. Chile would recognise the vision of a President of the Republic who, realising the lessons from our past, interpreted the national desire to terminate with the sectarian and manichean manipulation of the principal medium of communications in the country forever' (TVN, 1992:3).*

Nevertheless, the whole debate that led to legislation was far from perfect. The problems surrounding the process explain the many of the inconsistencies and limitations discussed in chapter 5. According to one of the experts who participated on the technical commission involved,

*The great discussion about public television really was with the law of 1970, despite it was very early. It was a discussion much of its age....With the Concertación [in 1990], it was nothing more than the promulgation of a functional law...that could allow the modification of the CNTV's Directorate, so a better debate could take place afterwards. It was an abstract legal design, proposed by the Executive, to which indications were attached throughout the two years of parliamentary discussion. The debate about [the concept of] public television wasn't very deep...The right was the only one who asked "why public television?"...At the Concertación there was a rather philosophical debate...but it was something intermittent, of an astounding shallowness, with very little time dedicated by the people involved<sup>1</sup>.*

The new law gave all the power in TVN to a pluralistic Directorate of seven members. Despite his decisive role in reviving the corporation and the unanimous praises he received for doing so, Navarrete's strong personality clashed with this new body above him. It would cost him his job two years later.

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<sup>1</sup> Interview with Carlos Catalán, Director of Supervision of the CNTV and assistant to the Ministry of Information, interviewed 1/12/1997.

### 1. 3. A “gentlemen's agreement”

The 1992 law set the conditions for the future, but in 1990 there were immediate urgencies to deal with. The new Director-General of TVN, Jorge Navarrete, was a Christian Democrat like president Aylwin. He had been the first director of TVN in 1969 when he was a 21-years-old economics graduate. Navarrete's role in TVN was such, that many of his supporters compare him to the figure of the BBC's first director-general, John Reith. A man of strong personality, he not only revived the state-owned broadcaster in an enormously difficult moment, but also demonstrated that public service was still possible.

When Navarrete took charge of TVN the first and most urgent problem was economic: the network was technically bankrupt. The second was political but not less important: the need to resist the calls for the privatisation of the network by the defeated right (with a considerable power of veto in Congress), as well as the pressures from many sectors of the ruling Concertación to turn TVN into 'the same, but the other way round', i.e., a propaganda medium for the centre-left government.

But president Aylwin had already decided that all state-owned media -TVN, Radio Nacional and newspaper *La Nación*- should be independent of the Executive (TVN, 1991:2). This upset many inside the power. Many believed that TVN (by far the largest state medium, and still the second most influential channel) should counteract the distortions and under-coverage that the “conservative” media were expected to do (see Tironi, 1994).

The Executive and Navarrete would follow a sort of non-written "gentlemen's agreement" of non-interference on TVN. Later on, Navarrete would publicly thank the president and his communications staff (Navarrete & Portales, 1994; TVN, 1991, 1992). Jorge Navarrete recalls

*...The committee that defined the policy to follow with TVN was set up after the 1988 plebiscite. There were names such as Eugenio Tironi, Diego Portales, Valerio Fuenzalida, Bartolome Dezerega, Manuela Gumucio, Jaime Moreno, me, and others...Don Patricio [Aylwin] offered me the post of executive director when he, already elected [in December 1989], was at holidays...We were walking together speaking about the subject and he offered it to me. It was there that we agreed that “gentlemen's agreement” you mention in your thesis: the government would NOT manipulate TVN, even though this provoked many tensions both inside and outside the government. In this sense, Eugenio Tironi [Director of Communications of the Ministry of Communications] and Enrique Correa [Minister of*

*Communications] were a great support....Even though I informed the president about all I did, don Patricio [Aylwin] stuck impeccably to this "gentlemen's agreement"<sup>1</sup>.*

Thanks to Aylwin's self-restraint and to Navarrete's non-obsequent administration, soon the network began to show an unprecedented independence from the presidential palace of La Moneda. The president kept his promise, despite the existing laws allowing him to manipulate TVN at his will. Nevertheless, the public's expectations of TVN as 'the voice of government' turned out to be very hard to break up.

For its corporate survival, however, TVN needed urgently to be rescued from the precarious financial state in which it was left by the dictatorship. In the long term, a stable and coherent legislative framework was required. At the same time, audiences were not only to be attracted to TVN's broadcasts, but persuaded that the corporation was independent from government.

#### **1. 4. The short term: virtual bankruptcy**

The mess found in TVN by Jorge Navarrete on March 12th 1990 was of such magnitude that in his first public report eighteen days later he could not conceal his astonishment:

*...Although we had received information about the corporation's precarious situation, we did not have access to the official sources until that date. When we accepted the [presidential] appointment, we knew that we were going to face a hard reality, but we did not know the exact dimension of the crisis...We have not ceased to be surprised by the irresponsibility of the last director-generals...We face a case that breaks the most elementary criteria of proper administration...[This] can only be interpreted as a deliberate policy to either liquidate or privatise the corporation forcibly (TVN, 1990:1,7).*

The financial evolution of TVN is explained in detail on Chapter 5. But an illustrative summary was provided by the Director General's next public account of June 21st 1991:

*...during the period 1985-1989, the enterprise registered losses for 4,500 million pesos, which represents an annual average of 900 million. As a consequence, during the period assets diminished from 5,683 to 962 million, that is 83%. In other words, it lost five of every six pesos it had. Since during the same period it did not receive capital contributions [from the state], the*

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<sup>1</sup> Interview with Jorge Navarrete, 28/7/1997.

*enterprise accumulated a gigantic debt which peaked at the end of 1989 [at] 7,385 million, and its debt/capital ratio reached the unusual figure of 8 to 1<sup>1</sup>...*

*Despite Televisión Nacional was already very late in payments to its [foreign programme] suppliers, in 1988 and 1989 purchasing contracts for more than double the enterprise's historical average were signed...The quality of a great part of the acquired material -in rather unusual terms of price and conditions-was very poor...*

*[There are further losses of] 1,991 million in either non-existent assets or [programme] material with its exhibition rights left to expire, or non-programmable due to its awful quality...or simply over-valued...over-valuation in this account exceeds 350 million (TVN, 1991: 12-14).*

Fortunately for Navarrete, his report on TVN's critical situation of March 1990 caused enough impact to 'generate an ample debate about the exposed situation, a growing consensus about its causes, an extraordinary capital contribution to confront the heavy financial burden, and an important impulse to modify [TVN's] juridical statutes' (TVN, 1992:1). The Congress appointed a special commission to investigate how the monumental losses occurred, and in its report of October 31st 1992 it confirmed the claims of irresponsible management and abusive political manipulation of TVN during the dictatorship:

*...the principal reason for the crisis lie in the changes made in the statutes of Televisión Nacional de Chile, and on the political utilisation of television for propaganda purposes...There are numerous [and] concrete proofs that lead to the conclusion that, during the past government, the political control and utilisation of Televisión Nacional de Chile were accentuated to an extreme degree, unprecedented in the history of that medium...(in Navarrete, 1994:13).*

As said in the previous chapter, the dictatorship put up extensive propaganda campaigns that were topped up with TVN's own productions for the 1988 plebiscite, the 1989 presidential election, and the 1990 farewell to the dictatorship<sup>2</sup>. During that period, 90% of TVN's programmes on national politics were devoted to the military regime. The government's proportion was the same in the newscasts in 1988, with only 1% of airtime devoted to the opposition. A slight

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<sup>1</sup> In the Director General's 1992 report this figure is even higher: 11 to 1. This ratio is known as 'leverage' or 'gearing' in accounting. Normal levels are between 3 to 10 (0.3) and 5 to 10 (0.5).

<sup>2</sup> Such as the spot series '*Gracias Presidente*' (Thanks, President) and '*Misión Cumplida*' (Accomplished Mission) broadcast until March 1990 (ibid.).

improvement took place in 1989, when percentages were 79% and 17% respectively (ibid.). The Commission concluded that

*The declaration included in law No.17,377 of 1970 stating that "television will not be at the service of any determined ideology"...suffered a systematic transgression as a consequence of both the political use of the Channel and certain frequent practices of that outlet, such as the disqualifying adjectives when referring to [certain] politicians during the newscasts, the use of publicity techniques to manipulate public opinion..., the eradication of the right of reply, and the fact that persons arrested by the security organs appeared making self-incriminatory statements despite being prosecuted under confidential terms by the Military Courts, etcetera...The National channel of television was utilised as an instrument of ideological and political propaganda, which not only made [TVN] lost its competitiveness but also [caused] a grave moral breakdown that affected its credibility in front of the national community (in Navarrete, 1994:14,15).*

The Special Commission insisted on the need to define a proper legal framework to guarantee TVN's total independence from government or any other vested interest, in order to be 'absolutely pluralist' so as to accomplish its 'superior public service aims' (Navarrete, 1994:15; TVN, 1991).

But apart from that and despite the losses, TVN had a very good potential as an enterprise. Navarrete recognised that 'there is no reason for Televisión Nacional to be an inefficient enterprise, except [for] a bad administration and management on the edge of [being] frivolous' (TVN, 1990:10). So, apart from the conviction about the need for a public broadcaster, the government was aware that 'it was possible to make it viable under stable conditions' (TVN, 1991:13). The duopoly TVUC - TVN was still considerably strong, as it became clear soon afterwards for the pain of the new entrants.

### **1. 5. The measures taken**

The new administration faced two immediate urgencies. The first was to desperately overcome indebtedness 'so to re-build a working capital which, at date, was not only non-existent but [also] literally negative'. Without even the cash to pay the staff's salaries in his first month at TVN, Navarrete asked the Congress for an urgent capital investment of Ch\$ 4,500 million. Less than a half (Ch\$ 2,197 million, some US\$ 8 million at 1994 rates) was handed on January 1991 (TVN,

1991:13). The second urgency was to correct the 'grave operational disequilibrium' -plainly, the internal administrative mess.

A further complication was that most foreign programmes (nearly half of the schedule) were already bought for the rest of the year. Many of them were so awful that they could not be broadcast (TVN, 1991<sup>1</sup>). So half of TVN's visible face during 1990 was less than satisfactory, and the bad financial situation limited what could be done with the other half of Chilean programmes.

Other challenges were more long-term, but no less vital: TVN's problems of credibility, the need to tackle competition from private terrestrial television and cable, and making 'public service' compatible with market competition and advertising finance. But probably the most crucial one was to make TVN permanently viable in corporate terms: the previous structure had been 'the result of the accumulation of circumstantial decisions and not of an organic conception; the lack of clarity in the chains of authority; lack of mechanisms of participation; centralisation of decision-making in a very few posts; lack of functions of planning and study; excessive centralisation and subsequent atrophy of our regions' (TVN, 1991:20).

The most immediate measures were oriented to stop the haemorrhage of funds. Next, a plan was outlined in order to tackle the structural defects that hampered TVN's competitiveness. Bartolomé Dezerega, responsible for TVN's technical side in the 1960s and its General Manager since 1990, recalls

*...the transition between the previous regime of "go on, it'll be paid for" and the new one of "we won't give you a cent" stressed on reducing expenditures in the first five years [between 1990 and 1995], because income was given by the market and that income was already known. What was obviously necessary...was to adjust expenses to income so as to yield a positive difference...We had to cut costs by any means available. My first task was to fire 230 persons [almost a 25% of the workforce] because I was unable to pay them their salaries...Applying the cost-reducing method, we had a spectacular success and we reversed the results -you only need to look at the accounts. In the last five years we have had sustained and considerable profits, which are at the average of Chilean enterprises -that is, profitability of 15% [over capital]<sup>2</sup>.*

By the end of 1990, the corporation's deep plunge into bankruptcy had been halted and a coherent corporate plan was developed by Navarrete and his team. The strategy followed six points described in the Director General's Second

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<sup>1</sup> Also interview with Enrique Aimone, General Secretary of TVN, May 8th 1995.

<sup>2</sup> Interviewed on May 5th 1995.

Public Account in 1991. A year later the progress made was matched against these objectives:

a. Transform TVN into an autonomous public corporation.

Already Aylwin's administration had said that it would not use the discretionary powers inherited from the military rule. TVN thus enjoyed unprecedented level of autonomy from government, until law No.19,132 of 1992 definitely consecrated this principle. Navarrete's was convinced that full advertising finance enhanced the corporation's independence: "[Aylwin's project] acknowledged that the market was not as bad as it was supposed in 1970; it was a model conditioned by what was possible then"<sup>1</sup>.

b. Recover credibility.

TVN had to regain legitimacy both as a mass medium and as an enterprise. As a medium, it had to regain audience confidence by 'respecting truth, political pluralism and cultural diversity' (TVN, 1991:4). TVN's lack of credibility was suggested by the low ratings figures of the newscasts, which were considerably lower than the whole channel's average. The News Department was thus the main target of the reforms, and 'the change was noticeable from the first day...a careful combination of new young talents and experienced professionals has been able to work in an atmosphere free from "white guidelines" fixed from outside<sup>2</sup> and "black lists" of forbidden personalities or facts' (ibid.). Soon ratings began to improve and qualitative surveys showed an increasing credibility of TVN as a source of information (TVN, 1992:5,6<sup>3</sup>).

In programme areas other than news and current affairs, subject diversification was sought. There were re-definitions and new productions in those programmes oriented to children, the youth, and female audiences; in religious, artistic, political, and musical ones; and in sports, humour, documentaries, drama, talk-shows, and light entertainment (ibid.). The basic idea was to combine continuity with change: the most successful and popular programmes and figures were kept regardless of their association with the previous regime, 'contradicting the fears of many, and the desires of not a few' (1991: 7; SECC, 1994g).

Concerning the corporate face, the administration tried to ensure transparency and commercial ethics because 'the credibility of the enterprise was

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<sup>1</sup> Jorge Navarrete, Director of TVN, interviewed in 28/7/1997.

<sup>2</sup> During the dictatorship, occasionally DINACOS instructed the media on how to cover certain newsworthy issues. For example, DINACOS 'recommended' dropping the adjective 'patriotic' from the name of the urban-guerrilla group *Frente Patriótico Manuel Rodríguez* in 1986. All television channels obeyed, as well as those private media sympathetic to the regime.

<sup>3</sup> TVN's overall average ratings rose slightly from 12.6 in 1989 to 12.9 in 1991, whereas the main newscast rose from 14.1 to 22.8 in the same period. In October 1990, 54% of the audience gave TVN 6-7 marks in credibility (on a scale from 1 to 7); a year later this qualification was shared by 67% of the public (TVN, 1992:7). Further figures are given on chapters 5 and 6.



questioned...in front of advertisers and advertising agencies due to wrong commercial policies, if not frankly irregular...An immediate end was put to free publicity; contracts with excessive discounts were re-negotiated, and transparent policies and discounts were fixed' (TVN, 1991:7,8). Sleazy cases or overt frauds were taken to the courts.

c. Define a distinctive profile and programming.

This proved to be the most difficult assignment. 'Televisión Nacional had been more a cluster of programmes than an harmonic programming...We must find programming lines, give [them] a conceptual form and socialise [them] better [amongst the staff]' (TVN, 1991:8,12). The lack of a clear editorial policy caused many problems.

In practice, successful programmes from before 1990 were kept on screen despite many of the faces were associated with the dictatorship. New ones were scheduled. A policy of increasing independent production was started. Between 1990 and 1991, original production both by independents and TVN rose by 15% without including the News department nor the Regional Centres. Independent production grew by 115%, whereas TVN's grew by 7% in that first year (TVN, 1992:5).

In 1991, TVN was the channel that obtained more programme awards than any other (ibid.). On the other hand, its more overt and sometimes chaotic style clashed against the CNTV made up of general Pinochet's appointees. The charges were for obscenity, excessive violence in some films, and "offending patriotic values", and was fined once (SECC, 1994g:192). After the CNTV was reformed in 1992, TVN received no sanctions for the next two years (CNTV, 1994d).

d. Make the corporation viable.

TVN's assets had diminished by 83% between 1985 and 1989, and the relation debt/capital was 11.2 to 1. On December 1990, the figure was down to 1.97 to 1, and to 0.86 to 1 a year later (TVN, 1992:14). The first cause of that astounding recovery was the extraordinary grant awarded by the Congress of roughly US\$ 8 million. Although the amount was half of what the corporation asked for, it also meant an important political recognition of the work being done in TVN. The second source of financial alleviation was the money from the sale of frequencies 2 and 4 agreed by the former administration -nearly US\$ 20 million.

Yet that money was not enough. The rest was financed through TVN's operating profits, fresh loans with private banks, debt renegotiation, and the termination of unfavourable contracts. Good financial management did the rest, and in 1995 TVN was finally free from its debts (TVN, 1995:1).

e. Achieve self-financing in a competitive market.

As said before, Aylwin's government and Jorge Navarrete agreed on complete market finance for TVN in order to secure its autonomy from government.

*...Begging the Ministry of Finance for money to survive is a challenge for autonomy. Because, if you excuse me, I'll use a slightly impolite phrase but it's Chilean folk: in the long term, "that who that pays for the drinks dances with the chicks", or "that who pays the song chooses the tune" (Navarrete, in SECC, 1993c:68)..*

In 1990, the new commercial policy combined a 23% reduction of advertising time with a 116% increase of its value (TVN, 1991). This led to a 15% increase of the income throughout 1991 -expenses grew half of that amount- despite the existence of two new private terrestrial channels and a GNP growth of 5%. Self-financing by TVN's ordinary operation (that is without the money from the extraordinary grant awarded by the Congress, nor for the sale of the frequencies) was achieved from 1991 onwards.

While the Commercial Manager Gabriela Ruitort upgraded income, the tight-fisted policy followed by the General Manager Bartolomé Dezerega kept costs down. Accounting procedures were reformed and distorting items -previously used to conceal losses- were cancelled. It took two years to make TVN's accounts 'represent accurately the true assets and financial situation of Televisión Nacional' (TVN, 1992:18).

#### f. Restructuring, modernisation, and decentralisation.

TVN had an over-centralised yet chaotic corporate structure whose worst problem was the lack of a coherent and strategic overview. Management defined five areas to be improved as soon as possible.

The first was to separate programming from programme production, a mixture that prevented effective cost-controls according to the General Manager Bartolomé Dezerega<sup>1</sup>. Second, an optimal level of internal production capacity was sought -and independent production became an important complement that also enabled the reduction of fixed costs. Third was to optimise the decision-making process, combining a strategic view at a high level (later this role was to be taken by the Board of Directors) with the operative ones below. The fourth was to compatibilise specialisation and co-ordination amongst the staff by a better definition of the jobs. Finally, the principle of corporate authority and participation were to be harmonised in the decision-making process (TVN, 1991:21).

An important area to confront was personnel policy. Over-staffing was slashed by Dezerega at the beginning but that was just one aspect of the problem. The inherited personnel policy was extremely anarchic and included 'the most

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<sup>1</sup> Ibidem.

diverse remuneration systems, with different types of ill-justified special allowances, unequal working hours, [and] advantages or disadvantages for each worker according to his date of recruitment' (ibid.). Working conditions for the staff were made both more homogeneous and simpler. Salaries were gradually improved (they were well below TVUC); and employees were finally granted full status of private-sector workers by the law No.19,132 as it was their wish (TVN, 1992:19). According to an external management consultant:

*...[TVN's] organisational structure was the most rigid, hierarchical, compartmentalised and chaotic existing in the whole public administration...The organisational layout was inefficient; the director of the News Department concentrated directive, planning, controlling and organising functions...This meant that work was done by inertia, following [deeply] entrenched customs...[Besides,] technical infrastructure was poor. A third of the cameras were broken down, and for reasons as absurd as that the working hours of the technical workshop were the same as those in which the equipment was being used...[Yet the] personnel was highly motivated...despite the terrible human resources management: accounting, bureaucratic and directive functions overlapped...Chaos was such that often either the Executive Director or the General Manager had to intervene personally to clean up the mess left by [the] News [Department]<sup>1</sup>.*

Because of the corporate disorder, the corporation was also technologically lagging behind its competitors. A plan of technological investment was implemented in 1991 to upgrade the ageing hardware and ensure TVN's competitiveness (TVN, 1992:20). Lacking the US\$ 10-12 million required to do so (SECC, 1994g:108; TVN, 1995:1), the corporation had to rely on loans from the banking system on gradual steps (TVN, 1992:20).

The final problem, centralisation, was best represented by the very figure of the Director General. Jorge Navarrete said that 'since 1974, this job concentrated excessive power, far above the ones a single person should exercise when conducting an enterprise' (TVN, 1992:23). It was ultimately an inefficient position: too many decisions relied on a single person, who was physically unable to attend to them all. According to Navarrete,

*[My] management style was one of leadership and consensus-building, not of imposition. There was much participation. One or twice a week the Executive Committee met, and we almost always reached consensus... there was no "fiefdom" to which I did not have access to, although from the*

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<sup>1</sup> Source interviewed on March 1995, name withheld.

*very beginning I made myself the habit of breaking the authoritarian practices, such as to be present at the news meetings, or sending informal messages to the news director...There are broadcasters [i.e., TVUC] that appear more coherent. But that's the result of an existing corporate culture, resulting from a long try-and-error process. That's very hard to get, and TVN didn't have it...TVN suffered all these social changes, the re-inauguration of democracy, and [we were] a team of people that must re-invent the broadcaster<sup>1</sup>.*

But decentralisation also had a geographical sense in terms of what TVN called Regionalisation and Internationalisation. The first meant the revival of the network of regional production centres (only one survived in 1990). Internationalisation consisted on a satellite broadcast that was sold abroad (see chapter 5). Both the Regional Network and the International Signal became self-financed entities.

### **1. 6. Initial audience response**

In March 1990, Jorge Navarrete wrote in his first public report as General Director<sup>2</sup>:

*Programme quality has been negatively perceived by the audience. This is reflected on a relatively low audience, far away from the enterprise's technical possibilities and human resources. Televisión Nacional's news information deserves a special mention. Average ratings in 1989 for the main newscast was 13.7%, while similar ones [i.e., TVUC's] had at that same hour an average rating of 33.0%...This low audience is a symptom of Televisión Nacional's extremely grave lack of credibility, whose information services were distorted and converted into blunt propaganda. On the other hand, the qualitative studies about the [corporate] image of Televisión Nacional show that the audience clearly perceived the propagandistic character imposed by the authoritarian government...The illegitimacy of Televisión Nacional's news information was even present amongst the sectors favourable to the military regime, who looked for more trustworthy sources of information' (TVN, 1990:8,9).*

Before the system of audience measurement was changed from diaries to electronic meters in 1992, ratings of TVN's newscast jumped from 14.1 in 1989 to 22.8 in 1991. In the same period, TVUC's figures declined from 33.6 to 28.9

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<sup>1</sup> Interview with Jorge Navarrete, TVN's CEO, 28/7/1997.

<sup>2</sup> After law No.19.132 of 1992 the job was renamed as 'Executive Director'.

respectively (TVN, 1992: 4). The most notable case was *Informe Especial* (comparable to BBC's Panorama), with average ratings above 50%: the highest for all Chilean television in 1990 (Ibid. ,6).

Nevertheless, almost two decades of government manipulations made the public sceptical about the ability of the network to remain free from the Executive's influence. When democracy returned, the audience expected that TVN "would be the same [as before], but the other way round", i.e., a government-controlled outlet advocating an opposite political discourse (Fuenzalida, 1994a:1). TVN's management was conscious that the corporation's political image amongst viewers was mostly a result of news & current affairs programmes, and subsequently great efforts were put into them (ibid.).

But despite TVN's efforts on demonstrating independence from government -assuming they were sincere-, the audience was not fully convinced. A CERC survey conducted in 1992 revealed that 61.7% of Chileans, regardless of their ideological attachment, still believed that TVN was "controlled" by government. This was by far the largest score obtained by any other mass medium -including the state-owned newspaper *La Nación* and Radio Nacional, who got 41.4% and 38.5% respectively (SECC, 1994g:488). The table below depicts the "bias" the audience perceived amongst different media:

MEDIA "BIAS" ACCORDING TO THE AUDIENCE (1992)			
Percentage of responses			
	PRO-GOVERNMENT	INDEPENDENT	OPPOSITION
TVN	66.6%	18.8%	2.3%
<i>La Nación</i> newspaper	49.8%	18.5%	4.8%
Radio Nacional	42.2%	17.0%	4.9%
TVUC	16.5%	61.7%	8.3%
<i>El Mercurio</i> newspaper	11.3%	42.9%	20.6%

Source: CERC in SECC, 1994g:489.

But the same survey also found that TVN's newscast *24 Horas* was considered "very objective" by a 42.2% of respondents and "very credible" by a 41.4%. This was second only to TVUC's *Teletrece*, with 49.6% and 47.0% respectively (SECC, 1994g:490). Similarly, in October 1991 CERC found that TVN was qualified as the "most preferred channel" as a source of information by 42.7% of Chileans, far above TVUC's 39.3% and Megavisión's 4.6% (the other three channels scored 5.2% together). A year later, TVN scored 42.3%, while the rest were 40.8%, 9.8% and 3.2% respectively (SECC, 1994g:492). According to the Secretariat of Communications and Culture, the explanation of this contradiction was the public's puzzlement between its expectations about TVN as a mere propaganda outlet and what they really saw. After 1990, the channels invested heavily -particularly TVN- on renewing and innovating their newscasts formats and

presentation, covering subjects that were previously banned, and so on. Suddenly TVN, the dull loudspeaker of the regime, became a daring, innovative, and visually attractive outlet (ibid.).

*...[The public] recognises that TVN, in news, has made remarkable efforts in favour of a more pluralistic presence of diverse sectors, new subjects and perspectives, and a particularly innovative offer [of programme] presentation....This innovation has effectively been a substantial point of support for the evolution of a more favourable image of TVN...Despite the deficiencies, the evolution towards an innovative programming offer is appreciated [by viewers], as well as [TVN's] efforts to provide variety and better quality' (Fuenzalida, 1994a:2,7).*

Yet as late as 1994, Fuenzalida admitted that the public still believed that each broadcaster was supporting vested interests: TVUC, those of the Catholic church; TVN, those of the government; and Megavisión, those of the entrepreneurial sector (Fuenzalida, 1994a). This perception of bias has actually increased thereafter, as explained in chapter 5. Curiously, viewers found this perfectly legitimate and not opposed to "objectivity"<sup>1</sup>.

Despite TVN's difficulties in being perceived as politically autonomous by the audience, it was more successful in other areas. Particularly praised were TVN's religious independence in contrast to the excessively pious Catholic morality of TVUC (Fuenzalida, 1994b:2), which is not an irrelevant issue considering the debate in Chile concerning AIDS, divorce and abortion (both still illegal), youth sexuality, and gender roles. Megavisión had also showed some conservatism in this field, though less acute than TVUC (SECC, 1994g).

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<sup>1</sup> Interviewed on March 7th 1995.

## 1. 7. Controversial programmes

After 1990 TVN had vigorously revitalised its programmes by portraying situations and characters from real life (SECC, 1994g:184). After seventeen years of censored television and unilateral government propaganda, there was considerable audience interest in issues never before revealed on the screen. And there was plenty of material around. But together with awards and many positive reactions from the public, TVN also received multiple complaints.

### 1.7.1. Violence and morals

TVN's more relaxed policy towards subjects and programme formats was sometimes problematic, because until 1993 there were no coherent editorial criteria apart from the broad guidelines such as recover democracy and do public service. Before TVN's Editorial Policy was established in 1993, a particularly controversial aspect of TVN's programme grid was the relative abundance of violent contents. According to recent qualitative audience studies by the CNTV, excessive violence is the most important concern for viewers (See CNTV, 1994a, 1996b). The more conservative TVUC and Megavisión were more successful here. A 1993 CERC survey about viewers' perceptions of violence found that TVN was seen as the most violent channel by 33.7% of respondents, far above TVUC's 12.2% and Megavisión's 9.6% (SECC, 1994g:248,249).

A confidential CNTV report confirmed that in 1994 TVN's grid had the industry's highest rate of clashes with television regulation (34.0%), except for the openly populist La Red (34.6%). In contrast, TVUC and Megavisión clashes were only 5.2% and 8.5% respectively<sup>1</sup>. Two out of the five CNTV reprimands issued against TVN between 1990 and 1994 concerned excessive violence in "canned" feature films from Hollywood; Megavisión also was summoned twice, and La Red once (CNTV, 1994d; SECC, 1994g:192).

Other widely-watched programmes of TVN also caused moral discrepancies. A new series on testimonies of repentant criminals, *Mea Culpa*, was accused of sensationalism by the right, who also charged a programme of debate on controversial social issues, *La Manzana de la Discordia*, of promoting "anti-

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<sup>1</sup> CNTV, *Tendencias Estadísticas de la Programación de Cada Canal, Información Confidencial*, 1994. Released exclusively for this thesis.



values"<sup>1</sup>. Another covering homosexuality, *El Hombre al Desnudo* (The Naked Man), disturbed the three most conservative members of the Directorate as well<sup>2</sup>.

Many of the problems TVN had in this respect were because of the lack of consistent broadcasting criteria. The Directorate called for a revision of the whole organisational structure and to the definition of an editorial policy as soon as possible. Jorge Navarrete admitted that 200 out of 800 staff took decisions with a direct impact on the screen, yet they lacked shared guidelines<sup>3</sup>. The Editorial Policy was published by the Directorate in October 1993, an effort that culminated with the publication of TVN's Programming Orientations in 1996.

### 1.7.2. News and current affairs

The most delicate changes were centred on TVN's News and Current Affairs. Jorge Navarrete had appointed a self-confident, confrontational reporter as director of the News Department, the socialist Patricia Politzer<sup>4</sup>. Her challenging character, backed always (even today) by the less-than-timid Navarrete, was not particularly welcomed outside TVN. At the government, many PDC militants were convinced that she manipulated TVN's newscast on behalf of the socialists:

*Patricia Politzer has a strong and defined personality in a country not used to assertiveness, specially in 1990. Furthermore, she was a woman. The first News Director [I appointed] was Bernardo de la Maza, who wisely concluded that he could not be the presenter and the director of the department at the same time. I preferred him, but he wanted to continue as the anchor man. De la Maza suggested Patricia [Politzer], she was not imposed by the left...I never had any special tensions with her; not more than with the rest of the executives...Appointing her wasn't a mistake...[Additionally,] it is difficult that she could have manipulated the news department at her wish, because Bernardo de la Maza -a friend of mine, and rather conservative- had a right of voice, vote, and veto<sup>5</sup>.*

Part of the problems and negative perceptions concerning the news department were possibly related to the expectations that everybody had with respect of TVN, both outside and inside the government:

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<sup>1</sup> *La Epoca*, 14/11/1994.

<sup>2</sup> Apsi No.482, 08/08/1994; *La Segunda*, 19/08/1993.

<sup>3</sup> *El Mercurio*, 24/10/1993.

<sup>4</sup> Politzer was a militant of one of the two branches of socialism within the Concertacion, the PPD (Party for Democracy).

<sup>5</sup> Interview with Jorge Navarrete, Executive Director of TVN, 28/7/1997.

*They just couldn't understand that TVN was not at their disposition...Once in the parliamentary elections of 1993, a candidate for the Chiloe region called me to ask me for a TVN's news team to follow him in his campaign, just as Pinochet did before... Juan Hamilton, Aylwin's Minister of Mining and eternal candidate to the Senate for the Valparaiso region, once phoned me at quarter past one in the night. "MY news story wasn't broadcast in [the newscast] 24 Horas!!!" he burst....he had been named honorary member of Vina del Mar's Everton Football Club...<sup>1</sup>.*

But the notorious source of conflict involving TVN's news department was *Informe Especial*, a prime-time current affairs series of sharp and controversial stories which enjoyed some of the highest ratings of the whole industry. In the words of the media critic Maria Elena Wood, it is a "borderline" programme, "at the limit between the genuine right to inform and the temptation to raise viewership by sensationalism", although "it is necessary that media push themselves towards that borderline" (quoted in SECC, 1994g:184). Perhaps these words are applicable to TVN as a whole as well. Thus *Informe Especial* -and TVN- received as much praises as criticisms. Probably both were deserved. Three cases were particularly delicate.

The first was known as "the N.N. case". In September 1992, a few months after the new broadcasting law was promulgated, *Informe Especial* interviewed an anonymous military source who said that the Army was illegally spying on politicians. The case was very grave indeed. The Army accused the corporation of 'sedition', 'malice', 'conscious manipulation', and 'manifest provocation'. The right deplored bias and government influence in TVN (SECC, 1994g:164). The new CNTV did not punish TVN but warned about how the information was presented; the Army sued but was unsuccessful. Two right-wing members of the Directorate, Gonzalo Eguiguren and Luis Cordero, were deeply annoyed (Ibid.).

*The N.N. case demonstrated TVN's autonomy [from government]. We discussed extendedly with Jorge Navarrete about whether to tell them in advance or not. He wanted to call La Moneda. At the end we didn't, because it was not only a symptom of lack of autonomy, but also [because] we would have left the government inside a trap. It couldn't said "no" to us because it didn't have the power to do so, but if it said "yes" it would have been an accomplice of ours...We told them some 30 minutes in advance so that the shock would not be so hard -told'em to be ready for a new little problem coming...<sup>2</sup>*

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<sup>1</sup> Navarrete, *ibid.*

<sup>2</sup> Interview with Patricia Politzer, Director of the News Department, 20/12/1997.

The second case was perhaps more delicate. In August 1993, *Informe Especial* interviewed Michael Townley. This former CIA agent assembled the bomb that killed Orlando Letelier, exiled ambassador of president Allende, in Washington in 1976. Townley was serving sentence in the USA and blamed the secret police of the military regime, DINA, for the murder. This again caused enormous tensions between the Army and the civil government. President Aylwin feared the programme could influence the trial that was taking place in Chile against the former boss of DINA, an Army general, and requested TVN to postpone it for some days. Both the Executive Director and the Directorate agreed, but TVN's journalists were enraged. The National Board of Journalists and almost all political parties denounced this as a threat to free expression in TVN (SECC, 1993b:2,4). The programme was shown with no amendments after the delay, and indeed caused considerable impact.

*The most complicated moment [as a news director] was the Townley case and the president's request. There were internal fights because of this, apart from the extremely delicate profile of the subject...The directorate agreed on postponing it on a first stance, but there were pressures to eliminate a mention about the Mulchen brigade [a DINA's group involved with the murder of a UN officer in Santiago in 1976]...I was totally opposed. It was a very tense moment. At the end it was broadcast about a week later<sup>1</sup>.*

The third case involving *Informe Especial* was a story about widespread government corruption in Indonesia in November 1994. The problem was that the newly elected president Frei was soon travelling as a host of Suharto's regime. In contrast to the 1992 Townley interview, this time Navarrete refused to delay the programme despite a personal request from the Head of State. The president was in Jakarta when the Directorate decided to dismiss the Executive Director alleging lack of guarantees to pluralism and the need for a new corporate vision<sup>2</sup>.

The animosity between the new president of the republic and Jorge Navarrete was broadly commented, despite both were PDC militants. Some of this animosity raised throughout the 1993 Concertación's internal campaign to define a presidential candidate for 1994. Frei's PDC team accused TVN's News Department of deliberate mis-coverage on behalf of his socialist rival, Ricardo Lagos. Navarrete, Politzer, and TVN's current management have denied this. Testimonies gathered for this thesis differed widely, and no concrete proof was found in this respect.

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<sup>1</sup> Politzer, *ibid.*

<sup>2</sup> *La Segunda*, 11/11/1994.

The dismissal of both Navarrete first and his News Director later was widely perceived as government influence. Nevertheless, the former executive director, faithful to the model of public television he helped building, has always rejected that<sup>1</sup>.

### **1.8. Criticisms to the model**

In corporate terms, TVN did remarkable achievements in terms of profitability, viewership rates, and programme output, considering the increasing competitiveness in the television market. But the model has been criticised on different grounds. Many of these observations were made in a 1993 seminar organised by the SECC<sup>2</sup> to evaluate the communications policy of the Aylwin administration (SECC, 1993c); others rose from specific situations.

A first concern voiced was related to the restricted social representativeness of TVN's power structure, benefiting mainly the major political parties (what McQuail calls "reflection"). This criticism was made by smaller groups with little or no presence at the Senate -the Communists and the Radicals. Both parties coincided that conservative Catholic values were over-represented in that body, 17% of which has been appointed by the previous dictatorship. In fact, the Radicals (linked to the freemasonry) said that TVN was "an electronic fiefdom of the Christian Democrats, with some socialist entrenchments". Professional bodies and academics, on the other hand, complained that politics should be compensated by other criteria -such as media expertise- for the appointment of TVN's Directorate. (SECC, 1994g: 23, 106).

A second criticism was the contradiction between public service and advertising, voiced most significantly by Carlos Figueroa, responsible of communications during Eduardo Frei's presidential campaign of 1993 and later Minister of Interior. Figueroa considered that TVN's programme grid was not particularly different from the others, and that this undesirable similarity would persist unless abundant public funding was made available (SECC, 1994f:17). This argument was shared by many other Concertación sympathisers<sup>3</sup>. Those closer to neoliberalism<sup>4</sup> agreed that TVN's programming was not very different from the rest, yet their prescription was that TVN should be a "gap filler", i.e. a

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<sup>1</sup> Navarrete, *ibid.*

<sup>2</sup> Secretariat of Communications and Culture, dependent of the Ministry of Information.

<sup>3</sup> Senen Conejeros, Chair of the Board of Journalists, in *La Tercera*, 14/11/1994.

<sup>4</sup> Oscar Godoy in *Estrategia*, 21/11/1994; *Que Pasa*, Editorial by Roberto Pulido, 25/09/1993; Maria Elena Wood in *El Mercurio*, 05/12/1993.

specialised broadcaster of high-brow material not provided by the market (see SECC, 1993c).

Another supposed weakness was the vulnerability of TVN to political pressures. An influential right-wing think-tank accused the corporation of being influenced by “the so-called progressist pole of the Concertación”, and claimed its newscasts were biased and its programmes morally decadent and sensationalistic. Unsurprisingly, its solution was privatisation (Libertad & Desarrollo, 1992, 1993, 1994). These arguments were promptly reproduced in the editorials of the influential *El Mercurio*, that claimed that private media were inherently superior to public ones because their owners followed the wishes and moral values of the public. Thus, they were less prone to sensationalism and immorality<sup>1</sup>. On the other hand, the Communists said TVN was controlled by conservatives who concealed the real problems of the country (SECC, 1994f). Both the right’s and the communists’ positions were predictable. But the dismissals of Jorge Navarrete in 1994 and his News Director, Patricia Politzer, reinforced the feeling.

Perhaps the deeper observation was formulated at the 1993 SECC seminar by one of the brightest neoliberal brains of the Pinochet regime, Sergio Melnick, who noted that praxis should not be confused by substance. He argued that Navarrete’s team was superb, yet the model of public television still had no theoretical support for long-term validity (SECC, 1993c: 81. In any case, he admitted that the dictatorship’s use of TVN was deplorable). Melnick stated that state ownership did not necessarily yield public television, and that what TVN did was not public service broadcasting. Furthermore, the concept of public television turned around the issues of pluralism and culture, yet technological change could well turn TVN-the-terrestrial-channel irrelevant in a couple of decades. Finally, Melnick posed many questions that are still being dealt with at TVN at the time of writing: Should a public broadcaster hire *vedettes* for its programmes? Should it take care of shows and sports? Or must it deal instead with the main national problems, such as poverty and regionalisation? (SECC, *ibid*).

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<sup>1</sup> *El Mercurio*, Editorial, 30/11/1993.

## **2. The second period: the clash of cultures (1995-)**

After the immediate urgencies of corporate survival and political legitimisation of TVN were achieved by Jorge Navarrete's leadership, a gradual process of de-politicisation took place, and new concerns rose. Now the focus was to consolidate the model in an increasingly competitive environment -a "fine tuning", in the words of Navarrete's successor, Carlos Hurtado.

The 1992 legislation consolidated the model, and a pluralistic and independent body -the Directorate- became the highest authority in TVN. For simplicity, the line between the former stage and the current one is drawn at the arrival of Hurtado in 1995, a year after Eduardo Frei's second Concertación government was elected with a somehow different agenda than its predecessor. The new administration did not share the somehow romantic enthusiasm for the model of public television that Aylwin's cabinet and collaborators had. At the beginning of his term, president Frei said that state-owned media should "be efficient and accomplish a commercial function" (SECC, 1994f:14). Furthermore, the socialist Minister of Communications, Jose Joaquin Brunner, said that all state-owned media except TVN should be privatised, which enraged the leaders of the *Concertación*<sup>1</sup>. The new political balances within TVN's Directorate meant that Jorge Navarrete was ousted, and new corporate priorities were set.

### **2.1. The dismissal of Navarrete**

Soon after the 25th anniversary of TVN in 1994 and after being unanimously praised by the Directorate for its role in reviving TVN, Jorge Navarrete was fired by the Directorate for five votes against two. Patricia Politzer, the confrontational News Director, followed a few weeks later. Voting was politically and culturally divided. One of the directors and the Chair of the Directorate were PDCs and Catholics just as Navarrete, yet they led the initiative. The two socialist directors, more liberal in politics and morals, were opposed to the sacking. The two right-wing directors plus an independent Catholic academic were the most conservative in morals and politics, and voted in favour of the dismissal<sup>2</sup>.

The dismissals were a blow to the efforts of TVN to appear as independent from vested interests, despite the energetic denials from La Moneda<sup>3</sup> and the PDC itself. The mutual antipathy between Navarrete and the new president was publicly

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<sup>1</sup> *La Nación*, 28/09/1994.

<sup>2</sup> *El Mercurio*, 11/11/1994.

<sup>3</sup> *La Epoca*, 22/11/1994; *Caras*, 28/11/1994. *La Tercera*, 27/09/1994.

known. Navarrete declared himself not surprised by his expulsion, yet he did not accuse the government of interfering<sup>1</sup>.

The right argued that the incident confirmed that TVN was the arm of those in power, and proclaimed that "there is no Chilean model of public television" (Libertad & Desarrollo, 1994:4). On the other side of the scale, the left-wing magazine *Punto Final* blamed the excessively moralist influence of the right in the Directorate, who wanted to force the privatisation of TVN<sup>2</sup>. A deeper insight was provided by the philosopher Pablo Salvat, who was less worried about government manipulations than on the feasibility of a public channel that provided a critical alternative to the economical, political, and moral establishment. Navarrete, he argued, had often scandalised the most conservative segments of the nation, and was accordingly punished for this<sup>3</sup>.

Curiously, throughout the discussion about political influences in TVN nobody mentioned the clause that allowed the Minister of Finance to retain TVN's annual profits (see chapter 4).

The political distress that both dismissals caused was watered down by a solution targeted to leave most politicians satisfied. The Directorate appointed Executive Director a successful entrepreneur with no experience in television, Carlos Hurtado, who had been Infrastructure Minister for president Aylwin and was a militant of a small liberal, right-wing party inside the Concertación<sup>4</sup>.

Despite the politicking involved, TVN did not become more pro-government. Soon new clashes arose with Hurtado, this time for more cultural and moral reasons: he was a liberal. All this revealed a new scenario in which the old traumas were gradually being replaced by new preoccupations and conflicts. In the words of Hurtado, the public broadcaster required a longer-term approach:

*Jorge Navarrete...normalised [TVN's] editorial profile, giving it pluralism and independence. That was a success. He also wanted to improve the utilisation of resources, and was also successful. Now it is not a matter of structural change, but of consolidating and improving what already exists -to deepen into the editorial line. It is a "fine tuning", though sometimes it is not so "fine". Besides, there are the new challenges of internationalisation -including the acquisition of Chilean media by foreign capitals, the external ventures of TVN*

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<sup>1</sup> *El Mercurio*, 12/11/1994.

<sup>2</sup> *Punto Final*, 27/11/1994.

<sup>3</sup> *La Nación*, 21/11/1994.

<sup>4</sup> Hurtado had been a militant of a small centre-right party of the *Concertación* (the PAC, *Partido Alianza de Centro*) and president Aylwin's Minister of Infrastructure. *El Mercurio*, 27/11/1994.

*and the Channel 13 [TVUC] abroad, cable TV and satellite, and so on. From an entrepreneurial point of view, it is a more complex situation<sup>1</sup>.*

According to Fuenzalida, this fine tuning requires a better definition of what distinguishes TVN from the rest -public service. Though this is an unfinished task:

*We are in a new stage. After being healed as a corporation, as Navarrete did, Televisión Nacional must project itself to the future and reaffirm its public service identity. This is clearer in some areas such as news -pluralism, respect, not favouring a determined position as TVUC or Megavisión do. In other areas, public service is less clear. Are the telenovelas public service? Brazil has managed to go further above the stereotypes and to reflect the Brazilian identity throughout this genre. Television Nacional must reconcile three things. Firstly, to be attractive for the whole audience avoiding elitism since it contradicts public television. Second, [to be] self-financing, which is [making] programmes attractive for advertisers. This is different from being attractive for the public...Third, public service. This is the most difficult thing. Who defines this? The Ministry of Education? The people? What people? There is no clarity in this point<sup>2</sup>.*

Carlos Hurtado defined four areas of improvement<sup>3</sup>, which remain largely valid:

- \_ **to raise internal productivity**, i.e. modernising TVN's management, stressing more in enhancing creativity rather than on cost control;
- \_ **to consolidate an editorial policy**;
- \_ **to confront the new technologies**, specially cable TV; and
- \_ **to project TVN internationally**, since the local market was becoming too small. This view is shared by Fuenzalida, who points that advertising finance is increasingly insufficient and therefore TVN should export telenovelas aggressively, among other initiatives<sup>4</sup>.

Nevertheless, the new executive director could not stand the excessive control exercised by TVN's Directorate, and resigned after a few months in office. He was replaced by the PDC economist Rene Cortazar, former Labour Minister of president Aylwin, in October 1995.

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<sup>1</sup> Interview with Carlos Hurtado, Executive Director, May 4th 1995.

<sup>2</sup> Interview with Valerio Fuenzalida, March 7th 1995.

<sup>3</sup> Ibidem.

<sup>4</sup> Interviewed on March 7th 1995.



## 2.2. The new perspectives

Cortazar's appointment was also political: he did not have any experience in media, but he had to pass the Directorate's test of political satisfaction. An able negotiator and administrator, he is meticulously careful with what goes in the screen and relatively more conservative in morals than Navarrete and Hurtado. The most renowned example was his veto in 1996 to O.J. Simpson, who was invited to the prime-time talk show *De Pe a Pa* and was told not to fly to Chile despite his participation had been announced on the air. Carlos Catalan, former assistant to Cortazar, summarises the challenges faced by the current administration:

*The debate about public television has not been [yet] centred around programming, but in the sphere of political autonomy...It is assumed that it is terrestrial television, mass appealing. Navarrete was fully involved with the autonomy of both TVN and the newscast with respect to the government...It was important, because independence was necessary to generate credibility. And yes, the economic aspect was also crucial...But Navarrete did not develop a distinctive programming for public television...It was the society and TVN's directorate who put much more emphasis on moral and cultural pluralism of the programme grid. There's "Mea Culpa", "Mirador"...There you have an action addressed to the schedule -the pluralism of SUBJECTS, including the newscasts. Unfortunately, the CNTV's statistics do not show many distinctions between TVN and the other channels, specially TVUC...In reality, the differences between TVN and the rest are qualitative. [It's] the type of prime [time] they do...TVN has kept higher levels of risk with innovative programmes such as "Patiperros", or "Show de los Libros". Meanwhile TVUC has been less risky<sup>1</sup>.*

At the time of writing, the pluralism of subjects referred above was related to the editorial options that TVN had in contrast to the other channels. The most conspicuous case was the rejection of both TVUC and Megavision to broadcast a series of spots by the Ministry of Information promoting the use of condoms to prevent AIDS in April 1997. Both broadcasters rejected the messages on grounds of their Catholic convictions (see chapter 5). It is also related to TVN's option for more realistic programmes, as expressed by Fuenzalida:

*This is the only big broadcaster that it is in a condition to exercise pluralism. There is an amount of subjects TVUC doesn't touch because of its Catholic*

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<sup>1</sup> Interview with Carlos Catalán, Director of Supervision of the CNTV and former assistant of TVN's current executive Director Rene Cortázar, interviewed on 1/12/1997.

*position, which I found totally legitimate -it's normal for the Church to have a channel and to say whatever it thinks; it would be abnormal to impose it things against its values. Megavision also has a position that it is not exactly pluralist. These channels are not pluralists either for economic or ideological reasons...*<sup>1</sup>

### **2.3. The search for a mission**

At the time of writing, TVN is in the process of defining its distinctive public service role. Corporate success, as explained in Part II of this thesis, has been reinforcing. Some relevant moments and documents are constantly providing new clues and challenges, therefore suggesting that public service broadcasting is a dynamic, evolving task that it is always being perfected. Internal discussions assume that TVN accomplishes a “regulatory role”, i.e., it balances the system positively because of the influence of its sheer size. This concept was envisaged by the Aylwin government during the debate for the law of TVN in 1990 and 1991.

In rigour, the task of defining a specific profile and definition of public broadcasting for TVN started during Jorge Navarrete’s administration. But it took some years for this discussion to settle. The first official attempt was the Directorate's Editorial Policy of 1993, a quite broad document which nevertheless set in black and white the corporation's main objectives and their underlying values (TVN, 1993b). It emphasised on reinforcing the national identity, and the public sphere (although the concept was not mentioned as such). It also stressed on the good use of information and entertainment programmes, yet educational ones were omitted. Finally, it endorsed the respect and promotion of democracy, pluralism, the national identity and similar positive values.

Yet the concept of public service remained rather obscure, implicit on the corporate features of the corporation. More than providing a definition, the document enumerated the main characteristics of public service: representativeness of the Directorate, autonomy from vested interests, and serving “all Chileans with a pluralist criterium” through the classical triad of entertainment, information, and education (TVN, 1993b: 3).

A second interpretation was given by the Executive Director a few weeks later at the SECC’s 1993 seminar on the communications policy of the Aylwin government (Navarrete & Portales, 1994). It had a more concrete approach than the previous document. It stressed on TVN's ability to self-finance, and on the positive role played by the regional network and the International Signal.

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<sup>1</sup> Interview with Valerio Fuenzalida, Head of Qualitative Studies, TVN, 4/11/1997.

According to Navarrete, market finance not only ensured autonomy from government, but also revealed “our success as a mass communicators”. These three elements were palpable and evident, yet there were no particular reasons why anyone else could not achieve them. The concept of public service still remained largely undefined.

A third attempt was an internal document prepared by the General Secretary, Enrique Aimone, after surveying TVN's staff and management in 1994 (TVN, 1994a). The paper summarised what the previous two documents said, and mentioned TVN's mass-appeal and its pluralism, diversity, autonomy, vocation of service and national character. Aimone linked the mass appeal with advertising finance and TVN's Chilean profile with state ownership. It also recognised that the audience played an important role in defining TVN's mission -but it also acknowledged that it was an unfinished task.

At the time of writing, this search for a specific mission culminated with the publication of TVN's “Programming Orientations” (TVN, 1997a). This document was based on programming guidelines of entities such as the BBC and the main North American networks, and was prepared jointly between staff and management. Although many TVN's journalists and producers complained that this code was restrictive in some aspects, it also contributed to a feeling of consistence. In contrast to the 1990-1994 period, TVN did not receive new sanctions from the CNTV. Yet the executive director's zeal for the editorial correctness defined in 1997 sometimes irritates his staff and occasionally is taken as “censorship”, as many middle and lower-level employees interviewed admitted under condition of discretion. The follow dialogue is significant:

***Q. I understand that there is an Informe Especial story about abuses by the police that has been shelved....***

*A. ...It wasn't “abuses”, it was “excesses”...In December [1996] there was story about the Carabineros, and in January another about excesses by Investigaciones [the civil police] was made....The story was publicised on the air but it was shelved -it was a programme that hadn't been approved from the beginning. Neither the government, nor money, nor anything else had anything to do with this. It was only that the original proposal of Informe Especial wasn't approved, because [I have] said that this channel wouldn't do the excesses of all the branches of the Armed Forces. There's nobody here hiding the abuses. But other thing is to become the tribunal for accusing all the barbarities that are committed....*

***Q. Do you watch the programmes before they go into air?***

A. I don't look to [all of] the programmes, but there are some that I do watch to. I don't preview the news schedules or the news stories themselves, but there can be moments in which the News Director may call me and say that there's a complicated story coming...I am the one who is legally liable, not them. Therefore there are subjects which they obviously have to tell me before...<sup>1</sup>

Despite the restrictions imposed by any code of practice or by the personality of this or that executive director, the process of defining certain standards of performance on behalf of the public good is perhaps the only way ahead for TVN and for the long-term survival of public service broadcasting. According to Catalan,

*With [Jorge] Navarrete it starts a PRACTICE of public television....There was only a discussion about the political autonomy of the broadcaster, although Navarrete had produced the Editorial Policy before leaving. Cortazar consolidates that policy, and something interesting starts. Questions such as "How to make public television nowadays?" or "What are the new functions of public television?" were formulated. Here you have the International Signal. To be in cable, is it [public service as well]? What about education? Should public television be terrestrial only? We discussed all that with Cortazar and Guiseppe Ricchieri -the new functions and legitimisations for the public broadcaster in a context of globalisation and television without frontiers.*

*Cortazar [has] defined an editorial line, self-regulated. Navarrete and Hurtado were more conflictive, although Hurtado's confrontations were more cultural than political -such as including lesbians in a programme. What happens is that we have a television system that it is not culturally diverse....The case of the AIDS spot reveals the lack of [cultural] diversity of the Chilean system....This discussion about cultural diversity is very strong at TVN's Directorate. Rene Cortazar has the great merit of defining a common code of procedure. At the beginning, journalists complained. But TVN never had again the problems it used to have. This proposal of pluralism of [cultural values]...will allow the survival of this model of public television. [Nonetheless,] this discussion is not absent from TVUC as well...[there] it exists an orientation of cultivated and ethical television, however weak. Being an university broadcaster has weight, after all...<sup>2</sup>*

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<sup>1</sup> Interview with Rene Cortázar, Executive Director of TVN, 1/12/1997.

<sup>2</sup> Catalán, *ibid.*

## Conclusions

The more recent evolution of TVN starts in 1990, after the end of the military dictatorship. A first stage ranges from 1990 to 1994, the date in which the administration set by president Aylwin was replaced. During those first four years, the emphasis was to regain legitimacy for the concept of public television and to ensure the immediate survival of the troubled TVN. A particular set of political and economic conditions explained why the new government choose the particular arrangement of market-oriented public service. At the end of the period, both main objectives had been accomplished: there was a law for TVN and the corporation was back to blue.

The last period starts with the change of TVN's executive director in 1995. As democratic life gradually settled, the model began to move away from political considerations towards the problems of cultural and moral diversity. Long-term considerations concerning the public broadcaster's corporate survival and its peculiarities began to be more and more important. These concerns have culminated in codes of standards that TVN defined by its own initiative. Although the concept of public service has proved to be elusive and broad, it seems that by no means it is a static and frozen ideal -it is something constantly worked upon, where priorities change according to the environment. At present, the corporation enjoys a good shape, and this process of looking for a specific, peculiar mission may be the clue for the long-term survival of public service broadcasting in Chile.

## PART II: ASSESSMENT

This second part of the thesis assesses different aspects of Chile's public broadcaster at the time of writing. It starts with the legal framework of the public broadcaster and of the television industry, outlined in chapters 4 and 5 respectively. Some of the broader parameters of performance are set here. After these basis are defined, four main fields of achievement are commented in separate chapters. Chapter 6 explains the situation of the media market in Chile, and situates the way in which a broadcaster can be evaluated in that particular environment. Chapter 7 analyses the main aspects of TVN's corporate and financial results, as well as the characteristics of its programme output. Chapter 8 covers the performance of three particularly interesting departments: News and Current Affairs, the Regional Network, and the International Signal (SISA). Finally, Chapter 9 studies the changes in programme diversity throughout the Chilean system of terrestrial television from 1988 to 1997. Diversity is the broadest aspect of broadcasting quality and in this case it is measured through the relative entropy index.

The analysis of these fields is followed by the final conclusions, in which the main challenges confronted by the current model of public broadcasting in Chile are commented within the peculiarities of the Chilean case.

## CHAPTER 4

### THE LAW OF THE PUBLIC BROADCASTER

#### Introduction

This chapter discusses the set of written laws that regulate television in Chile. This is not a pointless exercise. Since the 1830s, the rule of the law and the observance of legal institutions have been quite meaningful in Chile. This is related to the relative effectiveness, low levels of corruption, and social legitimacy enjoyed by the state structure and other public institutions, a relatively rare phenomenon in Latin America with the clear exceptions of Uruguay and Costa Rica (see Williamson, 1992).

The contemporary legal framework of television is based on pro-market principles put in place originally by the military regime. As discussed in the previous chapters, Chile's paradigm of inward-looking statism and protected markets was shifted to outward-looking deregulation and privatisation in 1974. The democratic governments that followed the Pinochet regime removed the main political restrictions of the dictatorship, but kept its laissez-faire economic philosophy and policies. In consequence, broadcasting is nowadays largely conceived as a business, with few exceptions. These exceptions are totally concentrated on television (not in radio) due to its wide social influence and high barriers of entry to this market. Public-service principles emerge indirectly in the Constitution at two points: the recognition of right of the state to engage in broadcasting (i.e., TVN) and the definition of a supervisory body, the CNTV.

Neither the social legitimacy of the state nor its relative probity were specially affected by the military regime of general Augusto Pinochet, despite its poor records in human rights and the collapse of the political institutions (see Bulmer-Thomas, 1994; Todaro, 1994). In fact, its supporters still claim that the coup was made to restore the rule of the law and democracy, seriously affected during the social confrontations of the 1960s and 1970s (see SECC, 1993c).

This chapter and the next discuss the two main laws governing Chilean broadcasting, and confronts what is written with what actually occurs in practice. This section briefly outlines the structure of regulations related to television, starting from the 1980 Constitution and discussing in detail the different aspects of law No.19,132 of Television Nacional. The next chapter describes and analyses law No.19,131 of the National Television Council, which defines the conditions under which television franchisees must operate, and defines the powers of the regulator. Despite the lack of any specific mention of public service, legislation has certain underlying principles that can be held as implicit public-service mandates.

Nonetheless, there are also important problems related to how policy is applied and interpreted.

## **1. General legal framework: the constitutional level**

Two main laws govern Chilean broadcasting in its non-technical aspects: No.19,131 of the National Television Council (CNTV), which sets the conditions for the whole television industry; and No.19,132 of Televisión Nacional (this one is analysed in this chapter). Technical aspects of broadcasting and telecommunications are covered by the General Law of Telecommunications No. 19,302<sup>1</sup>.

The fundamentals of the contemporary legal arrangements are laid down at the 1980 constitution. For the purposes of this discussion, there are four of such main principles defined by the republic's fundamental law:

- \_ Nature and regulation of television
- \_ Freedom of Expression and Association
- \_ Competition in the markets
- \_ Nature and operation of state-owned organisations

### **1.1. Nature and regulation of television**

Television broadcasting has a special legal status in contrast to other media sectors, as in most of the world's legal systems. Art. 19, No.12 of the 1980 constitution defines the right of the State to engage in television services -as well as Universities and any other entity of person 'determined by law'. From this constitutional prerogative emerges Law No. 19,132 of April 8, 1992 which "creates the enterprise [named] Televisión Nacional de Chile" in its current format. A broadcasting regulator and watchdog is also specified in the constitution<sup>2</sup>.

Neither of these provisions are made for other media types, including radio. The constitution of 1980 spoke of a National Radio and Television Council, yet at

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<sup>1</sup> Some of these laws had originally different numbers, but any modification adds up a new number to the old one. For the sake of simplicity, the number of the last modification is mentioned only. Originally, the Law of the CNTV was promulgated in 30 September 1989 with the number 18,838. The current General Law of Telecommunications was initially promulgated on 2 October 1982 as law number 18,168. The 1992 law of TVN has not been reformed.

<sup>2</sup> The main rules for state owned-enterprises are laid down in article 19, Nos. 20 and 21, whereas taxation issues -relevant for financing state activities- are outlined in Nos. 21 and 22.



the end radio was excluded from the Council's reach<sup>1</sup>. Nowadays the only special regulation for radio concerns technical aspects of spectrum management and allocation. Given radio's low entry barriers, it is assumed that free competition is the best means to regulate it, as it happens with printed media. Because of this deregulated environment, in 1995 there were 793 registered radio stations on the hands of a very wide variety of private owners, including charity organisations (notably the Catholic church)<sup>2</sup>. This represents an average of one station per 17,600 inhabitants in contrast to a one to 25,000 ratio in the USA. While radio is regarded as the most democratic of the media sectors in terms of ownership diversity, the vast majority are small outlets of less than 1KW of transmitting power that survived precariously with an average annual income of US\$ 50,000 each in 1994 (Godoy, 1997c).

## **1.2. Freedom of expression and association**

The issues of freedom of expression and association are also expressed in article 19 of the Constitution. All mass media, including TVN, are entitled to work free from any sort of prior censorship, and are only liable on an *a posteriori* basis if any breach of the laws regarding defamation, indecency, or national security is committed. These topics are covered in specific legislation: Defamation Law (*Ley de Abusos de Publicidad*) and the Penal Code are concerned with libel. The Law of State Security and the Military Code deal with information related to the nation's internal order and to military secrets. Apart from feature films, the only case for prior censorship is in the event of either external or internal armed conflict ("State of Mobilisation" and "State of Siege", respectively). Additionally, the Electoral Law regulates media political information during elections, notably the "fair" proportion of airtime devoted to candidates.

The Constitution of 1980 forbids the compulsory affiliation to any organisation [i.e., trade unions, professional associations and the like] as a condition for engaging in any profession. This means that, in contrast to other Latin American countries such as Costa Rica or Colombia, journalism can be exercised by any person. This commitment to what lawyers and media owners call freedom of association is frequently opposed by associations or boards of journalists, who claim for themselves the exclusive right to inform. But the laws concerning freedom of expression and association, some of them dating from the 1860s such as the Penal Code, needed an update for the contemporary exercise

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<sup>1</sup> As its name suggests, the National Television Council (CNTV) only regulates television.

<sup>2</sup> Source: Instituto Nacional de Estadística, INE: 1995 Statistical Compendium.

of journalism. Therefore a draft for a new and comprehensive Press Law (*Ley de Prensa*, regulating journalism), proposed by the governing centre-left coalition, is being heatedly discussed in parliament since 1993. One of the most controversial aspects is whether journalism, or which aspects of it, can be exercised by professional journalists alone. Other contested concerns are the extension of the right to reply to those who 'had been deliberately silenced in respect of a fact or opinion of social importance' (Art. 20) and cross-media ownership restrictions. At the time of writing, and to the annoyance of the centre-left government, these proposals were dropped.

### **1.3. Technical aspects and regulation of markets**

In the part of the 1980 constitution that deals with the regulation of markets, the private sector is clearly favoured. Article 19 states that no one can be deprived of his/her property without compensation in cash. With the exception of television, no provisions for further state intervention in the communications industry exist, apart from those discussed above. Actually, state monopolies in the sector are expressly forbidden, although nothing is said about private ones.

As assumed by the currently prevailing pro-market paradigm, the current conditions for public-sector firms are tighter than three decades ago in order to avoid distortions in the economy. Article 19 No.21 of the 1980 Constitution establishes that for the state to engage in entrepreneurial activities a "high-quorum" law is required<sup>1</sup>. In addition, ordinary legislation for private companies is applicable to any state-owned enterprise except for "justifiable motives", which must also be outlined by a high-quorum law. Such is the case of law No.19,132 of TVN, which means that a high degree of political consensus was required for its approval and that it is not easy to amend. Few exceptions were granted to the corporation, whereas unprecedented autonomy from government was ensured. Following the non-discriminatory policy with public enterprises, TVN is governed by the same regulations as any public limited company of the private sector through Corporate Law (*Ley General de Sociedades Anónimas No.18,046*) in all aspects not covered by law No.19,132.

Even though current legislation considers a [small] amount of public funding for television, the constitution forbids a license fee as Britain's. Article 20 states that tax money "cannot have a specific destiny", with two exceptions: national defence and some initiatives at a local or regional level. This is consistent with the

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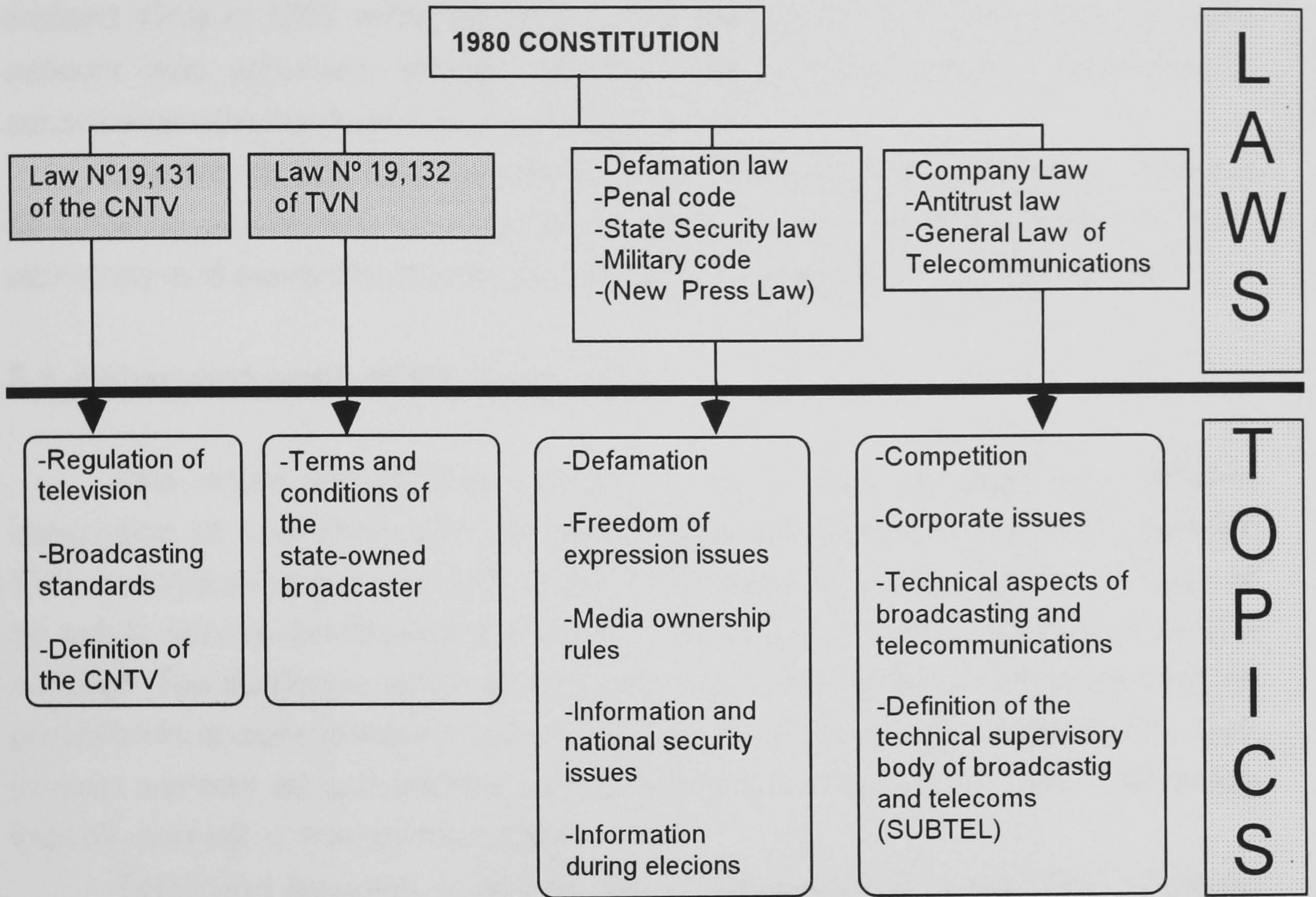
<sup>1</sup> *Ley de Quorum Calificado*, i.e., a law that requires a higher majority than usual in Congress to be promulgated.

current taxation policy for which Chile has been praised by entities such as the IMF and the World Bank.

Finally, technical aspects of broadcasting and telecommunications are regulated by the General Law of Telecommunications No.19,302, yet spectrum management is not mentioned at the constitutional level. A technical body independent from the CNTV, the SUBTEL (*Subsecretaria de Telecomunicaciones*), is in charge of defining and checking the technical parameters of franchisers. SUBTEL grants and renews radio and telecommunications franchises, whereas the CNTV does so in television - according to the technical approval of SUBTEL, the only valid one according to the Chilean rather laissez-faire legislation.

An illustration of the legal system governing Chilean media and television is outlined below. Above all, the constitution defines the terms for the four issues described before: the regulation of the television industry, the right of the state to operate a television channel, the conditions for the exercise of the rights of free expression and association, and the framework for corporate activities of both the private and public sectors. Law No.19,131 defines the general conditions for television and creates the CNTV, which is entitled to define and enforce specific criteria for broadcasting. Meanwhile, TVN is defined by law No.19,132. The two laws discussed throughout this chapter and the next are highlighted in the diagram.

## Diagram of Legislation concerning TV broadcasting in Chile



## **2. Law No.19,132 of TVN (April 8th, 1992)**

Chapter 2 depicted the previous laws and regulations that shaped TVN, some of which subverted the public-service spirit in which the corporation was created. Only in 1992 some coherence with the original idea of creating a public network was achieved, though radically new conditions were established in accordance with the dominant pro-market paradigm.

Law No.19,132 'which creates the enterprise [named] Televisión Nacional de Chile' is divided into six chapters or titles: Nature and goals, administration, patrimony and economic regime, personnel, accountability, and other issues.

### **2.1. Nature and goals of the corporation**

One might expect this chapter to be a very complex and detailed description of how public service broadcasting should become a reality through TVN, but this is not the case. Although there is agreement that the law is inspired by public service broadcasting principles, there is no explicit mention of such a concept. The section is rather short -it only has three clauses- and, except for the provision to ensure 'pluralism and objectivity', the corporation is supposed to work in most aspects as just another private channel. Public-service aims are mostly implicit, and left to market competition.

Televisión Nacional is defined as a 'corporation of public right' (*derecho público*)<sup>1</sup>, a legal status conferred to non-profit organisations linked to the public sector. TVUC, owned by the Catholic University and Chile's largest broadcaster, is also a 'corporation of public right'. More specifically, TVN is 'an autonomous enterprise of the State, endowed with its own patrimony' (Art.1) entitled to 'establish, operate, and exploit television services' (Art.2). Nevertheless, its formal status of public corporation does not prevent TVN from behaving just as any 'franchisee of television services constituted as a corporation of private right, with the same rights, obligations, and limitations' (Art.2).

The network is expected (Art.3) to 'strictly accomplish' the norms of operation for the whole television industry defined by the CNTV according to law No.19.131. Since these rules apply to all operators, there is nothing very special about this requirement. The only distinctive feature of TVN in the lines of a sort of public service deserves a single sentence:

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<sup>1</sup> In Chilean law, a 'corporation of public right' is a special type of non-profit organisation created under specific circumstances contemplated by public-sector legislation instead of Corporate Law. Universities and some broadcasters, such as TVUC, are corporations of public right.

*[TVN] must demonstrate pluralism and objectivity across its whole programming schedule and, very specially, in the newscasts, [and in the] programmes of political analysis or debate' (Art.3).*

The CNTV is in charge to check this. In practice, 'pluralism' is interpreted mostly as proportional partisan representation during election periods. In case of conflict -they are rare-, the CNTV may refer to the Electoral Law (*Ley de Votaciones y Escrutinios*). This law says that airtime granted to a candidate should be proportional to his/her party's results in the last election.

Yet as the memory of the dictatorship fades out, political pluralism gradually loses relevance on behalf of other topics, such as values, gender, or regional and ethnical identity. At the time of writing, moral values was emerging as a highly conflictive issue in Chilean society. According to the director of the CNTV, Pilar Armanet:

*Historically, pluralism is understood in a political sense. But a time ago we published a statement enlarging the subject further. We had [sometimes] intervened to re-establish pluralism in the context of programming as a whole.*

***Q: What about pluralism of realities portrayed, of culture and values, of programme diversity?***

*A: I believe that TVN accomplishes [all that] quite well. It has programmes for women, for children, on politics. They attempt something important. In the context of this country, they are fairly pluralist, objective, and open-minded<sup>1</sup>.*

Meanwhile, 'objectivity' is left to the criteria of TVN's professionals. More specifically, to its journalists. This was reinforced after TVN's staff, management and board of directors agreed on a common code of practice in 1997, the Programme Guidelines (*Orientaciones Programaticas*; TVN, 1997a), partly inspired by a similar BBC document. This set of principles helped to avoid problems with the CNTV, such as one of the last ones for which TVN received a reprimand:

*Once [in 1995] we formulated charges against one TVN journalist who tried to extract a forced confession from somebody accused of bribery and corruption -an inspector of the Inland Revenue...We considered that they [at TVN] hadn't been objective. They were entitled neither to extract confessions nor to sentence [anybody] on the air<sup>2</sup>.*

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<sup>1</sup> Interviewed on 25/11/97.

<sup>2</sup> Pilar Armanet, head of the CNTV, interviewed on 25/11/97.

In general, TVN does permanent efforts to accomplish those two, distinctive objectives that nobody else is obliged to follow -pluralism and objectivity. This does not mean that it is always successful. Besides, the criteria and diplomatic skills with which the regulator applies and interprets the law can be highly influential. As the head of the CNTV Pilar Armanet recalls:

*We have been quite influential in matters of pluralism during election periods by listening to, processing [accusations], and by solving some injustices [committed by broadcasters] on the spot...*

*For instance, in the last municipal election [in 1996], the Humanist Party complained because, despite being registered all throughout the country, they were not invited to some debate programmes at TVN<sup>1</sup>. We accused TVN of lack of pluralism. TVN panicked, as you may imagine. In time of elections, to have the state-owned broadcaster accused of lack of pluralism, it was death. That gives you an idea of their implicit public service vocation. We arrived to a very interesting arrangement. We promised [TVN's] Executive Director that we would accelerate the consideration of their discharges before [the charges] were made public. [Meanwhile], they reached an agreement with the Humanists, who appeared in different programmes since that week, and all was healed and acquitted. All within a single week.*

**Q: The public did not know all this? Certainly TVN did not have an interest on this issue being known....**

**A: Neither did us<sup>2</sup>.**

## **2.2. Concerning administration**

This is the longest section of the law No.19,132, which suggests that the network's corporate structure was considered as one of the most important determinants of a distinctive, yet barely mentioned, service with a public orientation. This indirect way to reach public service broadcasting (or something close to the Western European notion of the concept) might be an important component of the Chilean case.

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<sup>1</sup> The Humanists got less than 5% of the votes in the previous 1993 elections, the representation threshold defined by the Electoral Law. Thus TVN dismissed them for its programmes of political debate.

<sup>2</sup> Armanet, ibidem.

### 2.2.1.- The Board of Directors

Like in many other state-owned enterprises, overall administration is in charge of a Board of Directors or Directorate, who leaves the day-to-day task of managing the network to an Executive Director [until 1992, the post had the more militaristic denomination of Director-General, as in the BBC]. An important point to note is that after the Board of Directors is appointed, its members cannot be removed by either the Executive or the Legislature during the whole extent of their mandate of eight years. This ensures TVN's independence.

Additionally, TVN's Directorate has considerable more power than the Board of Governors in the BBC. Law No.19,132 gives Directors considerable attributions which, as we will see further on, have been felt rather clearly:

*'The administration and representation of the Corporation corresponds to the Directorate, [endowed] with the most ample and absolute powers and with no other limitations than those expressly established in this law' (Art.16).*

The Directorate's prerogatives are wide indeed. Article 16 enumerates them in detail:

- The appointment (and removal) of the Corporation's Executive Director by at least 5/7 of the votes;
  - the issue of internal norms to organise and ensure the proper functioning of TVN;
  - the dictation of norms and general guidelines for programming, in accordance to the principles for the whole industry stated in law No.19.191 about the CNTV;
  - establish and modify the terms and conditions of employment for all the personnel;
  - approve and modify the annual budgets;
  - give its opinion concerning the financial statements that the Executive Director must present each quarter and year, according to the general rules applicable to public limited companies; and
  - approve the creation of agencies and representations inside Chile or abroad.
- Directors can grant 'general powers' to the Executive Director or anybody else, but they can be cancelled or limited in any moment without need to give reasons (Ibid.). What Directors cannot do is:
- put TVN as guarantor or co-debtor on behalf of any other entity or person;



allow anybody to either administer part or whole of the programme slots owned by TVN, or to utilise TVN's rights of transmission with his/her own programmes or advertising; unless a specific and 'essentially transitory' agreement is reached for 'determined events'; and  
make any donation.

The Directorate is composed of seven persons 'of relevant personal and professional merits' (Art.4,b). The President of the Board, whose integrity must guarantee the 'required pluralism' (Art.4,a), is appointed by the President of the Republic. The remaining six are proposed in a single act by the Head of State in agreement with the Senate (Upper Chamber of the Congress), 'taking care that the Directorate is composed in a pluralistic way' (Art.4,b). The proposition should be approved by the majority of the existing Senators during a special and secret session; if rejected, a new list should be prepared within 30 days (Art.4,b). The Senate may also challenge individual names in the proposed list, although not on political grounds.

All the directors are obliged to proceed "with the care and diligence ordinarily employed by men [sic] in businesses of their own and will be fully liable for any damage caused to the Corporation by every guilty or malicious action" (Art.8). Similarly, the Directors must maintain confidentiality over TVN's business, unless secrecy or omission might damage the corporation or violate the law.

The Directors must work collectively in ordinary and extraordinary meetings and reach decisions by a majority of votes. Almost all decisions can be taken by a simple majority of those present in the meeting, but a special quorum of five (out of seven) is required for special issues such as the appointment and removal of the Executive Director or other managers (art.13, No.1; Art.16,b). A high quorum is also needed to challenge the integrity of any member of the Directorate, to retain the yearly profits of the corporation, to start a joint venture, and to commit the fixed assets of TVN above 500 UTM -i.e., US\$ 26,890<sup>1</sup>.

The President of the Directorate remains in his post until 30 days after the end of the period of the President of the Republic who appointed him/her. The other six Directors have a renewable mandate of eight years, and are appointed in halves each four years (Art.4,b).

The Directors are the only staff members of TVN who have their salaries defined by law. They receive a rather modest stipend according to the number of

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<sup>1</sup> A UTM (*Unidad Tributaria Mensual*, or Monthly Tax Unit), is a monetary unit monthly indexed according to inflation. Laws often express payments, fines, or other sums in UTMs so to keep their purchasing power constant. On December 1995 500 UTMs were worth US\$ 26,890.6, that is Ch\$ 21,880 per UTM at an exchange rate of Ch\$ 406.8 per dollar (El Mercurio, 25/12/1995).

sessions they attend, but in any case it cannot exceed 16 UTM a month (US\$ 860.5).

Neither the Directors nor their immediate relatives can have any interest in any activity directly related to television, either terrestrial or of limited access, including advertising agencies (Art.5, No.1). Political parties' leaders are also unable to become Directors (Art.5, No.2).

The Directorate is complemented by a representative of TVN's workers, who can attend all the Directorate meetings with a right to speak but not to vote. He is elected through secret vote, lasts two years and can be re-elected four consecutive times (Art.4,b).

Despite their mega-powers, directors do not have the time, the skills nor the capacity to exercise those powers in full. According to the President of the Board of Directors, Luis Ortiz,

*The law gives the Directorate absolutely all the powers to manage [TVN], in contrast to [the giant state-owned copper producer] CODELCO, in which the Directorate is just a consultative body. Yet the Directorate...has neither the capacity nor the time to do it...The law imposes the Directors all the responsibilities of administration, whereas these persons are outsiders who dedicate to this [task] only four hours a week for [the equivalent of] US\$ 700 a month. Nobody can claim that with those four hours they assume TVN's administration. Powers should be delegated [by law] to someone else, so that at least two directors can be in this on a full time basis, as insiders, aside the Executive Director...In fact, who really manages [TVN] is the Executive Director plus the managers of the most important areas - production, commercial, news...[So] we don't get involved on what's going on in the screen<sup>1</sup>.*

Despite the Directorate is recognised as necessary, it is not a well-beloved entity inside TVN -something acknowledged by Ortiz himself. According to a high executive,

*In contrast to what the law says, in reality the Directorate doesn't get involved with big objectives and strategies, but rather with petty matters -a breast or a bum went on the air, things like that. None of the directors has a very interesting thought or position [about broadcasting]...*

*Carlos Hurtado [the CEO after Navarrete] is a mature man, a successful entrepreneur, wealthy. At the first stupidity raised by the Directorate, he sent them to hell. He wouldn't care about petty matters, neither he had*

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<sup>1</sup> Interviewed on 28/11/1997.

*something to lose [by behaving like that]. [Rene] Cortazar is a younger man with a family to support; he has still a long path to go and therefore he is much more careful.*

### **2.2.2.- The Executive Director**

After all that plethora of powers granted to the Directorate little is nominally left for the Executive Director, the person in charge of the day-to-day task of running the Corporation. Considerably less words and articles are devoted to describe the job:

- \_ To execute the agreements reached by the Directorate;
- \_ the permanent supervision of TVN's administration and functioning;
- \_ the legal representation of the Corporation; and
- \_ 'all the normal administrative powers required for the accomplishment and development of the enterprise's normal operation, apart from the powers directly delegated to him by the Directorate (Art. 18).

The Executive Director requires the approval of the Directors to:

- \_ Acquire, lease, and sell fixed assets worth more than 500 UTM<sup>1</sup>, or franchises for television services;
- \_ obtain long-term credits (i.e., above one year); and
- \_ negotiate any contract that might imply a risk for the Corporation's assets (art.18).

The Executive Director attends the meetings of the Directorate, but has only a right to speak and not to vote. Unless he/she expressly states his/her disagreement with any resolution, he/she is fully responsible -as well as the Directors- for any agreement that may damage the enterprise (Art.20).

In reality, the post has mostly a political and diplomatic dimension. According to the President of the Board, Luis Ortiz,

*The job of Executive Director is not merely technical or professional. He is an executor of consensual policies among a group of persons who essentially disagree [the Directorate]. He is an articulator of different positions. He must establish positive links with the power centres [outside TVN]<sup>2</sup>.*

The post of Executive Director is incompatible with that of a member of the Directorate, and has the same requirements of commitment in the sense of being

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<sup>1</sup> Equivalent to US\$ 26,890.6 at December 1995 rates.

<sup>2</sup> Interviewed on 28/11/1997.

discreet and careful as if the business were his own. Although the job is also incompatible with any direct interest in the industry, curiously there is no requirement to have 'relevant personal and professional merits', as with the Directors. The two Executive Directors after Jorge Navarrete, Carlos Hurtado and currently Rene Cortázar (both former ministers of president Aylwin), although highly capable and respected on their own fields, had no significant experience in television.

The Executive Director's salary is, as for the rest of TVN's staff, determined by the Directorate without need to consider the wages for the public sector. In fact, it is negotiated individually when appointed (Art.17) and can be rather rewarding: in 1995, it was thought to be around Ch\$ 72 million a year, the equivalent of US\$ 176,000.

### 2.3. Assets and economic regime

This brief but significant section deepens important constitutive characteristics of Televisión Nacional. The first one is the definition of the patrimony (assets) owned by the reformed corporation. The starting point was all assets and liabilities reflected in the first financial statement issued after the law was promulgated, i.e., at the end of April 1992 (art.22). This proved to be very opportune. By then, Jorge Navarrete had been able to reverse dramatically the financial disaster in which he found the channel on March 12, 1990, and was already in the second year of rising profits. According to the Secretary General Enrique Aimone, Navarrete had calculated TVN's worth at approximately US\$ 100 million, considering all fixed and current assets (the frequency itself, all the facilities, infrastructure, buildings, archive material, broadcasting contracts, know-how and so on).

Next, the law not only makes clear who is the final owner of these assets - the state, in Art.23- but what is the use that can be given to them: 'the enterprise can only constitute or be part of societies whose goals complement her activity, and whose existence are strictly necessary for the due development of the Corporation's activities' (art.22).

The final part of the section, *Concerning the Economic Regime*, contains the most revolutionary aspects of law No.19,132. In the first place, TVN is granted an important competitive tool to confront her rivals by giving her financial autonomy:

*'Televisión Nacional de Chile, in its financial activities, will be subject to the same financial and taxation norms applied to public liability companies [of the private sector]...The norms for the regime and administration of the state-owned enterprises shall not apply for the Corporation' (Art.24).*

This financial flexibility, vital to compete against private and university broadcasters, is enhanced in the next section of the law devoted to personnel policy.

The second aspect breaks one of the sacrosanct principles of public television and leaves TVN fully as a market-oriented broadcaster:

*'Televisión Nacional de Chile cannot, under any circumstance, receive public funds<sup>1</sup>. Neither it can obtain financing, credits, supports, subsidies, bails or guarantees from the state or any of its organisms, entities, or*

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<sup>1</sup> The Spanish expression is "...en caso alguno podra comprometer el credito publico".

*enterprises, except in those cases in which this would be possible for the private sector, and on equal conditions' (Art.25).*

Article 25 is the most radical turn in TVN's history and in that of public television. Market finance, basically through advertising, is an old device for many public broadcasters throughout the world; and some of them like RTVE of Spain have from time to time relied a hundred per cent on it. But as far as we are concerned, no other public broadcaster has this express prohibition to any kind of financial support by the State -not even the ill-funded PSB networks in the USA. All the rest of law No.19.132 rotates around this principle, and tries to ensure that this principle is well accomplished:

*'Televisión Nacional de Chile must not transfer, sell, lease, or provide television airtime for free nor for prices below the market' (Art.27).*

One of the main targets of this prohibition was the state itself, which had utilised indiscriminately TVN's airtime for its own political purposes in the past - specially, but not only, under the military regime. The conditions for any deal between TVN and the government are clearly put in Article 26:

*'The Government cannot force the enterprise to provide any service without the corresponding economic compensation, which will be equal to the cost to be paid by the Government to any other franchisee of television services...The Government can contract [the services of] Televisión Nacional de Chile,...[but] it must pay the market value of these services'.*

The only exceptions to the norm of market prices are the campaigns on behalf of the public good -such as health campaigns or during a catastrophe- 'in which all the franchisees of television services within the same area of service participate, in equal extent and conditions' (Art.27).

Up to this point all seems coherent. Nevertheless, a disturbing clause was also included in this section and might become a source of government pressure: TVN requires previous written authorisation of the Minister of Finance to retain its yearly profits, otherwise they are transferred to the Treasury (Art.26). Similar clauses exist for other state-owned enterprises, nowadays regarded as sources of supplementary funding to the public treasury in Chile (except for the loss-making railways EFE and the coal-producer ENACAR). This is the only case in which the Directorate can be overruled by a government decision, which can be critical if the government is at odds with TVN. Profits are the only viable means of growth for TVN, yet its owner and single shareholder, the State, is forbidden to provide fresh capital.

Until 1995 a technicality prevented the Ministry of Finance from retaining TVN's profits: Company Law forbids Plc's firms to hand profits to shareholders

before pending debts are serviced. Thus the network was obliged by law to use the profits to service the huge debts pending from 1990, and the government could not interfere. In 1995, TVN's long-term debt was over and so the government was able to grab the profits<sup>1</sup>. The President of the Directorate, Luis Ortiz, confirms that this clause was crucial for the dismissal in 1994 of the talented, yet conflictive CEO Jorge Navarrete. The Frei government, which took office that very year, was in bad terms with Navarrete. And Frei's Minister of Finance was able to retain all of TVN's profits.

*That was one of the big problems of Jorge Navarrete. With all his skills, he did not have good relationships with certain power centres essential for the survival of the public broadcaster. We had a bad relationship with the government, a bad relationship with the parliament, a bad relationship with the army. Navarrete was a superb internal co-ordinator and an indisputable leader. People adored him here, and he was an excellent administrator. But we had constant criticisms from outside, which turned into concrete problems when we asked for money, or when we negotiated how much of the profits were to be handed [to the government]....*

**Q. So the need to depend on the government's good will...led to the sacking of Jorge Navarrete then?**

*A. That was an important factor, certainly. In the end, it was a basic element taken into consideration<sup>2</sup>.*

This need to be on good terms with the government certainly does not encourage a confrontational, denouncing stand such as that under the four years in which Jorge Navarrete was in charge of TVN. Even though Navarrete remains remarkably loyal both to the model of public television and to the government, he acknowledges that after his dismissal TVN took a more conciliatory tone:

*Inside the government, the popularity of TVN's executive director is similar to that of the Treasury Director....The whole of the DC [Christian Democrat Party] was against me, though I am still a militant...The DC was determinant, [because] the criticisms both from the left and from the right were what was expected. Inside the DC they said that I was either moronic or ill-intentioned... But it is false that I was sacked to let TVN be manipulated.*

*What really changes after 1994 and [Carlos] Hurtado's resignation [as TVN's CEO in 1995] is that a tacit agreement for a less conflictive TVN is agreed -at least among six of the seven directors, plus the President of the*

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<sup>1</sup> Source: TVN's General Manager Bartolomé Dezerega, interviewed on 5th May 1995.

<sup>2</sup> Interviewed on 28/11/1997.

Board. Less conflictive with the government, with the armed forces, with the [Catholic] church....[Current CEO Rene] Cortazar is a great conciliator...He analyses everything as the good economist he is: all is costs versus benefits<sup>1</sup>.

With the removal of the conflictive Jorge Navarrete, TVN's Directorate and CEO were able to reach an agreement with the current government: the latter would take a slice -apparently not more than 30%- only if a certain level of profits was reached<sup>2</sup>. The risk is that there is no legal support for this arrangement apart from political compromise. An additional risk is the conditions -possibly secret ones- that the executive power may place to TVN. Some of these problems emerge in the following dialogue with the President of TVN's Directorate, the reputed lawyer Luis Ortiz:

**Q: [So] there has been no threat from the government to retain TVN's profits, despite the acknowledged tight-fisted stand of the Minister of Finance?**

A: The truth is that [the Ministry of] Finance has been good to us, [despite] its strict policy of taking each single cent away from state owned enterprises such as CODELCO, ESVAL....Just up to the last cent. But...[this is] an industry in which you have to re-invest constantly or die, and in which the profit curve can be very low...

The government understood that....if we were a public broadcaster who had to do public policy without a single peso from the Treasury, it was logic that at least we could keep [the] profits...

[So we reached an agreement] in which up to a certain margin, TVN keeps all the profits. Above that point, [still] a good slice is for the broadcaster. This agreement should last throughout all this government.

**Q: Is it just a "gentlemen agreement"...?**

A: It's not just only a "gentlemen agreement", but with formal, written interchanges of notes and requests.

**Q: Fine, but the government may change its mind, or a future government can impeach all this...**

A: Well, that's what the law says. It is in their hands<sup>3</sup>.

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<sup>1</sup> Interviewed on 28/7/1997.

<sup>2</sup> Source: Luis Ortiz, President of the Directorate of TVN (interviewed on 28/11/1997); Rene Cortazar, Executive Director of TVN (interviewed on 22/12/1997).

<sup>3</sup> Interviewed on 28/11/1997.



## 2.4. Personnel

TVN's competitiveness is increased by a flexible personnel policy taken from the private sector, similar to that found in financial issues:

*'Workers of Televisión Nacional de Chile will be ruled exclusively by the norms of the Labour Code and will be affected by none of the norms applicable to the workers of the State or its enterprises. For all legal purposes, they are considered as workers of the private sector'* (Art.29).

In 1995, TVN directly employed 793 people, from which 765 were full-timers -including 27 executives- and 28 part-timers. Apart from that, some 200 more people were regularly contracted-out to produce specific programmes until 1996, when most of them became regular employees of TVN after a re-engineering effort. In terms of people employed, both TVN and TVUC are the biggest employers of the industry with nearly 1,000 workers. Megavision comes third, with nearly 350 employees<sup>1</sup>.

Both General Manager Bartolomé Dezerega<sup>2</sup> and the Head of Personnel Welfare, Ana González<sup>3</sup>, agree that current wages are within market levels except for the creatives and professionals -mostly journalists-, who are better paid in the traditionally more wealthy TVUC. Dezerega expected this gap to be over sooner or later, since the Catholic network faces increasing cost pressures. Yet what is important to note is that the average TVN's employee is at the same level, if not better, than his/her counterpart in the private sector.

Recruitment of all staff, including executives, is done through public competition. Selection is supposed to be 'through technical, impartial, and fair and honest procedures, able to ensure an objective appreciation of their [i.e., the applicants'] aptitudes and merits' (art.31). In the case of executive jobs, political considerations are probably relevant as well since the Directorate has the final say in personnel affairs.

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<sup>1</sup> Source: Enrique Aimone, Secretary General of TVN.

<sup>2</sup> Interviewed on 5th May 1995.

<sup>3</sup> Interviewed on 27th March 1995.

## 2.5. Accountability & other issues

Apart from a set of transitional stipulations related to how the law No.19.132 was to be implemented by the then existing administration, the document ends with a very brief section dedicated to the formal relationship between TVN and the government, and how the Corporation should be accountable.

A very brief sentence states that 'Televisión Nacional de Chile will relate to the President of the Republic through the Ministry General Secretariat of Government' (Art.32). With all the restraints put on government intervention in TVN -except for article 25- this stipulation seems a mere formality.

Concerning corporate accountability, article 33 states that TVN shall be supervised by the watchdog of the private corporations, the SVS (Directorship of Insurance and Values, *Superintendencia de Valores y Seguros*) "in the same terms" as the Public Limited Companies of the private sector. As a state-owned firm, TVN could have been supervised by the Comptroller Bureau of the Republic (*Contralor'a General de la República*), the financial inspectorate for the whole public sector. Yet the current law gives prevalence to the SVS, since article 35 states that

*'Televisión Nacional de Chile shall be ruled exclusively by the norms of this law and, in those aspects not covered by it, by the norms ruling public limited companies [of the private sector]. In consequence, the general or special stipulations that rule or shall rule in the future State [owned] enterprises shall not, for any legal reason whatsoever, be applicable unless that new legislation is expressly extended to the Corporation'*

This confirms TVN's power to behave and act like a private broadcaster. Apart from the terms 'pluralism' and 'objectivity' present in the composition of the Directorate and throughout mainly the journalistic programmes, there is no room for further citizen or viewer involvement. The hidden and not mentioned ideal is that TVN's leaders, isolated from powerful vested interests -as well as from viewer participation- can concentrate on delivering what no one else is obliged to do in Chile: public service broadcasting. As seen throughout this thesis, TVN succeeds in many public-service tasks. But despite the merits of the Chilean model, a long tradition of a vertical and hierarchical state structure lies behind its arrangements.

The other source of control from a regulatory body is the CNTV, which oversees that TVN sticks to its mandate to be pluralist and objective. But clearly the regulator assumed that financial control by the SVS, ratings, and a general overlook by the CNTV was enough.

## **2.6. Conclusions: the law No.19,132 of TVN**

In general, interviewees agreed that law No.19,132 is coherent and works well to ensure TVN an unprecedented degree of political autonomy from government. This is mostly achieved by the existence of a powerful and irremovable directorate, and through self finance. Similarly, TVN is not obliged to provide a service to any public body and is forbidden from receiving any sort of public funding or subsidies. The corporate nature of TVN means that important public service broadcasting traits -such as high quality “type A” programmes- are achieved.

Nevertheless, the legislator’s confidence on the neutrality of advertising funding is debatable. Furthermore, independence from government can be threatened by the clause that allows the Ministry of Finance to retain TVN’s profits at discretion. Finally, the role of the Directorate is also questionable. Can seven people really represent the nation, if appointed by a Senate that is not totally elected, together with the President of the Republic alone? Yet, however imperfectly, no other mass medium in Chile shows TVN’s degree of social representation at its most powerful decision-making body.

## CHAPTER 5

### LAW OF THE TELEVISION INDUSTRY IN CHILE

#### Introduction

This chapter analyses law No.19,131 of the National Television Council of 1992, which regulates the whole television industry, and creates a regulator -the CNTV- to ensure that these principles are kept<sup>1</sup>. It complements the aspects the laws and constitutional principles described in the previous chapter. As a result of the dominant pro-market paradigm in broadcasting legislation, radio was exempted from content restraints, and television franchises were open to private and foreign investors. Instead of heavily regulated broadcasters obliged by a detailed set of public service obligations, franchisers are now expected to stick to a minimum set of moral values constantly watched by a regulator, the CNTV. The watchdog can define how exactly the law should be applied -for instance, defining “pornography” or the time slot for adults.

That set of moral values to defend is most of what remains from the old public service values, and franchises are granted exclusively under technical criteria. The Council also accomplishes some other public service roles such as subsidising programmes of special interest, although the funds involved are negligible. Although that the current law has a weaker commitment to public service broadcasting than its 1970 predecessor, it is also true that it is a much more feasible, practical piece of legislation. Besides, government manipulations are more difficult, yet PSB principles still survive in some aspects.

This chapter starts with the change of paradigm experienced by Chilean broadcasting legislation from public service broadcasting to market principles, which led to the creation of the current law. The core is devoted to the two main roles accomplished by the CNTV: as a watchdog and as a supporter of public service broadcasting principles. As a watchdog, the CNTV [a] supervises, [b] defines the norms, and [c] applies sanctions (comptrolls) if necessary. As a supporter of PSB, it subsidises programmes, fixes certain obligations to the franchisees, enforces some desirable values, and supports broadcasting research. Nextly, the formalities related to how the CNTV operates and how television franchises are granted are discussed. The chapter ends with a set of observations and conclusions.

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<sup>1</sup> Originally, the Law of the CNTV was promulgated in 30 September 1989 with the number 18,838.

## 1. The change of paradigm

Law No.19,131 has important differences in respect to the first law of television (No.17,377 of 1970), notably the pro-market stand that permeates the whole body. The lawyer Hernan Pozo, Secretary General of the CNTV, points that it is the paradigm of television what changed:

*Television is increasingly a business. When the first law of television was promulgated in 1970, it was conceived as an instrument of culture, of communication, of integration, etcetera. The current law does not speak of a mission for television. It has no mission, just some minimum values to respect...except for TVN...Then, culture is a commodity traded on the market. If there are no advertisers, there is no culture<sup>1</sup>.*

So, are there any public service principles left in the Chilean system after all? The Chair of the CNTV, Pilar Armanet, believes that both the society and the political elites want it, yet there is not enough willingness to assume all of its costs. In the end, some public-service traces emerge occasionally here and there. At least TVN is one of those traces:

*[In the past, ] the legal frame of Chilean television was of exclusiveness of public service...since only the universities were considered capable of having a channel. The original law of TVN had the same aim. The privatisation of the 1980s breaks completely with that tradition; it terminates [with it] on the facts but not on the discourse, because it eliminates the main component of public broadcasting [which is] public funding...*

*Despite this sort of public service mandate remains in the discourse, reflected in the article 1 of our law, it is nonetheless deprived of content because TVN is forced to self-finance completely. There is a rupture and a massive triumph of the hypothesis that this is an industry, a commercial business as any other else.*

**Q. If so, what is the case for a national broadcaster and a CNTV?**

*A. Because in the in the current legal context there is a non-explicit decision [of public service]...I would say that the majority of the nation does not agree that television is only an industry...[The same happens] if you listen to the demands that the political elites do...but the point is that they don't want to pay for it...*

*And it exists, at least in TVN's declarations and practice, an attempt to keep alive the idea that TVN is [a] public [broadcaster]...If you talk with any of*

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<sup>1</sup> Interviewed on 5/11/1997.

*TVN's Executive Directors or the members of its Directorate. you will find a public service vocation<sup>1</sup>.*

## **2. Origins of the law**

While TVN accomplishes the entrepreneurial role of the state in the Chilean television industry, the CNTV plays the subsidiary part as the regulator and watchdog of the industry.

The Council was originally created by the general law of television of 1970 (law No.17,377). Brunner & Catalán recall that the CNTV had to supervise, orient, and oversee Chilean television; to raise its technical and programming level; to stimulate research about the effects of the medium on the audience; to promote and finance programmes of high cultural value or of national interest; and to set limits to advertising (Brunner & Catalan, 1994b). Nevertheless, broadcasters were free to do their own programming according to the principles set by the law. The CNTV itself was an autonomous public body which had a representative structure made up of members appointed by the three powers of the state, plus the rectors of the three main universities, and two members of TVN. Television was conceived as a public service able to integrate the nation, aimed to inform, educate and entertain, without ideological bias (see previous chapter).

After the coup in 1973 the CNTV was transformed by *de facto* legislation into a politically-dependent entity of the Executive. Its powers were expanded and included a strong emphasis on supervising moral aspects of programming (Brunner & Catalán, 1994b; Mena Arroyo, 1989).

The basis for a new system were laid by the 1980 Constitution (Art.19, No.12), which stated new conditions for the industry. These included private television for the first time, and, as in 1970, a regulatory body in charge of overseeing the franchisees, although this time including radio as well as television.

This constitutional mandate stayed on paper until 1989. It required a social-*quorum* law to become reality. The fact that the military dictatorship controlled its own legislature was not the cause of the long delay to promulgate the new law of television. The regime did not want to deregulate the TV market and so lose its governmental grip on this influential medium. Therefore, the replacement of the 1970 law -which forbade private broadcasting- took almost a decade. Meanwhile, the complacent CNTV kept operating as after the 1973 coup. It was only after the

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<sup>1</sup> Interviewed on 25/11/1997.

dictatorship was defeated in the 1988 presidential plebiscite that the regime rushed to fulfil its constitutional promise of private broadcasting and deregulation. The new law of television No.18,383 was promulgated in 30 September 1989, six months before the end of the regime.

As it happened before in 1958 and 1970, Law No.18,838 of 1989 was issued by an outgoing government already defeated in the ballot box, interested on putting obstacles to its successor. According to Brunner & Catalán, it 'restricted' the role of the CNTV as well as the concept of socially-responsible television formulated in 1970. Public responsibility of the whole system was reduced to a notion of '*correct operation*' -stated in the Constitution- according to a particular set of moral values to be '*constantly reaffirmed*' throughout the broadcasters' programmes. The regulator, the National Television Council, was to oversee all this. Finally, radio was not included into the CNTV.

Thus, the CNTV no longer was a driving, directing force on behalf of national integrity, culture, education, information, entertainment, and democracy as was originally stated in the law of 1970 (1994b:76). Broadcasters were left to do as they wished, provided they did not violate the law. This contradicts the laissez-faire spirit of the legislation, since programming was directly affected -the Council was entitled to dictate norms to prevent the broadcast of 'excessive violence, gore, pornography, and participation of youths in acts against the moral and good customs' (1994b:77). Finally, the CNTV received enhanced punitive powers apart from public reprimand (often ineffective) and termination of the franchise (too severe and never applied): fines and temporary suspension. Fines have proven to be specially effective since then.

The outgoing regime and its supporters highlighted the opportunity given to the private sector to enter into a thriving area of the economy, while avoiding the ideological risks and economic distortions of a public monopoly in television (see Libertad y Desarrollo, 1993, 1992). Paradoxically, the pro-market dictatorship did not dare to test its own recipe while in power.

The new law No.18,383 distinguished between "free" (terrestrial) and "limited reception" television services (cable-TV and other forms of narrowcasting), and the CNTV was made responsible for allocating the new private frequencies. It also defined television franchises like any other piece of private property, i.e., transferable and perpetual, with no need of anything but technical criteria and minimum legal formalities to allocate them, and with no special restrictions for cross-ownership, private concentration or foreign penetration (Brunner & Catalán, 1994b:77). This was a stark contrast with law No.17,377 of 1970, which restricted

broadcasting to TVN, TVUC, UCV-TV and the channel of the University of Chile exclusively.

Patricio Aylwin's new government challenged law No.18,383 and it was reformed after intense negotiations with the right-wing opposition. The result was law No.19,131 of 1992, which determines the rules for the whole television industry today. Its core is summarised by Brunner & Catalán in the following terms:

*'The regime of public responsibility and control of Chilean television is structured around the concept of **correct operation**, defined in terms of a nucleus of protected juridical terms that must be respected by the programmes of the television services...[It creates a] bridge between various realms that modern society has separated: moral and market, on one hand; and, on the other, common responsibility and free expression in a democratic context' (1994b:84).*

The authors acknowledge that there is a short circuit between the constitutional principle of free expression for all media and the exception made for television. This is because the legislator recognised a "*very special responsibility*" to television based on, first, the world-wide recognition of the exceptional character of this medium; and, second, the doctrine of spectrum scarcity (1994b:79). As spectrum scarcity is no longer valid, it is in a wide set of qualitative aspects where the current justification for special regulation and the existence of a state-owned broadcaster lies. This point will be developed further in the next chapters.

### **3. Two roles for the CNTV**

The concept of public responsibility of Chilean television did not regain the comprehensive character set back in 1970 and instead reduced it into the observance of a particular set of values. But, as Brunner & Catalán admit (1994b:78), the 1992 reform changed the CNTV's task from a '*constant reaffirmation*' of these values (law No.18,383) to the less commanding one of ensuring a '*permanent respect*' of them (law No.19,131, art.1). This was also more coherent with the constitutional principle of free expression without prior censorship (art.19, No.12). In addition, the values to be 'permanently respected' were extended to new areas. Thus, according to article 1 of law No.19,131, the main task of the CNTV is:



'...to oversee<sup>1</sup> the **correct operation**<sup>2</sup> of the television services and, for that purpose, it will supervise and comptroll [fiscalizar] the content of the transmissions done through them, according to the norms of this law.

'By **correct operation** it will be understood the **permanent respect**, through [the channels'] programming, for the Nation's own moral and cultural values, for the dignity of persons and the protection of the family; for pluralism; for democracy; for peace; for the protection of the environment; and for the spiritual and intellectual formation of children and the youth within the said value framework' (Art.1, bolds are ours).

Despite the limitations on the role of the CNTV pointed out by Brunner & Catalán, some important traces of the public service-oriented framework remain. There is a stream of requirements that exceeds those of a simple regulator or watchdog and contribute to the traditional notion of Public Service Broadcasting (i.e., the ideal described by authors like Achille, Miede, Aufderheide, Blumler, Costa, Garnham, Scannell). So in this respect, the CNTV complements TVN: while the state-owned channel is called to produce, broadcast, and compete in the market while being ideologically pluralist, the CNTV tries to ensure that all broadcasters *operate correctly*. In other words, PSB is not monopolised by a single broadcasting corporation such as TVN.

The legal obligations of the CNTV can be separated into those aimed to ensure public service and those related to its role as a regulator and watchdog.

### **3.1.- The CNTV as a regulator and watchdog of the industry**

This is the first but not only type of duties of the Council. As a regulator and watchdog, Brunner & Catalán outline a hierarchy of regulatory powers composed of five successive layers of diminishing importance: [1] to supervise and comptroll the channels in respect of the content of their broadcasts; [2] to adopt rules to avoid broadcasts against morals, good customs, or the public order; [3] to dictate *general norms* to impede the broadcasting of determined programmes; [4] to adopt various measures with specific objectives plainly stated in the law; and [5] to apply the corresponding sanctions (1994b:81).

#### **a) The supervisory role.**

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<sup>1</sup> The Spanish expression is *velar*: oversee, invigilate, watch, seek.

<sup>2</sup> The Spanish expression is *correcto funcionamiento*.

This level of functions has remained almost unaltered throughout the legislative history of the CNTV. As seen in article 1 of law No.19,131 above, three types of functions are inter-twinned at this stage: normative, supervisory, and comptrolling ones. (Brunner & Catalán, 1994b:81). In other words, the CNTV can set some definitions and standards of performance, check that broadcasters are behaving properly, and apply sanctions if necessary.

Article 12 states that the CNTV must watch that all television services, both terrestrial and “of limited reception”, are strictly adjusted to the principle of **correct operation**. Nevertheless, the regulator cannot intervene directly on any broadcaster's schedule, nor can it exercise prior censorship. This implies that the Council only checks that broadcasters do not breach the following set of juridical goods described in article 1:

- The Nation's moral and cultural values.-
- The dignity of persons and the protection of the family.-
- The spiritual and intellectual formation of children.-
- Pluralism.-
- Democracy.-
- Peace.-
- The protection of the environment.-

These seven principles are not defined further. The last four were added in the 1992 reform, which reveals the democratic environment in which they were debated. As Brunner & Catalán recall, these discussions were specially focused on the concept of *pluralism*, which was interpreted as 'not limited to mere ideology, but as an exclusion of all forms of unjustified discrimination...[it is] referred to politics, ethics, religion, culture, sexual diversity, etc. In summary, to the respect for "diversity" in all that makes up the social environment' (1994b:78). In practice, though, it has been hard to enforce anything apart from airtime devoted by broadcasters to candidates during election times.

Despite that the Council checks the compliance of these seven items, responsibility lies on the television channels. Broadcasters are 'exclusively and directly responsible for all and every programme they broadcast, national or foreign, including the satellite broadcasts or re-broadcasts' (Art.13).

## b) The CNTV as a regulator

As a regulator, the CNTV has the power to define more precisely some of the terms in which the law must be applied. This means that the Councillors outline the subject and promulgate a "*reglamento*", i.e., an instruction that, for instance, prevents the broadcast of certain undesirable topics. In some issues, the CNTV is obliged by law to define precisely and enforce some topics mentioned in the law. In others, the Council can use its own discretion to select a specific topic from a set outlined in the law and define how to proceed, such as minimum percentages of national production, the definition of hours suitable for children broadcasts, and so on.

In general, broadcasters say that the tone of the law is very much oriented towards preventing the broadcast of certain topics rather than facilitating positive actions to the channels<sup>1</sup>. Conversely, inside the CNTV broadcasters are blamed for doing too little, while insisting that the regulator cannot interfere on the broadcasters' schedules<sup>2</sup>.

Anyway, Brunner & Catalan (1994b) distinguish between three levels of regulation exercised by the CNTV. On the first, the regulator is entitled, not forced, to ensure that "moral, good costumes and the public order" are observed. The second level refers to four specific items mentioned in the law the CNTV is obliged to define precisely and apply a sanction if broadcast (excessive violence, gore, pornography, and participation of children in immoral acts). Finally, the CNTV can regulate with some degree of discretion some specific topics which the law define more openly.

### b.1. Regulating morals, good customs, and the public order.

In this first realm of regulation, the CNTV enjoys a relatively wide degree of discretion to define how enforcement will take place. Article 13 says the Council is entitled to 'adopt measures' to prevent either advertisements or programmes that clash against 'moral, good costumes or the public order' from being broadcast.

For Brunner & Catalán (1994b:82) these three concepts are just another way of expressing some of the seven core values mentioned in article 1. For instance, 'moral and good costumes' is included into what article 1 calls the

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<sup>1</sup> Interviews with Luis Ortiz, President of TVN's directorate (28/11/1997), and Valerio Fuenzalida, head of Qualitative Studies, TVN (4/11/1997).

<sup>2</sup> Interviews with Pilar Armanet, Chair of the CNTV (25/11/1997), and Cristobal Marin, Chair of Studies of the CNTV (5/11/1997).

'Nation's own moral and cultural values'. It can be understood as 'what anthropologists and sociologists call the *cultural ethos*...[which is] incarnated and reflected upon the forms of personal and collective life, with the subsequent determination of habits, attitudes, customs, dynamics, and inhibitions' (Ibid.).

On the other hand, 'public order' (not mentioned in article 1), refers to Alessandri & Somavia's description of an 'organisation existing within a society...based upon determined political, economical, social, religious, and moral ideas that are regarded as fundamental for the normal and correct functioning of the said society in a given historical moment' (quoted by Brunner & Catalán, 1994b:82).

As a discretionary regulatory attribution, the CNTV decides when and how to 'adopt measures' to protect the set of juridical goods mentioned above (the seven of article 1, and the three of article 13). This endowment granted to the Council clashes with the constitutional principle of free expression, unless the notion of '*a very special responsibility*' of the television channels is recognised (Brunner & Catalán, 1994b:82).

The next stage of regulatory prerogatives granted to the CNTV is more specific and defines some specific instruments.

#### b.2. Dictation of general norms to prevent determined programmes being broadcast.

This level corresponds to the CNTV's obligation to regulate. In contrast to the discretion to 'adopt measures' (or not) in article 13, article 12-L forces the CNTV to

*'dictate general norms to effectively hinder the broadcast of programmes containing excessive violence, gore, pornography, or participation of children or adolescents in acts against moral and good customs...The norms dictated by the Council must be published in the Official Daily<sup>1</sup> and will apply from the date of publication...An aggravating circumstance [will be] that the offence is committed during the hours in which children normally have access to broadcasting'.*

The *general norms* concerning these topics were debated and promulgated by the Council as a mandatory resolution for all broadcasters on 20 April, 1993. They replaced a previous set issued in 1990 by the 'old' CNTV appointed by the military regime. It makes up a sort of appendix of law No.19.191 and can be

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<sup>1</sup> To be formally promulgated, all legal resolutions issued by any of the three powers of the state must be published in the daily Official Daily, or *Diario Oficial*.

changed by the Council without need to amend the law itself. It makes the following definitions:

- \_ **Excessive violence:** *'excessive exercise of force or coerciveness, specially when it is applied with cruelty on living beings; and behaviours that exalt or induce [to commit] aggressive conducts'.*
- \_ **Gore:** *'all conduct ostensibly cruel, or [any other that] exalts cruelty or exaggerates suffering, panic, or horror'.*
- \_ **Pornography:** *'exploitation of obscene or degrading sexual images, of aberrant sexual behaviours or [of those images] that incite to [commit] deviated conducts; and any abusive or rude exposure of sexuality'.*
- \_ **Participation of children and adolescents in acts against morals and good customs:** *'acting or utilisation of under-age children in scenes of extreme violence or cruelty, or of explicit sexual [content], or in any other circumstances that incite behaviours against morals and good customs'.* (Art. 2; a, b, c, d).

The mandate of April 1993 also states that all information programmes 'must avoid any sensationalism' when reporting facts or any real situation (art. 3). No definition of sensationalism was given.

Brunner & Catalán (1994b) stress that the CNTV's prerogative to dictate such general norms have not been doctrinally challenged. Yet this does not mean that their implementation has been rosy and conflict-free: the 1993 resolution has meant reprimands and fines in many cases -TVN itself has suffered quite a few. Sex is one of the most frequent areas of clash between the CNTV and the broadcasters (Armanet, 1995a, 1995b). And despite the relaxation following the end of the military rule, Chilean television keeps its conservative reputation according to the chair of the CNTV, Pilar Armanet (1995a: D16).

### b.3 Dictation of specific mandates

The final level of regulations to which the CNTV is entitled refers to more defined, restricted topics. Here the regulator has more freedom to decide how and what to regulate than in the subsection above.

Most of the specific topics that can be regulated are mentioned in article 13. Feature films receive special attention: the Council can 'adopt measures' to prevent the broadcast of those feature films not rated by the Board of Film Qualification<sup>1</sup> (films rejected by the Board are automatically forbidden for

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<sup>1</sup> The Board of Film Qualification (*Consejo de Calificación Cinematográfica*), also an autonomous public body. It is the only one in the media industry that, as in many other countries, previews and

television). and the CNTV can determine the hours in which 'over 18'-rated films can be broadcast.

Another issue expressly mentioned in the law is the possibility to oblige broadcasters to air a minimum of 40% of national productions. This point has not been necessary so far, since the market by its own has determined a steady increase of Chilean-made programmes since the 1980s. The latest figure available at the CNTV was an average of 58.5% of national programmes in 1996<sup>1</sup>, up from 51,5% in 1994<sup>2</sup>.

In 1993 the CNTV promulgated a set of '*Special Norms*' together with the *General Norms* concerning gore, excessive violence, and pornography. In this occasion, the following specific topics were covered:

— Broadcasting hours for films: Films qualified as 'over 18' by the Board of Film Qualification can only be screened between 22:00 and 06:00 hours. Their promotion can be done at all times, provided the general principles on protection of youths, decency, and violence, are respected (Art.1). The same rule applies for those productions not qualifiable by the Board (Art.2). According to the chair of the CNTV, Pilar Armanet, most of the problems concerning morals with the broadcasters arise from scheduling these type of productions earlier in the evening (1995a, b). Channels must indicate 'daily and noticeably' the hour in which they are allowed to show films rated 'over 18', and warn the audience when these films are going to be broadcast (Art. 3).

— Advertising of tobacco, alcohol, and drugs: advertising of tobacco and alcohol is restricted to 22:00 to 06:00 hours. At other times, and only in 'exceptional cases', their brand names can be mentioned if they are sponsoring an event, but without further reference to the product. Finally, adverts about use or consumption of drugs are forbidden (Art. 4). These are the only specific restrictions placed on advertising, apart from the general prohibition on all broadcasts concerning gore, pornography, and protection of youths.

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rates all feature films to be exhibited. If a film does not suit the age restrictions laid down by the Board (i.e., all public, above 14, and above 18), the film is banned. The Board cannot cut any film, so the distributors often cut away all controversial scenes beforehand to avoid problems with the relatively conservative Chilean authorities. All films broadcast by television should have been rated and approved by this entity; those rated above 18 cannot be screened before 22:00 hours.

<sup>1</sup> Source: Dr. Cristobal Marin, director of studies, CNTV.

<sup>2</sup> Source: Dr. Guillermo Sunckel, CNTV.

Charges against broadcasters. Any person is entitled to complain to the CNTV whenever these norms are violated by any broadcaster. The Council decides if any further action is taken. The claim must be made in writing within ten days of occurring and should specify all details of the supposed offence, including the identity of the claimant (Art. 7).

Later, the CNTV has dictated other specific norms, but TVN's performance has not been precisely encouraging with these.

In 1996, a ruling was made on behalf of newscasts for hearing-impaired persons, which included a very small fund of Ch\$ 13 million (nearly US\$ 30,000) to help finance some news summaries. Unfortunately, only Megavision bothered to try to do something in this respect, while TVN did not.

After the 1993 presidential elections, the CNTV had to set norms to prevent the broadcast of exit-polls results in during an election (i.e., surveys of citizens who had just casted their votes), so to avoid any influence on the electoral outcomes<sup>1</sup>. This issue was raised because in the race to beat its competitors, TVN's News Department did exit polls in the very day of the election and tried to forecast the outcome. Despite TVN was not the only one who did exit polls and that there was no apparent intention to favour any candidate in particular, the broadcaster found itself in a quite uncomfortable position.

Finally, also within this layer of specific rulings there are other subjects mentioned by the law: ensuring pluralism in programmes of political debate; the formalities to grant, renew, modify, or terminate a terrestrial television franchise; and the regulation of satellite television (art. 12, E). These are going to be described as a part of the public service dimension of the CNTV further down.

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<sup>1</sup> Interview with Hernan Pozo, Secretary General of the CNTV, 5/11/1997.

### c) Comptrolling functions of the CNTV

This is the last type of regulatory attributions of the CNTV, according to Brunner & Catalán. Article 12-i enables the Council to apply sanctions to any broadcaster, terrestrial or not, when a transgression of the notion of 'correct operation' is committed. The four types of punishment are detailed in article 33 and consist of:

- public reprimand;
- fine of 20 to 200 UTMs, which can be duplicated if the offence is repeated<sup>1</sup>. Fines should be paid within the fifth working day after the punishment is decided; non-payment enables the Council to *additionally* decree a temporary suspension of broadcasts -not longer than 20 days- based on a rate of one day of suspension for each 20 UTMs of the fine previously set (Art. 40);
- suspension of broadcasts up to seven days, if the infraction is 'grave and repeated'; and
- termination of the television concession. This sanction applies exclusively for specific conditions such as not accomplishing the technical standards set by the law, three previous suspensions in a year, bankruptcy, the violation of the requirement of Chilean nationality of both the franchisee and its top executives, and infringement of the principle of *correct operation* stated in article 1.

Law No.19,131 gives broadcasters the possibilities of a fair trial whenever the Council takes action against them. Article 34 states that the CNTV must notify the offending franchisee before applying any sanction, who has five days to make discharges. In the case of a public reprimand, fine or temporary suspension of transmissions ordered by the regulator, the affected can appeal to the Court of Appeals. The most grievous punishment, i.e., cancellation of the franchise, is contestable at the Supreme Court. All appeals must be made within five days after the notification of the sanction (Ibid.).

Article 40-bis enables any person to denounce in writing to the CNTV any transgression against the *correct operation* of the television services (see art.1) or against the issues mentioned in article 12 (excessive violence, gore, pornography, participation of children in acts against moral, and transmission of these contents between 06:00 and 22:00 hours). If the Council considers that the claim has

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<sup>1</sup> On December 1995, one UTM was equivalent to US\$ 53,78 at an exchange rate of Ch\$ 406.8 per dollar. Thus the fines ranged from a minimum of US\$ 1,075 to a maximum of US\$ 10,757 (El Mercurio, 25/12/1995).



enough merit, sanctions can follow as described in the previous paragraph. Otherwise the demand is dismissed and recorded.

Pilar Armanet, head of the CNTV since 1994, reckons that viewers rarely complain if a broadcaster violates the law. It is often the CNTV who acts on behalf of them:

*We meet [with all the Councillors] three times a month. Chile is a very immature society in terms of exercising its rights and duties. In general, this Council works more by its own initiative than by [citizen] request.*

*A 100% of terrestrial broadcasts are recorded. There is a technical team who oversee [the recordings] according to programme genres. They make a report for the Supervision Department, [composed by] six or seven multi-disciplinary professionals of wide experience. They meet and discuss [any] cases of possible breach of the law. If any doubt arises, it's better to call the Council. Its members receive a well-founded report from the Department of Supervision, and a tape with the scenes that originated all this process...*

*The Council discusses [the issue]. It is generally hotly debated, it is complex, and far from unanimous. This Council is pluralistic in many respects; unanimity is practically non-existent. Generally, there are abstentions.*

*The spirit is to try not to formulate charges. There is not a prosecutory mentality. Of 40,000 hours broadcast [in 1997], we enforced only five sanctions throughout the year. Very little. Eleven charges were formulated. Most of them relate to the protection of the children's slot between 06:00 and 22:00 hours<sup>1</sup>.*

The CNTV is entitled to request from the franchisees "all the information necessary to accomplish its [regulatory] functions; those requested are obliged to present [the information asked]" (Art. 12-d). In reality, there is a conspicuous exception to this rule: the biggest broadcaster, TVUC of the Catholic University, consistently refuses to disclose its financial statements. Together with other factors, this situation certainly does not enhance the system's transparency and reveals the lobbying ability of the powerful. The CNTV has failed to make TVUC obey this clause, so far:

*All franchisees, both terrestrial and cable, must give certain [financial] information to the SVS [Bureau of Valuables and Insurance<sup>2</sup>]...The Catholic*

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<sup>1</sup> Interviewed on 25/11/1997.

<sup>2</sup> The SVS, *Superintendencia de Valores y Seguros* in Spanish, oversees the correct economic operation of the financial, insurance, and industrial system. It is different from the Revenue Service (*Servicio de Impuestos Internos*).

*University, systematically, does not obey; it doesn't send the information to the SVS. We formulated a charge a long time ago -I would say one year, if not more-. The Catholic University answered that it didn't correspond, because its Television Corporation was the same as its Faculty of Medicine or its Faculty of Law. They were the same assets. So what [the Catholic University] does is to present a consolidated balance and P&L account of the whole of the University to the SVS at the end of the year. [But ] you cannot distinguish what is the Corporation of TV and what it isn't....*

*Anyway, the point is that they don't give the information. They answered that they were under a special legal situation -that the Catholic University is a non-profit juridical person of public right, not a public limited company, etcetera, etcetera. This answer did not leave the CNTV completely satisfied, neither totally unsatisfied. So it was sent to the SVS to seek the opinion of its Chair about the Catholic University's argument. That is still pending. SVS has not answered our request -or requests, because I think we insisted. But we shall insist again, and this matter will probably end up in the Court, no doubt..*

*[The Court] will decide if this rule applies or not. I think it applies completely. Because the law does not distinguish....it says it applies to all franchisees, whether they are a PLC or not, it's the same...*

**Q. How would you punish TVUC if it insists on this?**

*A. Normally, a first-time offence is punished by a public reprimand, unless it is extremely grave. If it is repeated, you can go further -a fine, suspension of transmissions, until the termination of the franchise.*

**Q. Yes, but in practice....**

*A. It never happened. There has never been a harder sanction than a fine; never a suspension, and even less a termination<sup>1</sup>.*

On the other side of the conflict, TVUC does not feel necessary to be more transparent. In the following dialogue with TVUC's Secretary General, it hardly appears any notion of external accountability apart from ratings:

**Q. TVUC does not publish its financial statements because it's a corporation of public right...Wouldn't it be better to publish them, for the sake of the transparency of the system?**

*A. The thing is that transparency for the sake of transparency has absolutely no value. The one who has to know how we are doing is our*

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<sup>1</sup> Hernan Pozo, *ibid.*

*owner, who is ourselves, because as a corporation we are a part of the University.*

***Q. Yes, but apart from the Chairman, and perhaps the highest authorities, nobody else inside the University knows...at least not the academics. I don't, for example.***

*A. No, everyone knows very well. Anyone inside knows that we give money to the University, and how much we give....Both our operating and non-operating profits are well into blue, in any case. We don't publish figures, but we tell the realities<sup>1</sup>.*

### **3.2.-The CNTV as a supporter of Public Service Broadcasting**

Apart from being the industry's watchdog, and despite the modesty of the sums involved, the CNTV has an important say in implementing public service broadcasting throughout the whole television system in Chile, i.e., ensuring a wide range of programmes available for all within a nation -paraphrasing Scannell (1990). This complements the work done by TVN and, at least in doctrine, pays with public funds for what the market is not able to provide. These are:

#### **a) Subsidy of outstanding programmes**

The CNTV must promote and finance the production or broadcasting of programmes of 'high cultural level or either regional or national interest so qualified by the National Council of Television'. A special emphasis is given to the production or broadcast of programmes 'in those borderline, extreme, or remote areas of the national territory in which, due to their isolation or scarce population, there is no commercial interest for the terrestrial television concessionaires to provide such services' (arts. 12-B, 13 bis).

The public funds are allocated by public competition and can be given to either a broadcaster or a producer, provided the latter has a contract to broadcast the programme through a terrestrial channel. The money is dispensed once a year by the Ministry of Finance according to the Law of Budgets for the Public Sector (Art. 12 B).

This competitive allocation of public funds for public service broadcasting is similar to that recommended by the Peacock Committee in 1986 to replace the BBC by the year 2000 or so. The idea was put into practice in 1975 when the

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<sup>1</sup> Interview with Jorge Fernandez, Secretary General of TVUC, 29/10/1997.

military regime cut drastically the public funding for television, according to its orthodox economic policy. A much smaller pool of money was given instead to the CNTV to be distributed amongst the channels to finance programmes of 'national interest', as well as to subsidise part of TVN's operating costs (D.L. No.1086; see Mena Arroyo, 1989). This competitive way of allocating public funds persisted in law No.19,131, as well as the modesty of the sum involved.

While this mechanism can be a good idea in theory, in practice the small amount involved makes the fund ineffective. Before 1996, the subsidy managed by the CNTV accounted for less than 0.01% of the industry's yearly revenues: Ch\$ 66 millions in 1994, equivalent to US\$ 162,242. According to its chair Pilar Armanet, the CNTV ceased spreading the money into too many bidders, since winning projects failed to materialise because of the need of additional sources of funding. In 1994, the fund was allocated to two out of 54 bidding projects. In 1995 the fund rose to Ch\$ 71 million (US\$ 174,533) and was given to a single applicant (SECC, 1995:25).

Under the current tight-fisted government policies concerning public expenditure, it seems unlikely that the CNTV's fund might get a dramatic increase. Furthermore, the money comes from general taxation, so the Council cannot even claim that it is recycling resources from the television sector -such as a licence fee. Finally, the Constitution forbids taxes to fund specific purposes. Thus, there is little to expect from the Ministry of Finance other than good will. The Chair of the CNTV, a party member of the governing Concertacion alliance, does not hesitate to accuse the government for the insignificance of the funds:

*[The public service obligations of Chilean TV] are set in Article 1 and, additionally, there were going to be funds so to allow broadcasters to innovate and do public service proposals. But [supposedly] funds that could be a counterweight to advertising finance. And that has never happened. Not by a parliamentary decision, but because of the Ministry of Finance...The Executive power has never confronted that television really requires massive public funding. It is not only us who say this, it's also the parliament. Every year, the request for funds comes from the congress. [But the Ministry of] Finance doesn't want....*

**Q. Since when?**

*A. Since always. The Concertacion governments have had a very tiny commitment to culture.*

**Q. But it seems that all governments have been like this...**

*A. But this one more than the rest. I'm talking about the Concertacion governments, because I don't expect the military having a commitment with*

*culture. But even [during the dictatorship] there was a compulsory “cultural slot”<sup>1</sup>, and there was state-owned television financed by the state.... The flow of public funds towards television was huge, but not necessarily efficient. Yet the democratic governments did not [eliminate] the VAT for books [imposed by the military], and the public funds for TV are tiny....*

*For reasons of moral and political loyalty, I never wanted to ask an exorbitant amount to [the Ministry of] Finance to calm my conscience when they refuse. I won't ask for US\$ 200 million so they can say me “no”. I call [the Ministry of] Finance and ask how much they want to give. “Not a cent above so much”, and thus [my request goes] to Congress...<sup>2</sup>*

The secretary-general of TVUC, the lawyer Jorge Fernandez, a former high-level public servant for the military regime who opposed the excessive deregulation of broadcasting, recalls the debate inside the government in the early 1980s, when private broadcasting was set in the constitution:

*...[In order to] produce at the quality levels to which this country got used,...the market demonstrated that only two broadcasters survived [TVUC and TVN], one was half-choked [UCV], and the other was constantly bankrupt [the University of Chile's, nowadays CHV]. Nobody intervened, the market itself demonstrated it. The moment arrived, the market was opened, and reality has not been different. For how many is there room? For two and a half [broadcasters]...*

*We always said...that [deregulation] would only define who of those two and a half would last...*

*We said that there would be a loss of quality [in the system]. We were told that the state would give the resources to promote culture [and high-quality] programmes. A certain presidential candidate said “the CNTV will have so much resources, that it won't be a problem”. We said “I don't believe you”....Because in a developing country people have to eat first, then heal themselves, and after all that, hand money to the CNTV. Television was opened, but the other thing did not come...First, it was the military government; afterwards the Concertacion...There is a consensus among the political class...*

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<sup>1</sup> The “cultural slot”, imposed by the dictatorship as a compensation to the cut of public funding in 1975, was a weekly 60-minute slot at prime time in which all the TV channels were obliged to schedule “cultural” programming. The current law terminated with this practice, because it was considered an unacceptable degree of government interference both for a democracy and a market economy. Nevertheless, many others -including fervent opponents to the dictatorship- sustain that the cultural slot was quite successful.

<sup>2</sup> Pilar Armanet, Chair of the CNTV, 25/11/1997.

*But you can understand that in a country like this one, priorities must be different. We don't even have enough money for direct education, for the schools! How can it be for television? We totally agree that there should be more formative programmes. But who pays for them?*<sup>1</sup>

Fortunately, since 1997 the CNTV's small fund was doubled up to Ch\$ 160 million (nearly US\$ 360,000), which is still less than 1% of the yearly advertising income of the industry (0.12%, to be exact). Pilar Armanet recalls the circumstances surrounding this increase:

*Last year [1996] there was a very interesting debate, where the majority of the Senators -in a secret session, which nevertheless was leaked almost completely to the press- did a crude criticism about television: for its lack of [social] commitment, for its lack of a public service mission... Yet the problem was that they were not ready to pay for that. So there's a patent contradiction between discourse and practice.*<sup>2</sup>

#### b] Put programming obligations to broadcasters

A second PSB-oriented prerogative of the CNTV is its ability to oblige the concessionaires to broadcast, in peak-time, one hour of cultural programmes a week, i.e., 'those dedicated to arts or sciences' (art. 12,L). Channels are free to determine the day and the exact hour of transmission.

The regulator can also 'determine, in a general way, a percentage up to 40% of Chilean production' in the programming of terrestrial channels; this percentage can include Chilean feature films (Art. 13). Without need to apply this disposition, Chilean channels nowadays show nearly 51% of national programmes (see CNTV, 1994c).

Neither of these clauses has not been applied so far.

#### c] Enforce desirable values in relevant programme types

The Council is empowered 'to adopt measures and procedures to ensure that, in the programmes of opinion and political debate broadcast by any channel of television, the principle of pluralism is properly respected' (Art. 14). This measure also has not been enforced.

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<sup>1</sup> Jorge Fernandez, Secretary General of TVUC, *ibid.*

<sup>2</sup> Armanet, *ibid.*

#### d] Support research in broadcasting

Finally, the CNTV should foster and commission studies about the effects of television on national audiences (Art. 12,C).

The body does this and much more. Its research division, which has a sound reputation and is an obligatory source of reference, produces an important amount of quantitative and qualitative data about broadcasting -terrestrial, cable, satellite and video- despite the modesty of its resources. Unfortunately, studies are not always methodologically coherent or comparable, but after such changes of purpose, of the political and economical environment, and technology, this is not surprising. Fortunately, increasing consistence has been achieved since a stable institutional framework was defined in 1992.

This particular aspect of the CNTV is a rare phenomenon in Latin America, according to the Chair of the CNTV, Pilar Armanet, yet it should diminish gradually:

*Throughout Latin America we haven't found another [comparable] institution that does so deep and attractive studies as this Council, in parallel [to its regulatory duties]. Yet this is more related to the frailty of our system of higher education and to the lack of proper facilities in our universities to do this sort of research.*

*The state has assumed a role that potentially should move, I think, to the private sector...A regulatory body has restrictions when results are published, in the sense that we cannot interfere on [the broadcasters'] schedules. So there are always limitations on what we can study, and on what we can publish. Concretely, we cannot refer to programmes currently being aired. At least, not directly. So we have a problem that, I believe, a university wouldn't. In fact, the spirit of the law is that we contract-out the studies [we need]. The problem is that, at present, there's nobody we can go for that<sup>1</sup>.*

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<sup>1</sup> Armanet, *ibid.*

## **4. Formalities and Technicalities About the CNTV and Franchises**

### **4.1. Nature and Organisation of the Council**

The CNTV is an 'autonomous, functionally decentralised, public service, endowed with legal personality and [its] own assets' (art.1).

Like TVN, it is formally related to the President of the Republic through the Ministry Secretariat General of Government, the one in charge of the government's communications policy (Ibid.). Note that this relationship does not mean that the Council obeys or is subject to the Executive.

The regulating body as such. i.e., the Council itself, is formed by eleven members. Like the Directorate of Televisión Nacional, its chair is appointed by the Head of State and the rest (ten councillors) are named in a single act in agreement with the Senate (which can reject the Executive's proposal). The eleven should ensure pluralism (Art. 2).

Councillors should be persons of relevant personal and professional merits, such as being awarded relevant national distinctions in arts and sciences, or have been an academic, judge, MP, or high officer of the Armed Forces (Ibid.). As it is the case with TVN's Directors, a councillor cannot have any personal or family interest in the industry (Art. 8, No.1). Similarly, neither the President, vice-president nor the Secretary General of the CNTV can be members of the directive cadres of a trade union or a political party (Art. 8, No.2).

Councillors last eight years in their posts and are renewed in halves each four years. They cannot be removed by the government. The Chair of the CNTV remains in the post until 30 days after the end of the period of the President of the Republic who appointed him/her (Art.2). Their pay is modest: they receive 3 UTMs for each session to which they attend, with a maximum of 9 UTMs a month, equivalent to US\$ 484 at December 1995 rates<sup>1</sup> (Art. 11). The President, the Vice-president and the Secretary General are also paid as staff members -according to rates applicable to the public sector (art. 42). Like the Directors of TVN, prestige is more an incentive than money, and many of the councillors get their main income from somewhere else (law No.19,131 allows this up to a certain degree).

Most decisions should be taken by majority agreement of the councillors. But a special quorum is required to either suspend or terminate a television franchise; to grant or modify the terms of a franchise; and to appoint -amongst themselves-the Vice-president and the Secretary General of the Council (Art. 5).

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<sup>1</sup> El Mercurio, 25/12/1995.



The CNTV is a small institution. As a whole, it employs 27 people (including the three councillors paid as staff members), of which 14 are professionals and managers. For all administrative procedures, wages included, the Council is submitted to the general rules of the public sector (arts. 41, 42).

#### **4.2. Conditions for the television franchises**

Last but not least, law No.19,131 sets the new conditions for television franchises and breaks the exclusive state-university duopoly that characterised Chilean broadcasting until 1989. The first private terrestrial franchises were granted in 1990, just before the democratic government was in office. Cable started very timidly in the mid-1980s, and expanded fast thereafter. Cable penetration was 11.4% in 1994, and jumped to 28.1% in 1996 (CNTV, 1994e, 1997), with 36.5% in the capital, Santiago (Time/Ibope, 1997:78).

Law No.19,131 is also one of the few ones in Latin America that makes the difference between terrestrial and narrowcasting television<sup>1</sup>. It therefore draws a distinction between how franchises are granted, and how they should operate. In programming, however, all broadcasters are submitted to the regulatory scope of the CNTV, as seen earlier.

The CNTV grants through public tender all broadcast franchises that operate in limited electromagnetic spectrum, both in VHF and UHF (art. 15). Franchises for narrowcasting services (cable and microwave TV<sup>2</sup>) are granted without need of public tender by a technical body known as SUBTEL (Subsecretariat of Telecommunications), dependent of the Ministry of Transport and Telecommunications, according to the General Law of Telecommunications No.18,168 (CNTV, 1994e:5. Reformed by law N°19.302 in 1994).

Franchises for terrestrial television (both in UHF and VHF) last 25 years renewable, and are only given to legal persons -not natural persons- whose validity exceeds the period of the franchise (art. 15). Nevertheless, TVN and the university broadcasters existing in 1989 enjoy unlimited concessions (CNTV, 1994e:5). Broadcasters that do not occupy electromagnetic space -cable TV- are also awarded unlimited franchises (art. 5 bis). Franchises for narrowcasters who do occupy spectrum -microwave TV- last 10 years (Art. 47, No.2; CNTV, 1994e:6).

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<sup>1</sup> The Spanish expressions are '*servicio de libre recepción*', the equivalent in English of free-received, terrestrial broadcasting; and '*servicios limitados de television*', narrowcasting (that can be either paid for by the viewer or not).

<sup>2</sup> That is, using frequencies below 2.6 Ghz (CNTV, 1994e:6).

The fact that TVN, TVUC, UCV and the network owned by the University of Chile (leased to a Venezuelan holding) enjoy perpetual franchises seems discriminatory and arbitrary. It is possibly much more related to these broadcasters' lobbying abilities than a genuine, open, and transparent concern for the usage of the spectrum on the public interest. According to the Chair of the CNTV,

*That is lobbying. It's lobbying by the Catholic University together with the more conservative sectors, and it's lobbying by TVN with the more liberal sectors... [Meanwhile, the franchise time given to private channels] was another compromise, and a 25-year limit was fixed. There was [Ricardo] Claro's lobby [owner of Megavision], COPESA's lobby [owner of La Red], and the whole press' lobby as well...In this country, I believe, the press doesn't inform. Firstly, it formulates an hypothesis, and afterwards tries to prove its hypotheses. It is a highly non--informative press in these matters that it cares about<sup>1</sup>.*

The CNTV calls for a public tender of a terrestrial franchise under three conditions (art. 15):

- [1] 180 days before the end date of any franchise;
- [2] within 30 days after the execution of the mandate of termination of a franchise; and
- [3] within 30 days after any firm 'interested on a franchise' requests the Council to grant a non-allocated frequency.

The call for public tender and the basis for the franchise must be published in three different issues of the Official Daily with a frequency of three to five working days. The characteristics of the franchise must be clearly outlined (Art. 15, inc.2).

In contrast to the British system -even after the controversial Broadcasting Act of 1990-, Chilean legislation does not set out qualitative criteria for the award of a franchise. The "objective", technical opinion of SUBTEL is the only consideration to be taken, according to the law. However, the system does have an advantage in comparison to the British case: no money is involved in the bidding process. The lack of qualitative criteria to grant a franchise is not necessarily considered a bad thing, though. Prior to 1990, the executive power enjoyed considerable discretion when awarding radio franchises to private

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<sup>1</sup> Armanet, *ibid.*

applicants. Therefore SUBTEL's strictly technical parameters were considered fair enough when it was the turn for granting television franchises.

The call for a franchise is published in the Official Daily and 'can only demand strictly objective requirements' (art. 15, inc.2). The concession is allocated 'to the applicant whose project, fully adjusted to the basis of the respective public tender, offers the best technical qualities to guarantee an optimal broadcast' (art. 15).

This clause contrasts sharply with the public-service oriented ethos of the law of 1970. Yet any successful applicant is obliged to follow permanently the principle of 'correct operation' discussed previously. Nevertheless, inside the CNTV there is concerns about the lack of other qualitative parameters as a condition to grant a franchise. According to the CNTV's secretary general, Hernan Pozo:

*Apart from asking the franchisee to respect some minimum rules, you don't ask them for any more. Franchises should be reduced in time; you don't see 25 years anywhere in the world. It should be 10, 15 years...And renovation should be conditioned not only to technical parameters such as today, but to quality requirements as well. How good is what you offer, so the franchise can be renewed to you and not to anybody else?....*

*When there is an available frequency and there are two competing projects, one could be a 24-hour channel of horse-racing, and the other a 24-hour cultural channel...It is not that I despise horse-racing, but...the franchise will be give to that who demonstrates the best technical conditions for broadcasting.*

***Q. Assuming SUBTEL's technical parameters are absolutely indisputable...***

*A. Even assuming that, regrettably we would be obliged to grant [the franchise] to the horse-racing channel if it has better technical conditions. That cannot be. There should be some sort of qualitative discrimination, it cannot be just the technical side...*

*And if you consider that tomorrow digital broadcasting will multiply the channels, it would be absurd that those who have today a terrestrial franchise get a [digital] one to broadcast the same they are broadcasting through analogic technology. That cannot be<sup>1</sup>.*

Applicants for a frequency must submit a technical project to the CNTV giving full details of installations, operational procedures, types of broadcast, area

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<sup>1</sup> Pozo, *ibid.*

covered and other requirements. The project must carry at least the signature of an engineer, and enclose a 'properly proved' financial plan covering the phases of start-up, exploitation, and operation (Art. 22). The CNTV sends copies of the project/s to SUBTEL. Within 30 days, this body returns a report concerning the technical feasibility of each project (if there is more than one) and their relative ability to ensure the 'best technical conditions for broadcasting' (Art. 23).

Bidders renewing their franchises (this will occur in the year 2015) shall have preference over the available slot (art. 15), provided their proposal 'equals the best technical proposal that guarantees an optimal transmission'.

The law does not say what happens if two or more applications offer the same degree of technical excellence. Preference is given to that franchisee that has been awarded the frequency before, but it is not clear what happens if none of the applicants has ever been granted the tendered slot in the past: the CNTV is supposed to act strictly according to technical criteria, so no qualitative considerations can be taken into account.

Anyway, the allocation of a franchise can be contested by any person (such as a defeated applicant). Should this occur, the CNTV must review the case based on a new technical report issued by the SUBTEL. If there is no agreement, the matter passes to the Court of Appeals who has the final and definite word (art. 27). Until now this has happened only once, and the technical criteria used by the SUBTEL have not been challenged<sup>1</sup>.

Once a frequency is granted, there are relatively few restrictions. There are no provisions restricting cross-media ownership. The only restraints are:

- No franchisee punished with termination of the franchise can obtain a new one (art. 15).
- No applicant can get a franchise if it already controls, administers, or has been granted a VHF licence in the same zone of services within the country (Ibid.).
- Broadcasters must pay a fee for the use of the spectrum to SUBTEL, but it is not related to the CNTV's programme fund. Article 32-e of the Law of Telecommunications sets an annual charge of not more than 360 UTMs per transmitter (US\$ 19,361 at 1995 rates), plus 4.5 UTMs per each studio-plant linkage, and 4.5 UTMs per each mobile linkage (U\$ 242)<sup>2</sup>.

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<sup>1</sup> Source: CNTV.

<sup>2</sup> On December 1995, one UTM was equivalent to US\$ 53,78 at an exchange rate of Ch\$ 406.8 per dollar.

- Those entitled to a television franchise, or using one under any circumstance, must be juristic persons constituted and domiciled in Chile regardless whether they are of public or private right. All their directive and managerial cadres and legal representatives must also be Chileans, with no records of criminal prosecutions (art. 18). Any change of these conditions must be notified to the CNTV within five days (Art.19).
- Similarly, no franchisee can authorise a third party to administer part or whole of its allocated frequency, or to make use of its broadcasting rights with the other's programmes and advertising. Any move in this sense must be 'essentially temporary, [and] aimed to allow the joint broadcast of determined events, provided each franchisee keeps its own individuality and responsibility for the broadcast'. It also requires previous authorisation from the CNTV (art. 16). In other words, responsibility for the broadcasts is not transferable (Art. 46).

Despite these last two restrictions, the CNTV allowed a debatable take-over of the second oldest broadcaster, the chronically-indebted channel of the University of Chile, by Venevision of Venezuela in 1994. While the state-owned university remains formally as the perpetual franchisee of the VHF frequency 11, 99% of its TV corporation was bought by Cisneros' Venevisión and turned into a new company: Chilevisión. Technically speaking, it was a sort of lease. The 'new' broadcaster had Chilean staff and management, but the situation generated strong criticisms. The CNTV dismissed a legal request by two PDC deputies to reverse the take-over in May 1995. The answer of the Chair of the CNTV Pilar Armanet, a socialist militant of the governing Concertacion alliance of centre-left parties, reveals how much Chilean mentality has evolved in this respect:

*Chilevision is a Chilean firm, constituted in this country, with foreign capitals. The law doesn't restrict inflows of foreign capital, it only says that the members of their shareholders' committee must be Chilean [citizens]. The University of Chile always knew that it was not entitled to properly sell the franchise. Yet the university is still the owner. We formulate [any] charges to the university's Chairman....I think [Chilevision] has a right to use the franchise for 15 years.*

***Q. Is there any principle of reciprocity applicable to foreign capitals, as in Italy?***

*A. There is nothing like that. Globalisation has turned reciprocity unnecessary, because the single strength of local broadcasters is local production. Venevision had to inject Venezuelan money in Chilean*

*programmes so to elevate Chilevision's ratings. This month [November 1997] it is the only one in which Channel 11 didn't lose money. I think [reciprocity] is a typical ideology to defend local culture that doesn't make any sense in these times. If capitals pour in, much better<sup>1</sup>.*

## **5. Observations to law No.19,131**

How can current broadcasting legislation be improved? The answer will vary according to the point of view of the respondent. For instance, a powerful broadcaster such as TVUC, with a lead over its competitors and a well-defined set of moral lines to follow, seems to prefer the status quo:

***Q. How do you think current legislation is?***

*A. In general, very good. Although I am a lawyer and I know that a good legal framework is often mistaken for the will to obey it. Legislation can be improved, but practice [can] make it non applicable... Sometimes not-so good rules are better than excellent ones, because there's the will to obey... I believe in self regulation, also in advertising matters. We had advanced quite a lot. There is, for example, the Ethical Council of the Media, the National Association of Advertising Regulation...*

*I wouldn't promulgate more laws, I would do REALISTIC analysis to see how to accomplish the law better.... Many people analyse television according to the old frame that allowed only university and state-owned broadcasters... But if [today] the system is as open as newspapers and radio, why impose things? Based on what? Based on that television is too powerful. So tomorrow they'll do the same to internet because it's too powerful?<sup>2</sup>*

Yet the main criticisms to law No.19,131 raise from its emphasis on the prosecutory powers of the CNTV, which is the most visible side of it both from the perspective of the public as from the broadcasters'. According to the Chair of the CNTV, current broadcasting legislation could be improved in three main aspects on behalf of the public interest: more empowered viewers, a more technologically-upgraded legislation, and qualitative obligations to broadcasters. Her arguments reveal how far has the market-oriented principles have influenced the parties of the left:

*The first issue is the difficulty to have a regulatory system with so much emphasis on the role of the state, with all the technological change and the*

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<sup>1</sup> Armanet, *ibid.*

<sup>2</sup> Jorge Fernandez, Secretary General of TVUC, *ibid.*

increase of supply. This is the main problem, regardless of my own principles. I don't find reasonable such an intrusive role of the state in the Chileans' audio-visual consumption....I believe it is absolutely impracticable -and contrary to the rights of persons- to give so many powers to a state institution.

The second great subject is that our legislation does not differentiate between the different technologies. It establishes the same requirements to terrestrial, cable, and satellite television...I am convinced that regulation should be inversely related to the people's ability to choose. The more the ability to choose, the less [the need of] regulation. There's a difference between the technologies. For instance, if families could have "set-top boxes" and follow effective options on their own behalf and on their children's, I think the state should not take care of that....

A third topic is related to [broadcasting] franchises and public service. What is sui generis in Chile is that franchises are either indefinite [for the "traditional" channels] or 25-year long for new private channels. [But] there is no public-service requirement associated to the franchise...[This] would allow you a longer-term editorial commitment to public service. What exists is a sort of frame-per-frame monitoring...The legislator's spirit was: if there is space available, the CNTV is obliged to franchise it, and technical aspects are the only criteria used to discern between different applicants. The public-service values pointed in article 1 are not associated to the franchise itself...

**Q. Have you challenged the technical criteria of SUBTEL [to grant the franchises]?**

A. That's a very interesting British discussion between OFTEL and ITC....[But] we don't have the technical competence [of SUBTEL]. We are obliged to take SUBTEL's technical opinion, and we don't complement it with any other data [to grant a franchise]. That should be revised for digital franchises.

Possibly, as suggested by both interviewees, future broadcasting arrangements would include more scope for self-regulation, in which the state facilitates positive decisions taken privately by viewers and broadcasters. An interesting proposal in this respect is made by the researcher Valerio Fuenzalida, head of Qualitative Studies of TVN:

... We calculated that only in actors hired this year [1997] in our two telenovelas, [TVN spent] five million dollars. That's only the actors' wages. I have no doubt that the thirty-something stage theatre productions that exist

*today in Santiago -an unprecedented number- are being subsidised with that money. I don't believe the public alone can pay for all that...[And] these are amounts the state cannot even dream about...*

*The state should know the amounts of money being transferred from television to other sectors, and foster the good usage and saving of those funds for, say, set up theatre companies, stage drama productions....Governments able to discover how to reward positive consequences [such as these] with non-public funds, could foster other industries without all the problems related to public funding<sup>1</sup>.*

At the time of writing, the CNTV's directive cadres were preparing a set of suggestions to improve current legislation on the lines discussed above. According to the secretary-general, Hernan Pozo, it is a long-term initiative which reflects the CNTV's concerns and vision of the future rather than a draft for a new law -at present there is no apparent political interest on a reform of the law.

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<sup>1</sup> Interviewed on 4/11/1997.



## Conclusions

The Chilean legislation is mainly centred around a pro-market paradigm which considers that broadcasting is mostly a commodity to be allocated by market forces. This is specially true for radio, which was exempted from any special regulation apart from strictly technical matters. It is a sharp contrast with the public-service spirit of law No.17,377 of 1970. Nevertheless, it is also true that the law of 1970 never was fully applied: public funding was always insufficient, and the intolerance of the 1970s and the dictatorship made broadcasting impartiality impossible. The only indisputable, palpable “public service” outcome of the old law was that broadcasting was effectively restricted to the state and some universities.

In this sense, current legislation is perhaps more realistic in a context of mixed broadcasters competing against each other, with very limited possibilities of public spending on broadcasting. Nevertheless, some public-service traits emerge. It is also more consistent than previous legislation: for example, TVN’s autonomy is reinforced with the enormous power granted to the Directorate and the prohibition to receive money from or provide free services to the government.

Law No.19,132 of TVN commits a fundamental heresy from the point of view of orthodox, traditional European public broadcasting: it is forced to self-finance in the market, and is forbidden to receive any subsidy. Yet that mechanism ensures an enormous degree of financial autonomy to TVN from the government, and finances valuable programmes. The Directorate enjoys a degree of independence never seen before; and its social representativeness is the highest in the Chilean media -yet it can certainly be improved. The law apparently allows the development of a public-service profile in TVN (even though the concept is never mentioned as such), which is noticeable at least from the point of view of the regulator. Yet the main weakness of the law of TVN is the ability of the Ministry of Finance to retain TVN’s profits at discretion. That clause may be consistent with other state-owned enterprises conceived as sources of cash for the public sector, but it allows room for government interferences.

Law No.19,131 of the CNTV regulates the whole television sector, and is also consistent with the prevailing pro-market paradigm. Public-service principles are implicit, not explicit, and are mostly limited to ensure that broadcasters stick to a set of moral values. Despite its small physical size, the CNTV manages to effectively accomplish a wide variety of duties: regulation, comptrolling, research, and some support activities on behalf of public service broadcasting. Yet there are concerns that technological changes -specifically digital television- may make the law obsolete.

Apart from that, some good ideas fail to materialise. The competitive funding of high-quality programmes is virtually useless due to the insignificant amounts handed by the government. There are also no qualitative requirements to grant or renew the TV franchises. Additionally, legislation and enforcement has been vulnerable to powerful lobbying from the broadcasters, which deteriorates the system's transparency and the public interest. The most serious case is that the "traditional" channels managed to get perpetual franchises, and the private ones enjoy extremely long ones of 25 years. Finally, even inside the CNTV many believe that the law should encourage positive behaviours instead of merely prosecuting breaches of the law. The current authorities of the Council believe that regulation will gradually move towards a more empowered private sector and not to a more powerful CNTV, and that is reflected in their performance and in their internal discussions.

## CHAPTER 6

### TVN AFTER 1992: TELEVISION MARKET AND THE AUDIENCE

This chapter provides the necessary background market information required to assess TVN's performance. The first section analyses the characteristics and evolution of the media markets in Chile, in which a fast yet uneven process of modernisation has been taking place in the last two decades. The favourable economic outlook of the country has fostered a strong expansion of the media sector, but important disparities and problems prevail.

Firstly, there is a two-tier media market of modern, sophisticated media concentrated in the capital together with a large number of small, precarious outlets (mostly in the regions). Television ratings measurements, key to broadcasting decisions including those of the public broadcaster, are limited to the capital, Santiago, yet they are commonly projected on to the rest of the country by advertisers and broadcasters alike. Apart from under-representing the regions, audience measurements in Chile exclude the poorest 17.5% of the population, otherwise known as the E group by advertisers. Although poverty has diminished dramatically in Chile during the last decade, the number is still too big to be ignored by a public broadcaster. Yet neither TVN nor the CNTV have studied these persons' preferences.

Nevertheless, the analysis of the audience profile of TVN shows that, despite being widely watched by all the population, it is relatively tilted towards the lower-income groups in contrast to the leading TVUC. That is consistent with the most basic principles of public service broadcasting. It is plausible that TVN's audience is even bigger among the non-studied segments of the population. On the other hand, the rather favourable stand of TVN's audience figures suggest that its public service commitments can continue in the foreseeable future.

## **1. The television market in Chile**

The following section discusses the peculiarities of the television market in Chile. TVN's performance is better understood when the peculiarities and distortions of the media sector in the Chilean contemporary context are examined. This analysis reveals that public service television, even in its pro-market shape that offends purists, has an enormous importance -TVN alleviates many of the imbalances that exist in the media sector in particular and in Chilean society in general.

For the purposes of this thesis, the most remarkable features to discuss are the process of (uneven) modernisation that has led to the fast expansion and increasing competition in the media sector. On the other hand, there are the problems of market transparency related to dualism and centralisation.

### **1.1. Modernisation, growth, and competition**

Due to the combination of sustained economic growth and Chile's fast transit towards modernity, the media sector has enjoyed an accelerated rate of expansion. Throughout the 1980s and because of the aggressively pro-market reforms of the military regime, the sector gradually lost its semi-professional, non-industrial character (see chapters 1 and 2). Mass media became one of the most influential agents of socialisation of culture and information, often surpassing traditional entities such as the church, the educational system or the political parties (Brunner, 1994a, Marin, 1997). In strictly economic terms, this expansion of the media was reflected by the rise of advertising expenditures up to 1% of GDP, a percentage similar to that of all industrialised nations except the USA. Television emerged as the most influential, wealthy, and dynamic media sector, another important symptom of modernity (Brunner, 1994a; Marin, 1997 (Tironi & Sunckel, 1993).

Because of the liberalisation of the economy, competition has increased enormously in the media sector. In 1990, there were only four terrestrial broadcasters in Santiago, of which only TVN had full total national coverage (TVUC covered some 85% of the territory). In 1996, there were seven channels in the VHF band and one in the UHF in the capital, plus two VHF regional broadcasters in their respective areas. Three had full national coverage -TVN, TVUC, and Megavisión. Meanwhile, at least 28.1% of households were subscribed to cable (CNTV, 1996b. Other sources place the figure at 36.5%, such as Time/Ibope 1997:78), and digital DBS was started.

In terms of advertising income, terrestrial television surpassed newspapers in the early 1980s. Its massive reach is still the most attractive for advertisers, as shown in table 1.

	TV	Newspaper	Radio	Magazine	Street	Cinema	Total in US\$ m (#)
1996	42.9	33.6	11.3	5.5	6.4	N/A	723.0
1995	46.3	35.3	7.9	3.5	6.7	0.2	580.7
1994	49.0	33.3	8.2	4.3	5.0	0.2	487.7
1993	45.3	37.3	8.7	4.4	4.1	0.2	378.9
1992	45.6	35.2	10.7	4.6	3.7	0.2	317.7
1991	44.7	34.7	10.8	6.1	3.5	0.2	223.6
1990	44.2	34.5	11.0	7.2	2.9	0.2	172.1
1989	43.2	35.6	10.9	7.5	2.6	0.2	145.5
1988	44.4	35.3	10.8	6.5	2.8	0.2	108.7
1987	44.6	35.5	10.8	6.0	2.9	0.2	82.3
1986	45.2	34.9	10.6	6.1	3.0	0.2	62.0
1985	46.5	35.2	10.0	5.8	2.2	0.3	45.0

(#) Totals at each year's values (non-actualised) divided by US\$ at 1996 rates.  
Exchange rate: US\$1=Ch\$424.87; 1UF=Ch\$ 13280.43=US\$ 31.25 (TVN, 1996)  
Sources: ACHAP, Publimark, Time/Ibope (1997). Figures for 1996: Ernesto Merino, Director of TEMPORE.

Nonetheless, the process of modernisation has been uneven and problematic in many aspects. Together with high growth and increasing competition came ownership concentration in some sub-sectors, a predictable outcome due to the need to maximise economies of scale and scope and, in many cases, to avoid bankruptcy (see Collins et al., 1988). The newspaper industry, the second richest after television, is in fact a duopoly of *El Mercurio* and COPESA. Both holdings control more than 85% both of readership and advertising income of that sector (SECC, 1994g). Magazines are less concentrated than newspapers - they are similar to radio in this respect-, yet their reach is lower (33% of the population in contrast to 39.8% of newspapers) and heavily concentrated into the higher-income groups (Time/Ibope, 1997:58, 59).

With almost 800 licensed stations and some 672 reported operating in 1996, radio is the least concentrated of the media sectors in Chile. But as stated in the previous chapter, most are small-sized, precarious outlets while fewer are really profitable or massively influential (Godoy, 1997c). Nevertheless, these are more in numbers, more geographically scattered, and less concentrated in terms of ownership than in the other media sectors. Yet most of the more profitable and listened-to radio networks are dedicated to music, since its a cheap and popular formula. Of the ten or so that bear the pain of having a proper news department for the production of original news and current affairs programmes in Santiago, the

most successful one gets 5 rating points, while the three or so that follow attract some 3% each<sup>1</sup>.

In cable television, a wave of mergers left two firms controlling 97.5% of subscribers in 1996 (CNTV, 1996a). No cable company is able to produce its own programmes at the levels of terrestrial broadcasters. Most of their offerings are “canned” foreign productions, with the predominance of series, music, feature films, variety shows, and constant programming advertising required to counter-act zapping (CNTV, *ibid.*). Cable was initially held as a threat to terrestrial broadcasting, yet increasing audience preferences for original, national programming kept the balance in favour of the traditional channels, specially TVUC and TVN. Besides, 20% of subscribers’ payment evasion at the time of writing was becoming an increasingly worrying problem<sup>2</sup>.

The beginning of *DirecTV* DBS<sup>3</sup> digital transmissions in March 1996 by Galaxy -the multinational firm that beams more than a hundred channels to 70% of Latin America<sup>4</sup>- is regarded less as a threat to terrestrial broadcasting than to cable. Viewers were not particularly impressed by the new gadget. According to Jorge Navarrete, former CEO of TVN and VTR Cablexpress

*...[DirecTV] promises more than what it actually delivers. Thirty of the channels it carries are of audio alone. Another hundred or so are in Portuguese, because the beam reaches Brazil as well. The rest is a standard package very similar to that offered by the cable companies. And the most interesting channels are pay-per-view....[So] subscription ends up being rather expensive, and that's without considering the cost of the equipment<sup>5</sup>.*

At the time of writing some 3,000 households were subscribed to DBS in Chile, far from the optimistic target of 15,000 set by Galaxy, the operator. Apparently, there were no signs of a dramatic expansion in the near future<sup>6</sup>. In a country with an average income per capita of some US\$ 5,000 a year, joining the system cost an equivalent of US\$ 420 (Ch\$ 180,000), plus a monthly subscription fee of US\$ 45 (Ch\$ 18,750). It was simply too much for what was already available

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<sup>1</sup> Source: Time/Ibope 1997. For example, in 1995 the leader Cooperativa got an average of 5.0 rating points, followed by four other AM stations ranging from 3.8 to 3.1 (Chilena, Minería, Portales, and Colo Colo). Each of the rest had ratings close or below 1%.

<sup>2</sup> Source: Jorge Navarrete, former director both of VTR Cablexpress and TVN. Conference at the Catholic University, 15/5/1997.

<sup>3</sup> Direct Broadcast by Satellite, also known as DTH or Direct To Home satellite broadcasting.

<sup>4</sup> Source: Publimark No.98, April 1997.

<sup>5</sup> Navarrete, *ibid.*

<sup>6</sup> Juan Agustin Vargas, General Manager of TVN's International Signal, interviewed on 18/11/1997.

in cable at a lower price. Nevertheless, the Minister of Telecommunications Claudio Hohmann was confident that prices would eventually fall in the future<sup>1</sup>.

This evolution was accompanied by a dramatic multiplication of broadcasting hours. The CNTV calculated that in 1994 the terrestrial channels transmitted some 40,000 hours a year, whereas cable operators distributed 454,714 hours. In 1996, the figures were 45,000 and 1,024,865 respectively. In the same period, the number of cable channels offered by the different operators rose from 74 to 172, of which 80.2% were in Spanish language, 5.2% were in English with Spanish subtitles, and 7.6% in English (Marin, 1997b).

Nevertheless, together with radio terrestrial television is still the most consumed medium as well as the most credible one<sup>2</sup>. Throughout an average week of 1996, the daily average of terrestrial TV viewership time was 2 minutes 41 seconds per household, and of 1 hour 38 seconds in the case of cable. In other words, 62.6% of viewing time is devoted to terrestrial channels<sup>3</sup>. Nearly 80% of television audience's share is concentrated on TVUC, TVN, and Megavisión. Operators may get a big slice of the advertising cake, but exacerbated competition means that most work at a loss, as shown in the table 2.

<b>Table 2.</b>								
<b>Annual profits after tax of TV channels</b>								
Currency: US\$ million, 1996 values								
	<b>2 R&amp;P</b>	<b>4 RED</b>	<b>5 UCV</b>	<b>7 TVN</b>	<b>9 MEGA</b>	<b>11 CHV</b>	<b>13 TVUC</b>	<b>Total TV</b>
<b>1996</b>	N/A	-3.1	N/A	1.7	-0.8	-4.8	N/A	<b>-7.0</b>
<b>1995</b>	N/A	-10.0	N/A	6.5	1.3	-10.1	N/A	<b>-12.3</b>
<b>1994</b>	N/A	-9.9	N/A	6.7	1.1	-6.0	N/A	<b>-8.2</b>

*Source: SECC, from Superintendencia de Valores y Seguros. Only January to June 1996.  
Exchange rate: US\$1=Ch\$424.87; 1UF=Ch\$ 13280.43=US\$ 31.25 (TVN, 1996)*

## **1.2. Dualism, centralisation, and market transparency**

An important problem of Chilean media is the a wide gap between relatively few rich, sophisticated outlets and a bigger number of smaller, poorer, and isolated radio stations, newspapers, magazines and even TV networks. This phenomenon is partly rooted on the wide income disparities that characterise Latin America (see chapter 2). From a social point of view, the most disturbing aspect is that all media and marketing research in Chile excludes the poorest segment of the population, the group "E" in marketing jargon. Even though poverty has

<sup>1</sup> La Tercera, 19/3/1997, p.38.

<sup>2</sup> Sources: DESUC/CNTV Survey, 1996; DESUC/ARCHI Survey 1996.

<sup>3</sup> Source: Search Marketing.

decreased dramatically in the last decade (from 45.1% of the population in 1987 to 23.2% in 1996<sup>1</sup>), the 1.9 million persons (17.5% of Chileans) who belong to group E make their living with a monthly average income of US\$ 160 per household<sup>2</sup>. Terrestrial television is the most important source of entertainment and information for the most deprived sectors, yet media research excludes them altogether because their negligible purchasing power is not attractive for advertisers.

Dualism also has a geographical dimension. There are high levels of centralisation on the capital, Santiago, a problem dating from colonial times. The wealthiest and most sophisticated media, advertising, computing, and telecoms organisations are almost without exception based there. Most regional media are amateurish, small organisations without effective access to advertising or to reliable audience studies, although some important exceptions are found in the larger urban areas such as Valparaiso/Vina del Mar and Concepcion/Talcahuano (SECC, 1995a; 1995c). In a country of 14.2 million, the other urban centres cannot match Santiago's five million inhabitants, nor its technological, academic, economical, and political influence. In contrast, only 1.7 million dwell in the next six largest cities combined (Antofagasta, Valparaiso, Vina del Mar, Concepcion, Talcahuano, and Temuco. See Time/Ibope, 1997). Nearly 70-80% of the country's ABC1 groups live in Santiago, the most attractive for advertisers (Selman, 1995:114). As a result, 80% of advertising revenues remain in the metropolitan region (Bellolio, 1995:128,129).

Media research has important shortcomings because of this. Centralisation of resources and financial weakness of most radio stations mean that only 19% of AM and 45% of FM stations are subscribed to the existing diary-based audience research. Apart from the methodological shortcomings of such a methodology, in 1994 the lack of subscribers forced Search Marketing -the research firm involved- to reduce the frequency of its studies from three to four months (SECC, 1995a, 1994f).

Television enjoys the most developed system of audience measurement of all the media. Since June 1992, ratings are calculated on a minute-per-minute basis by electronic people meters. The diary methodology, consistently used since 1976, was then replaced at the unanimous joy of the industry.

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<sup>1</sup> According to the 1996 CASEN survey, quoted in *La Tercera*, 9/7/1997, pp. 21-23.

<sup>2</sup> Source: BBDO, Time/Ibope. There are 4.1 people per household. According to the classification used by advertisers, income distribution in 1995 was: AB group, 3% of population, average monthly income of US\$ 6,000 per household; C1 group, 5% of population, income of US\$ 3,000; C2 group, 16% of population, US\$ 1,275; C3 group, 24% of population, US\$ 600; D group, 35% of population, US\$ 400; E group, 17% of population, US\$ 160. The government's official poverty line includes part of what advertisers call D group and the whole of E, i.e. 23.2% of Chileans.



Yet fancy technology could not erase media dualism and centralisation so easily. The high cost of the system -US\$ 5 million just for starting up, a very high sum for Chilean standards- implied that only a limited number of meters were implemented. So just 320 sets were scattered across the same number of households in Santiago alone (see Martinez & Masot, 1993). This gives a ratio of some 44,400 persons per meter if, as both advertisers and broadcasters do, those meters are assumed to represent the whole country's population. The equivalent ratio in the USA is 26,000 persons per meter nation-wide<sup>1</sup>. With all its defects, the cheaper diary method used in radio research is applied to a sample of 3750 individuals in six different cities, thus giving a ratio of 4000 individuals per measurement taken. It is only when the true representativeness of the sample is considered, i.e. for Santiago alone, that the proportions seem more balanced. In that case, the rate of meters per dweller of the capital is 12,678.9 to 1<sup>2</sup>.

Although the sample is well-constructed and representative, the small number of people meters increase the margins of error up to intolerable degrees when data are disaggregated into too much detail. Smaller broadcasters, particularly the MTV-inspired, youth-oriented channel 2 Rock & Pop, find this particularly harmful for its advertising efforts. According to its executive director, Luis Ajenjo,

*...[The people meter] is by far a better instrument than the diary, but the way in which it is being applied in Chile has lots of deficiencies...The system requires a bigger sample, because with small audiences the margins of error are so enormous that [results] are no longer significant.*<sup>3</sup>

Besides, the small broadcasters from outside Santiago (including UCV in Valparaiso) have no way of measuring their audiences. La Red and UCV dropped from the system altogether in 1995, and cable firms are not subscribed. So at the time of writing there was no way of knowing the exact levels of TV consumption in Chile, except in Santiago and some cities where diary studies are occasionally applied. Yet as Rock & Pop's CEO Luis Ajenjo correctly said, blame lies not only in the technology but on the way it is used. On the one hand, the fact that the people meter excludes 60% of Chileans living outside Santiago does not prevent advertisers from buying nation-wide time through the national networks TVN, TVUC, and Megavision. They simply assume that viewership habits in Santiago can be extrapolated to the regions. Under no pressure from advertisers (nor from

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<sup>1</sup> La Tercera, 29/8/1997, p.65.

<sup>2</sup> Calculation based on a projected 1995 population for Santiago of 5,090,914 persons less the 1,033,673 of group E (TIME/IBOPE 1997).

<sup>3</sup> La Tercera, 2/6/1997, p.32.

the CNTV, which has no powers to do so), most broadcasters do not bother to cater for regional tastes. According to the manager of TVN's regional network, Diego Portales:

*...TVN has been the only national channel that has made efforts for the people meter to be applied in the regions [as well as in Santiago]. Not in all of them, because it'll be too expensive, but at least in four other cities<sup>1</sup>. This [discussion] is stuck because the other channels don't want it. The only possibility -something I have said in different debates- is that the advertisers put pressure into the broadcasters, and ask for it.<sup>2</sup>*

Another problematic practice is that ratings figures are delivered immediately on a minute-to-minute basis to broadcasters ("on-line") instead of overnight, as in most other countries. An executive of AC Nielsen interviewed by *La Tercera* found this was absurd, both because of its little contribution to programming and its higher cost<sup>3</sup>. The result is a nerve-breaking race of programming directors with an eye glued to the people meter and the other to the switch, specially at prime time. TVUC's news department, responsible for Chile's most watched newscast, discards or extends each one of its news stories on the air depending on the on-line ratings obtained<sup>4</sup>. In contrast, TVN's news department is proud of having the people meter in a different room from the on-the-air studio, and claims that on-line ratings are less influential<sup>5</sup>. Nevertheless, news coverage is rather homogeneous among the different Chilean media<sup>6</sup>.

All this obscures the market's transparency, notably because of lack of information. An important cause is the scarcity of resources among the poorer media outlets (specially in regions), yet vested interests of the powerful also play a part. Newspapers, second to television in terms of wealth, have no independent body able to check their circulation. Industry-produced figures indicate much higher levels of readership than logically possible, although marketing research firms conduct surveys to check them (SECC, 1994b).

Financial information on Chilean broadcasting is also patchy. TVUC's exact earnings and profits, the largest in the industry, are a mystery. The Catholic University, its owner, refuses to disclose its channel's financial statements (although the university publishes its overall figures) because, in rigour, TVUC is

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<sup>1</sup> At the time of writing, broadcasters and advertisers were considering expanding the people meter to other cities in 1999 approximately.

<sup>2</sup> Interviewed on 14/11/1997.

<sup>3</sup> *La Tercera*, 29/8/1997, p.65.

<sup>4</sup> Source: Department of Public Relations, TVUC.

<sup>5</sup> Source: Mauricio Bustamante, Editor of TVN News Department.

<sup>6</sup> For example, the Catholic University's *Cuadernos de Informacion* No.7 of 1992 is wholly dedicated to the subject.

like a faculty -a piece of the university not required to produce separate accounts<sup>1</sup>. The same happens with UCV, a part of the Catholic University of Valparaiso, and Rock & Pop TV, a subsidiary firm of a wider multi-media holding. So in order to get a comprehensive picture of the financial situation of the industry, advertising-related analysts multiply each channel's advertising rates by the number of spots broadcast (Time/Ibope, 1997). Since many channels make discounts and have special prices (specially the smaller ones), there are important inconsistencies and gaps between these data and the accounts that most (but not all) channels publish according to Company Law.

Radio is even more difficult to scrutinise, although for different reasons: stations are too small to be obliged by law to disclose their data. The calculation of this sector's income is an educated guess deduced from advertising agencies' budgets, but since an unknown portion of radio advertising does not go through the agencies, calculations cannot be exact<sup>2</sup>.

## **2. Viewership and consumption**

The most updated data about television consumption in Chile was gathered by a 1996 CNTV survey conducted in the five most populated regions of the country (CNTV, 1996b). The study showed that there is an average of 1.89 TV sets per household. The higher the income level, the higher the number of sets per capita thus allowing more individualised watching. High income groups have an average of 2.77 sets per household.

The larger proportion of TV sets (37%) are physically situated in places where the average family can watch it together -the dining or the living room. The second most likely place of a receiver is the main bedroom (31% of the sample), whereas 25% of them are in other bedrooms, and 7% in other places. This distribution of the sets favours shared viewing: 82.8% of couples watch TV together, 79% of whole families, and 69.5% of sons and daughters assembled without their parents. This is considered favourable for terrestrial broadcasting, since the predominantly national programmes are commented and discussed at home, work, or school with relatives or friends, in contrast to the most individualistic profile of cable offerings. The most prominent individual consumer of television is the average adult woman at her home (67.5%), followed by the below-15-year-old son or daughter (62.7%). The most watched programme types by each of these arrangement of viewers are depicted in table 3.

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<sup>1</sup> Interview with Jorge Fernandez, Secretary General of TVUC, interviewed on 29/10/1997.

<sup>2</sup> Source: Chilean Association of Radio Broadcasters, ARCHI.

<b>Table 3. PREFERRED PROGRAMME TYPES ACCORDING TO FIVE MOST PROMINENT VIEWERSHIP PROFILES, 1996</b>		
<b>Viewership profile</b>	<b>% of total</b>	<b>Preferred programme type</b>
Wife & husband together	82.8%	1. Newscast (67.9%) 2. Film (65.5%) 3. Current affairs, documentaries (25.1%)
All family together	79.0%	1. Film (57.7%) 2. Newscast (52.5%) 3. Telenovela (52.5%) 4. Current affairs (23.6%)
Children together	69.5%	1. Cartoons (63.7%) 2. Film (33.2%) 3. Series for children (32.6%)
Wife alone	67.5%	1. Telenovela (68.6%) 2. Film (41.0%) 3. Newscast (37.5%)
Son/daughter alone	63.8%	1. Cartoons (82.5%) 2. Series for children (42.5%) 3. Educative for children (25.1%)
<i>Source: CNTV, 1996b: 21,22.</i>		

Cable subscription soared from 11.4% in 1993 to 28.1% of households in 1996. There are important variations among subscribers according to their income group and region. As it could be expected, 68.7% of the wealthiest households are subscribed to cable. Nevertheless, subscription of middle and lower-brackets is considerable as well: 37.4% and 12.2% respectively. Perhaps because of the relative lack of leisure opportunities in comparison to the capital, cable is more prevalent in the regions than in Santiago. The highest percentage is in Valparaiso/Vina del Mar (40.3%), followed by Temuco in the agrarian south (29.9%) and by the desertic mining region of Antofagasta (29.9%). Only then comes Santiago (26.1%), followed by the VIII region of Concepcion/Talcahuano (24.9%).

Other audio-visual hardwares are not so prevalent, though. An average of 40.2% of respondents has a video recorder (ranging from 78.1% among the richest and 26.2% among the poorer), 17.8% has video-games, and just 10.9% has a PC at home (16.1% of which were connected to Internet).

Concerning media consumption, the CNTV survey found that terrestrial TV was the most consumed media on a daily basis in contrast to cable, radio, and newspapers. The average time of total television viewership (both terrestrial and cable) was 3.22 hours, i.e., 1,175.3 hours a year. Other sources put the figure at 4.19 hours per household a day of which 2.41 hours are dedicated to terrestrial TV;

in the case of individual viewers it is 1.47 and 1.10 hours respectively<sup>1</sup>. Four types of viewership patterns were found. In order of prevalence, they were:

- **Concentrated:** Continuous consumption of whole programmes, including commercial breaks. It tended to increase after cable started. It is by far the most prevalent viewership pattern: 71.6% of viewers declare to do so permanently, and 16.7% do it occasionally.
- **Zapping:** “escaping” from one “base” programme (maximum two) during the commercial breaks, or when interest decays. This habit began with remote controls and consolidated with cable. It is quite extended: 31.1% of those who are watching a particular programme do so frequently, and 20% do so occasionally.
- **Surfing:** Permanent change of channels without selecting anything in special. It appears with cable, given the high number of channels -up to sixty and more- offered by the main distributors. It is also rather extended: 29.6% of respondents do so frequently and 21.3% are occasional “surfers”. Nevertheless, there is a limit to the capacity of viewers to watch too many different things: only 13.8% of viewers frequently watch two different programmes at a time, and 21.3% occasionally do so.
- **Non-concentrated:** simultaneous to other activities. It has not varied after the start of cable television. 25.1% of respondents do so frequently, and 20.0% occasionally.

When those already connected to cable were asked how much their consumption of TV changed after subscribing, only 29.7% of respondents answered that they were watching “much more” than before, in contrast to 23.4% who said they were watching “a little more” and 39.1% who said “the same”. Nevertheless, 47.3% of the sample believed that their children (i.e., below 15 years of age) were watching “much more” TV than before.

The final part of the 1996 CNTV study was focused on the respondents’ qualitative evaluations of terrestrial TV vis-à-vis radio and newspapers. The CNTV found that TV was far more “truthful”, “informative”, “educative”, “objective”, “entertaining”, “closer to the people”, and “sensationalist” than the others. Here there were some divergences with a very similar 1996 survey on radio by the Association of Radio Broadcasters, ARCHI, which found that wireless was the most credible and

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<sup>1</sup> Source: Search Marketing, 1997. Confidential survey.

reliable medium of all, as well as the most consumed (4.7 hours per day against 3.6 for television).

All this evidence is interpreted basically in two divergent ways: either as a confirmation or as a denial of the eventual displacement of terrestrial television by the new individualised distribution technologies, such as cable, satellite or multimedia services through the internet. In the first half of the 1990s there was great concern about the ability of terrestrial channels to survive in the long term in a context of increasing channel multiplication and rising production costs. Effectively, cable penetration soared and new viewing habits made audiences increasingly volatile -with the help of remote controls. At the same time, Chile's thriving telecommunications & telephone companies (among the most dynamic, aggressive, and modern of the continent) were getting involved in cable and their digitalised networks were expanding at a breathtaking pace throughout the country. Nevertheless, at the time of writing the traditional broadcasters were more confident than in the early 1990s because, despite all this, they were still the most profitable and watched of all audio-visual media.

It is extremely difficult to make predictions in this respect, and there are equally gifted brains at both sides. Many sustain that the current optimism of TVN and TVUC can be a transitory phenomenon reversible at any moment by the ever-changing conditions. Traditional broadcasters may be overtaken either or both by their private competitors and by a combination of cable, DBS, Internet and on-line services. Furthermore, digital broadcasts -assumed to start by the turn of the century- pose another question mark due to the sevenfold multiplication of terrestrial channels it would bring.

Among those who fear that traditional terrestrial broadcasting may be getting outdated is the telecoms and television consultant, assistant to the Minister of Information, and CNTV's Chair of Qualitative Studies, Carlos Catalan. His argument depends on the fact that people still devote an average of three hours a day watching television, whereas channel proliferation has expanded programming supply from some 40,000 hours a year up to almost one million. Therefore, viewing is becoming so distracted, fragmented, and non-concentrated that "advertising in television today is 50% less effective than before", with all the negative consequences that it might bring for traditional broadcasters<sup>1</sup>. Another worrying factor, according to Catalan, is that broadcasters do not invest enough in research and development:

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<sup>1</sup> In La Segunda, 9/12/1996, p. 28.

*The debate [about the future] that exists in TVN and TVUC is one of people that discuss a lot without really having studied the matter. I am very critical about this laziness...In the 1970s they worked on the basis of the personal opinions of their executives. Well, it was easy because it was a highly protected market with just two options. But broadcasters are communications enterprises comparable to the telephone firms, but these are spending huge sums in research. The channels just make a petty focus group for this or that programme... [In contrast, the telephone firm] CTC is engaged in changing its whole frame of mind so to confront the future in a better stand. That's simply unthinkable for a Chilean broadcaster. They don't ask how their audience has evolved; they don't bother in sending their people abroad to see what's going on in the rest of the world. In the USA, the terrestrial networks also slept over their laurels. CNN left them stunned and it took them many years to recover...Chilean broadcasters are losing a lot of time. The CNTV is far closer to reality than TVN, and it's better we don't even speak about TVUC<sup>1</sup>.*

On the other hand, some believe that traditional forms of broadcasting have still a rather long life to live and that globalisation and technological change are less relevant than many sustain. A powerful voice here is that of Jorge Navarrete, former executive director of both TVN and of one of the two largest cable firms, VTR Cablexpress:

*Neither cable nor satellite will kill terrestrial television. As it happened before with cinema, print, and radio, media accommodate to technological changes so to take advantage of their [respective] comparative advantages. That means changes, of course. Radio lost its live shows and the radio-dramas...Similarly, films and series are no longer so prevalent in terrestrial television -these are stronger in cable now...The death of radio was pompously announced in Chile in 1962. But in 1997 radio is even stronger...There are more stations and they earn more income [than before]. Radio took advantage of the FM [band], of the sets in the cars, of [the fact] that it doesn't require exclusive attention. It [also] invented the principle of audience segmentation...*

*The great comparative advantage of terrestrial television in the face of cable and satellite lies on its ability to identify itself with the local audience. That's why national programmes and newscasts are so successful. Cable has an advantage in the mass distribution of international programmes, yet in Chile [because of the law] they also carry the terrestrial channels, which enjoy high*

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<sup>1</sup> Interviewed on 1/12/1997.

*viewership [through cable as well]. In the face of this, satellite TV doesn't seem to have too many advantages, apart from the capacity to reach any twisted corner [of the territory] under its beam without need of lying down cables and without the interferences suffered by terrestrial television<sup>1</sup>.*

Many other authors are in a middle ground. For instance, Fuenzalida stresses that terrestrial television may remain viable for a rather long time due to its ability to cater for the tastes of local audiences, yet advertising revenues look increasingly insufficient to cover the rising production costs. Therefore, broadcasters like TVN will have to discover new sources of revenue both locally and abroad, such as permanent exports of telenovelas<sup>2</sup>. And even the comparatively critical Carlos Catalan agrees that TVN may have a chance:

*As Jorge Navarrete said to you, the broadcasters that have a non-profit motive, TVN and TVUC, will survive in the short and medium term. Megavision cannot keep on going like that; the market hasn't let it generate enough profits....But the future will be determined by digital broadcasting. The great question here is how terrestrial digital broadcasting will be licensed. If it is opened to anybody, the traditional channels would be at risk. But there is no debate about this issue at present, except for a small group at the CNTV....What will happen in Chile would depend on the larger markets of Mexico, Argentina, Brazil, even Venezuela. All of them are quite late [in this], except Brazil. But suddenly digital television will come, and the change will be very, very fast<sup>3</sup>.*

## **2.1. Broadcasters' ratings and audience share**

For the time being, the picture is favourable for TVN's economic survival because of its current viewership levels, and the subsequently growing advertising income. All TVN's executives agreed that a public broadcaster watched by an elite is worthless, and that specialised, too high-brow productions are better suited for a concert hall or specialised cable channels rather than terrestrial television.

For example, the logic of the highly-praised literary show *El Show de los Libros* (conducted by Antonio Skarmeta, writer of the story in which the British-Italian film *Il Postino di Neruda* was based) is that its audience should exceed largely the 50,000 or so Chileans who are frequent readers of literature. So the measure of success for that particular programme is to reach some four or five times as much

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<sup>1</sup> Seminar at Universidad Catolica's Escuela de Periodismo, 15/5/1997.

<sup>2</sup> Interviewed on 4/11/1997 and 7/3/1995.

<sup>3</sup> Interviewed on 1/12/1997.



people - not less than 5 ratings points, i.e., some 240,000 viewers who otherwise would not have a contact with literature. Since *El Show* has ratings near to 10 points, it is deemed as enormously successful, albeit being a loss-making programme<sup>1</sup>.

Despite the enormous expansion of cable and private television, two commercially operated non profit broadcasters are still the leaders: TVN and TVUC. The two combined consistently account for an average of more than 60% of the whole day's audience share, as shown in table 22. That proportion is even higher at prime time. When the first row of interviews for this thesis was conducted in early 1995, there was concern among TVN's management about the future of terrestrial television in general and TVN's ability to compete in particular. At that moment, these very figures suggested that the traditional terrestrial broadcasters were gradually and inexorably losing ground. The feeling was reinforced after the audience measurement methodology was changed in 1992 from diaries to electronic meters. The old technique over-stated the influence of the most important broadcasters, TVN and TVUC, simply because their names were easier to recall by viewers when asked which channels they tuned to (see SECC, 1994g).

**Table 4.**  
ESTIMATED AUDIENCE SHARE PER CHANNEL 1979-1997, TOTAL HOUSEHOLDS  
Whole day averages

	2 R&P	4 RED	5 UCV	7 TVN	9 TVN	9 MEGA	11 CHV	13 TVUC	TOTAL SHARE	ADDED RATINGS
1997 # **	3.3	N/A	N/A	32.8		18.6	13.1	32.2	100.0	31.8
1996 # @	3.7	N/A	N/A	30.5		22.4	10.5	33.0	100.0	27.0
1995 #	4.2	7.5	3.9	25.9		22.3	8.1	28.0	100.0	33.2
1994 #		6.4	4.9	25.8		23.0	9.2	30.7	100.0	32.6
1993 #		6.5	4.8	24.7		23.8	7.7	32.4	100.0	33.6
1992 #		9.5		27.3		16.9	9.2	37.1	100.0	32.6
1991		9.0		31.5		13.4	8.8	37.3	100.0	41.0
1990				34.0	5.7		12.7	47.7	100.0	37.1
1989				33.0	7.1		16.2	43.7	100.0	38.2
1988				36.2	4.7		14.1	44.9	100.0	42.5
1987				40.1	4.8		10.1	44.9	100.0	43.4
1986				45.3			6.1	48.6	100.0	54.3
1985				46.1			7.9	46.1	100.0	55.8
1984				51.7			5.4	42.9	100.0	59.2
1983				52.5			5.6	41.8	100.0	56.9
1982				48.3			13.2	38.5	100.0	56.1
1981				37.6			19.8	42.5	100.0	55.0
1980				42.9			14.0	43.1	100.0	56.4
1979				44.1			9.3	46.6	100.0	51.7

Source: Publimark; Time/Ibope (1997); TVN's Public Relations Dept.

[#] Years measured with the people meter. [@] 1996 excludes June. [\*\*] 1997 only includes March, May, June and August. Channels that did not exist in a particular year show no figure. Channels 4 La Red and 5 UCV dropped from ratings measurements in 1995, but did not cease operations.

<sup>1</sup> Sources: Jorge Navarrete, TVN's Executive Director (28/7/1997); Enrique Aimone, TVN Secretary General.

Nevertheless, throughout 1997 there was much more optimism among TVN's management due to the audience's increasing preference for Chilean programmes. As the biggest producers with a long experience in programme-making, both TVN and TVUC were in a very advantageous position at the time of writing. This confidence was reinforced by the fact that only TVN and TVUC were able to make profits every year after 1991, whereas most private terrestrial channels and cable operators operated at a loss throughout the same period.

	AUDIENCE SHARE	ADVERTISING INCOME
4 La Red	4.5	5.4%
5 UCV	2.5	0.7%
7 TVN	28.8	30.2%
9 Megavisión	17.9	17.8%
11 CHV	6.4	5.6%
13 TVUC	39.9	40.6%
Percentage of whole day	31.3%	53.8%

*Source: CNTV, 1994:G13, G23, G30-G35.*

More than half of all revenues in the system are generated in prime time hours (between 19:30 and 23:29). In weekdays, this slot generates 53.5% of the whole income of the industry. In weekends, the percentage rises to 64.4% (CNTV, 1994c:26,28). Because of increased competition, both TVN and TVUC have a smaller audience share than in 1990: that year, both had 41.6% and 48.9% respectively (SECC, 1994g:52,53). In 1994, figures were 28.8% and 39.9%, although both broadcasters managed to attract a much higher proportion of advertising income, as shown in table 5.

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 TVUC	TOTAL
<b>1995</b>								
<b>TOTAL US\$m</b>	2.7	17.7	2.6	94.1	50.8	18.3	112.9	299.0
<i>Percentage</i>	0.9%	5.9%	0.9%	31.5%	17.0%	6.1%	37.7%	100%
<b>1996</b>								
<b>Total US\$m</b>	7.3	6.0	1.7	64.1	33.1	16.9	68.1	197.2
<i>Percentage</i>	3.7%	3.1%	0.8%	32.5%	16.8%	8.6%	34.5%	100%

*Source: Publismark, 1997.*  
*Exchange rates: Ch\$ 406.91/ US\$ (1995) & Ch\$424.87/US\$ (1996).*  
*Mon-Fri 19:01-23:30 hours & Sat-Sun 20:31-06:00 hours.*

Nevertheless, between 1995 and 1996 TVN's share of advertising income at prime time increased from 31.5% to 32.5%, whereas TVUC dropped from 27.7% to 34.5%. This was despite increased competition and a relative stagnation of

advertising expenditures in 1996. An important reason for this was the growing proportion of national programmes TVN broadcast at this time, as examined in previous sections. Megavision also lost some ground, while La Red, Chile's second private broadcaster, diminished its earnings dramatically from 5.9% to 3.1% on behalf of a new entrant, the youth-oriented Rock & Pop (table 6).

## 2.2. Main characteristics of TVN's audience

There are few qualitative data about television audiences that can be used to analyse viewer's perception of TVN vis-à-vis its competitors. Occasionally the CNTV produces qualitative audience reports, yet these are not disaggregated per individual channel so to avoid influencing the normal operation of broadcasters<sup>1</sup>. Most information available is quantitative, and consists on ratings calculations that include general demographics -age, sex, and income level.

<b>Table 7.</b>				
<b>ANNUAL AVERAGE RATINGS ACCORDING TO INCOME LEVEL, 1993-1994</b>				
<b>(Persons)</b>				
<b>7 TVN</b>	<b>ABC1</b>	<b>C2</b>	<b>C3</b>	<b>D</b>
1997	6.8	9.7	11.6	11.2
1996	7.1	7.7	9.2	10.8
1995	4.6	6.1	9.3	10.1
1994	5.1	6.2	7.2	9.5
1993	5.6	7.3	8.7	9.7
<b>9 MEGA</b>	<b>ABC1</b>	<b>C2</b>	<b>C3</b>	<b>D</b>
1997	3.0	4.5	6.3	7.4
1996	3.3	4.9	6.7	8.9
1995	3.1	4.4	7.4	10.5
1994	3.4	4.5	7.3	9.5
1993	3.6	4.2	7.6	9.3
<b>13 TVUC</b>	<b>ABC1</b>	<b>C2</b>	<b>C3</b>	<b>D</b>
1997	8.0	10.4	11.5	9.8
1996	8.8	10.3	10.3	9.8
1995	6.6	8.8	9.2	9.5
1994	7.0	10.2	9.9	8.8
1993	8.3	10.8	10.7	10.4
<i>Source: Publimark</i>				
<i>1996 excludes June</i>				
<i>1997 only includes March, May, June and August</i>				

Chapter 3 commented a CERC survey in 1992 that revealed that TVN was perceived as dependent from government, yet "objective" and reliable as a source of information. These studies about the public's political perceptions of the media gradually lost their appeal as politics itself lost its relative importance as a topic of

<sup>1</sup> Source: Pilar Armanet, Chair of the CNTV, 25/11/1997.

discussion in post-dictatorial Chile. Therefore, there are very few surveys that address the sort of topics analysed in this thesis.

The analysis of quantitative audience data in table 7 focuses on the most relevant aspect of ratings measurements from the perspective of this thesis: the socio-economic characteristics of viewers. As a consolidated terrestrial “generalist” broadcaster, TVN broadly appeals to a mass audience instead of a specific public (although that varies according to certain time slots), so it is hard to configure a sharp profile of TVN’s “typical” viewer except from rather broad traits. Said so, the average viewership figures of 1993-1997 reveal that TVN is slightly tilted towards the poor, even though it enjoys high ratings across all income groups. TVUC presents less variations between its ABC1 audiences and its C3 and D’s. Yet TVUC is the most viewed channel among the wealthy, just as TVN leads the ratings among the poor. Megavision started up in 1990 trying to emulate the up-market profile of TVUC, but was unable to attract the better-off groups. Its viewers concentrate on the lower-income brackets, yet they are less in number than TVN’s.

Therefore, the public broadcaster effectively provides a service that is enjoyed by the most vulnerable groups of society. It must be remembered that current audience measurements do not include the poorest segment E, which is 17.5% of the population. Possibly TVN predominates in that group as well, though there is no evidence to demonstrate so. Both TVN and the CNTV should take care of that.

## CHAPTER 7

### TVN AFTER 1992: AREAS OF PERFORMANCE

This chapter discusses the core aspects of corporate performance as well as those that compose TVN's programme output at the bulk of TVN's everyday activities. The examination of revenues and profitability reveals the positive status of the public broadcaster after the current model was implemented in 1990.

TVN's programme output is firstly analysed in terms of the three commonly used categories of entertainment, information, and education. Despite the conceptual problems associated with such classification (chapter 6 deals with the more refined concept of programme diversity), some broad trends are evident: the current market-oriented model of public broadcasting is strongly tilted towards entertainment and information, yet the latter is almost as prevalent during prime-time. "Culture" programmes are very secondary and probably require public funding for a higher share.

Next, the portion of national versus foreign material is studied. Deregulation did not bring the avalanche of foreign material (mostly from the USA) so feared in the 1960s and 1970s. In fact, the growing interest of audiences in national programmes explains their growth to some of their highest levels in history, specially at prime-time. TVN is also the broadcaster more committed to national production, notably in relation to independent producers. Fostering "independents" was one of the explicit public-service objectives set by the post-dictatorial administration. The idea was to reduce TVN's costs, enhance its creativity and quality standards, raise its credibility, and help build a sub-sector of autonomous producers for the purposes of industrial development. Higher demand for national programmes has implied a steady and constant slice of material commissioned to outsiders, a great deal of which concentrates at prime time.

A less prejudiced view on the highly popular telenovelas is suggesting that this frequently vilified genre may be not so. Apart from its obvious business attractiveness, original serialised fiction (such as TVN's and TVUC's) could be a legitimate source of enjoyment, apart from a reinforcement to national identity and the social fabric due to its shared consumption. Furthermore, recent evidence suggest that TVN's higher spending in national programmes and local talents can be connected to the boom of other artistic expressions, notably stage theatre.

## 1. Revenues and profitability

Probably the strongest argument in favour of TVN has been its sound corporate performance after 1990. TVN succeeded in reversing the financial chaos and decline in which it was found in 1990, and managed to retain its second place in terms of revenue and viewership despite the increasing competition. Compared estimated revenue figures estimated by advertisers are depicted in tables 1 and 2, by way of multiplying minutes of advertising rates by time sold per channel.

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 TVUC	Total TV
1996	23.1	23.1	7.1	180.0	139.5	74.6	195.2	<b>642.6</b>
1995	5.1	38.0	11.2	174.4	123.3	51.9	208.6	<b>612.6</b>
1994	-	30.8	7.4	154.6	117.5	51.4	205.7	<b>567.4</b>
1993	-	42.2	7.2	127.2	98.3	29.6	186.7	<b>491.1</b>
1992	-	47.0	6.2	131.2	52.8	15.7	159.1	<b>411.9</b>
1991	-	16.4	5.1	133.4	30.8	14.4	166.3	366.4

Sources: 1997-1994 Publimark (calculation based on advertising rates by time sold per channel). SECC, 1994g:538; Cuadernos de Informacion No.9, 1994:115; CNTV 1994c:g23.  
Exchange rate: US\$1=Ch\$424.87; 1UF=Ch\$ 13280.43=US\$ 31.257 (TVN, 1996)

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 TVUC	Total
1996	3.6	3.6	1.1	28.0	21.7	11.6	30.4	<b>100.0%</b>
1995	0.8	6.2	1.8	28.5	20.1	8.5	34.1	<b>100.0%</b>
1994	-	5.4	1.3	27.2	20.7	9.1	36.3	<b>100.0%</b>
1993	-	8.6	1.5	25.9	20.0	6.0	38.0	<b>100.0%</b>
1992	-	11.4	1.5	31.9	12.8	3.8	38.6	<b>100.0%</b>
1991	-	4.5	1.4	36.4	8.4	3.9	45.4	<b>100.0%</b>

Sources: 1997-1994 Publimark. SECC, 1994g:538; Cuadernos de Informacion No.9, 1994:115; CNTV 1994c:g23.

Table 3 is prepared with data from the financial watchdog SVS. Even though there are inconsistencies with tables 3 and 4 and several broadcasters are unaccounted for, TVN's leadership seems also clear.

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 TVUC	Total TV
1996#	N/A	2.1	N/A	38.6	4.3	6.0	N/A	<b>50.9</b>
1995	N/A	5.5	N/A	79.8	37.1	6.1	N/A	<b>128.5</b>
1994	N/A	5.0	N/A	71.2	33.6	8.3	N/A	<b>118.2</b>

Source: SECC, from Superintendencia de Valores y Seguros.  
#Only January to June 1996.  
Exchange rate: US\$1=Ch\$424.87; 1UF=Ch\$ 13280.43=US\$ 31.25 (TVN, 1996)

Despite the inaccuracies of the industry's overall figures discussed in the previous section, TVN has proven capable of doing public service by competing in the market. According to TVN's President of the Directorate, Luis Ortiz,

*I am a firm defender of [public service broadcasting]. The strongest media [in Chile] are controlled by vested interests, religious [Catholic] groups. There is a need for a lay broadcaster, independent from any power group, that pretends to be objective when informing the public...*

**Q. Is that feeling shared by all the Directors?**

*A. Absolutely all of them. Nevertheless, this answer would have been different three years ago. There was one [the right-wing Catholic conservative Luis Cordero] who said he honestly couldn't find any sense to a broadcaster like this. But now he is totally inspired. He acknowledges that, before, he didn't believe a channel like this was feasible -successful, oriented towards the public service, and self-financed. As it worked, he became convinced that TVN did things nobody else did<sup>1</sup>.*

TVN's finances have been in good shape since the change of administration in 1990. TVN's management was helped by two external factors: a US\$ 9 million grant authorised by Congress in 1991<sup>2</sup> and the money received from the sale of frequencies 4 and 9 agreed during the last months of the dictatorship. This transaction, worth Ch\$ 8,367 million, equivalent to US\$ 20 million dollars in 1994 rates<sup>3</sup>, was arranged in 1989 but paid to TVN after democracy was recovered in 1990.

As table 6 shows, TVN's operating income has increased steadily since 1990. In other words, the network has been able to increase the revenues generated by the normal operation of the network (i.e., without considering a rescue package handed by Congress in 1992 nor other extraordinary items). The drop in 1996 was common to all broadcasters, because of exacerbated competition, higher production costs, and a freeze in advertising expenditures, but the picture improved again in 1997.

Not everything has been so favourable, though. Table 4 also shows how operating expenses, i.e., the costs of the broadcaster's normal operation (this includes programme-making), have also increased. Expenditures grew faster than income in almost every year. This is consistent with economics of competitive broadcasting markets (see Collins et al., 1988). It is interesting to note that in two relatively harder years, 1993 and 1996, expenses grew in the highest proportion in

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<sup>1</sup> Interviewed on 28/11/1997.

<sup>2</sup> 1994 rates. The amount in 1990 values was Ch\$ 2,197 million, half of what TVN asked for to pay its debts (TVN, 1991:13).

<sup>3</sup> The sale was Ch\$ 5,637 million in 1991 values (TVN, 1992:15).

relation to income. In both cases, TVN needed to spend more in programme-making and in advertising to face the particular challenges confronted then.

**Table 4.**  
**TVN's OPERATING INCOME AND EXPENSES**  
**1996 rates**

Year	INCOME			EXPENSES		
	Ch\$ m	US\$m	% growth	Ch\$ m	US\$m	% growth
1996	36432.7	85.75	0.8	30782.62	72.45	9.0
1995	36159.4	85.11	12.1	28247.9	66.49	16.6
1994	32265.09	75.94	25.0	24219.69	57.00	8.7
1993	25812.32	60.75	0.4	22272.28	52.42	13.9
1992	25711.86	60.52	36.9	19546.35	46.01	21.4
1991	18782.67	44.21	14.7	16094.90	37.88	4.9
1990	16381.35	38.56	-12.0	15346.20	36.12	-12.5
1989	18608.75	43.80	N/A	17532.14	41.26	N/A

*Exchange rate: Ch\$ 424.87 per US\$*

Operating profits in table 5 account for the difference between expenses and operating incomes before tax and before other income, such as that generated by the International Signal. They reveal how results generated by the corporation's normal operations have improved noticeably since 1990, with the most dramatic increase of +13,000,000% between 1991 and 1992. Except for the drop in 1996 (a transitory situation because of the overall market situation), the difference has been always in TVN's favour.

**Table 5.**  
**TVN's OPERATING PROFITS 1982-1994**  
**1996 rates**

Year	Ch\$ m	US\$m	% growth
1996	-671.30	-1.58	-122.1
1995	3039.70	7.15	-7.3
1994	3280.19	7.72	783.5
1993	371.28	0.87	-88.2
1992	3141.66	7.39	13618900.0
1991	0.02	0.00	-100.0
1990	-1405.43	-3.31	-34.3
1989	-2138.77	-5.03	78.8
1988	-1196.09	-2.82	-42.1
1987	-2066.91	-4.86	-45.3
1986	-3778.58	-8.89	1644.4
1985	-216.61	-0.51	-67.5
1984	-665.52	-1.57	-53.3
1983	-1425.16	-3.35	-23.0
1982	-1851.00	-4.36	

*Exchange rate: Ch\$ 424.87 per US\$*

Table 6 shows consolidated profits, i.e., those resulting after all extraordinary items are added and subtracted from the results of table 5. Under both accounts TVN shows remarkably good results. Both operational and consolidated profits



reached their highest point in TVN's history in 1994, and TVN's management was expecting to harvest approximately US\$ 5 million of profits in 1997<sup>1</sup>.

In 1995 the conservative paper *El Mercurio*, an active opponent of any sort of state-owned media, recognised 'the undeniable financial success' of TVN and its 'competitiveness in the national television scenario'<sup>2</sup> and quoted the optimistic mood of TVN's Director of Programming, Jaime de Aguirre, who confidently proclaimed that 'we are one of the most successful projects of public television in the world'<sup>3</sup>. The question is, for how long?

Year	Ch\$ m	US\$m	% growth
1996	136.1	0.32	-95.4
1995	2940.7	6.92	-3.0
1994	3031.28	7.13	247.7
1993	871.75	2.05	-75.0
1992	3492.07	8.22	652.2
1991	464.25	1.09	-89.4
1990	4387.69	10.33	-317.0
1989	-2022.05	-4.76	73.6
1988	-1164.83	-2.74	-24.1
1987	-1534.04	-3.61	-56.8
1986	-3547.09	-8.35	46.2
1985	-2425.74	-5.71	-3492.1
1984	71.51	0.17	-108.0
1983	-894.70	-2.11	-923.5
1982	108.65	0.26	

Exchange rate: Ch\$ 424.87 per US\$

Throughout the second round of interviews for this thesis in 1997, optimism among TVN's executives was noticeable higher in comparison to 1995 (see appendix on interviews). In 1997, original national programming was clearly preferred by Chilean audiences, something in which TVN and TVUC were above all others. Almost all private terrestrial broadcasters generated losses, so could not overtake the leaders in the short term. Megavision's position as third-runner was severely damaged that year by the flop of *Santiago City*, its second (and expensive) originally-produced *telenovela*. The troubled channel 4 La Red was once again put for sale, but it took several months to find a buyer<sup>4</sup>. Channel 2 Rock & Pop was said to be looking discreetly for a "strategic partner" able to inject dearly needed fresh resources, without success.

<sup>1</sup> Sources: Luis Ortiz, President of the Directorate; Rene Cortazar, CEO; Enrique Aimone, Secretary General.

<sup>2</sup> *El Mercurio*, 22/10/1995: D19.

<sup>3</sup> *El Mercurio*, 10/12/1995, pp.D26-D28.

<sup>4</sup> At the moment of writing, TV Azteca, a Mexican competitor of the almighty Televisa (owner of 49% of Megavision), paid US\$ 10.3 million for a 75% stake in La Red (Ercilla No.3077, 26/10/1998, p.36.).

At the beginning of 1997, and after the wave of mergers triggered by the risk of a crisis, cable services suffered occasional cuts due to late payments to their programme suppliers abroad. After being regarded as a threat by TVN, cable increasingly appeared relegated to niches of foreign, canned programmes, unable to reach the wide audiences achieved by the traditional channels. Besides, some of the most profitable programme types of terrestrial television, such as *telenovelas* and national newscasts, did not work well because of the highly individualised patterns of viewership<sup>1</sup>. The highly scattered, volatile, and fragmented cable audiences made difficult for operators to invest in expensive originally-produced programmes (see Vargas, 1994). In this context, TVN seemed in a very good position because of its more rationalised cost structure than TVUC and more capacity to produce original programming than the smaller channels<sup>2</sup>. Furthermore, Juan Agustin Vargas, a former high executive of TVUC and Megavision who moved to TVN, argued in 1995 that terrestrial TV was likely to dominate for the next decade or so, a diagnosis that seemed increasingly plausible when he was interviewed again in 1997<sup>3</sup>.

Yet competition is so fierce that nobody can safely take anything for granted; Vargas and all TVN's executives were increasingly optimists as well as cautious. They know that there can be dramatic changes at any moment because of factors out of TVN's control.

## **2. Programme output**

### **2.1. Information, education, and entertainment: conceptual precisions**

The "classic" triad of entertainment, information, and education is nowadays too broad to assess TVN's commitment to public service broadcasting in contrast to the other broadcasters. Those categories, defined more than half a century ago by the first Director-General of the BBC John Reith, are conceptually confusing and frequently overlap across each other (see Fuenzalida, 1997a).

Nevertheless, they are an important starting point. As in many other countries, there is a non-written consensus in Chile that these three broad functions of broadcasting must be present. However, there is more confusion about how much of each should exist, and how they can be measured or distinguished from each other. Is it merely a matter of adding up minutes of programmes previously defined as "informative" or "entertaining", taken as mutually exclusive categories? Who defines

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<sup>1</sup> Source: Valerio Fuenzalida, Chair of Qualitative Studies of TVN, interviewed on March 7th 1995.

<sup>2</sup> Interview with Bartolome Dezerega, General Manager of TVN, May 5th 1995.

<sup>3</sup> Interviewed on April 4th 1995 and 18/11/1997.

that? Why not consider what the audience thinks is “entertaining” instead of the regulator or broadcaster? What happens if they disagree? What happens with new programme formats that mix several formats? How do we classify advertising?

This sub-section will not go too deeply into these questions (for a deeper discussion about programme diversity see Chapter 9). Up to a certain point, and provided some conceptual confusions are clarified, this basic triad can still be used as a very broad, initial approach to assess public service broadcasting. Therefore, throughout this section “entertainment”, “information”, and “culture” will only be taken as broad groups of programme categories, regardless of the use-value that the audience may get from them in terms of amusement, intellectual enlightenment, or perception of newsworthiness.

The distinction is important, because research carried by TVN’s Department of Qualitative Studies showed that while some groups of viewers considered that a certain programme was “educative”, other viewers did not. Furthermore, the same programme was not considered “educative” neither by the CNTV nor by TVN itself (Fuenzalida, 1997a). The programme in question, *Mea Culpa*, was a highly successful TVN magazine that recreated cases of repentant criminals. Lower-income audiences found these stories highly amusing and instructive for their everyday lives, whereas higher-income groups found them both sensationalistic and less interesting. Therefore, Fuenzalida proposed a wider definition of education through television - the “audience’s active process of giving its own spontaneous significances to a television programme” (ibid.: 271). This educative character is different from the one defined unilaterally by the sender (such as BBC’s John Reith), the regulator, or the academic, who often belong to the same intellectual elite that dismisses the “ludic and affective” syntax of television language. According to Fuenzalida, this process of “educative appropriation” takes place when the audience [a] feels that a programme is helpful to improve the quality of its daily life, and [b] when it is emotionally identified with the situations and characters portrayed in the screen.

Despite that Fuenzalida’s down-to-top concept of amused education through TV is a very interesting one (apart from providing valuable evidence from Chilean cases), the examples he quotes are relatively isolated and resulted spontaneously without a conscious previous effort by TVN or other senders to educate the audience. Besides, he admits that some programme types such a football match hardly have any educative value<sup>1</sup>.

This work does not need to get involved too much into that discussion, so it will consider the triad of education-information-entertainment as broad categories of

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<sup>1</sup> Interviewed on 4/11/1997.

programme types defined unilaterally, in this case, by the regulator. This is an arbitrary decision, yet it is widely accepted as a reasonable one. The National Television Council (CNTV) places thirteen programme categories under five main headings:

- Entertainment: feature film, series, *telenovela*, miscellaneous, video clip
- Information: newscast, debate & conversation, current affairs stories (includes reality show and micro news stories)
- Sports
- Culture: arts & cultural events, education, religion, documentaries
- Other

As explained in the previous chapter, the CNTV records and classifies exhaustively all programmes broadcast (and measured by the people meter) according to these thirteen categories. The only difference taken here in respect to the CNTV is that sports programmes are included into “entertainment” instead of considered as a separate category. Chapter 9 is devoted to the measurement of programme diversity as a measure of broadcasting quality according to the full list of programme categories used by the CNTV. This section has a more broad perspective.

## **2.2. Predominance of entertainment and information**

Once the conceptual confusions about the information-entertainment-culture holy trinity of public service broadcasting are cleared, the analysis of programme offerings confirms old wisdom: commercially funded systems such as Chile’s are considerably biased towards entertainment. TVN is no exception. Information comes second, whereas education/culture is the weakest of the three and has diminished since the years when public funding was cut.

Were entertainment programmes always so predominant? The available evidence suggests that even before public funding was cut in 1975 there was a strong pro-entertainment bias in the system, though there were more education/cultural programmes than today. Information stayed more or less constant. A tentative comparison between programme types yielded by the Chilean system in 1972, 1982, 1994, and 1996 is depicted in table 6. These figures must be taken with caution. Firstly, the programme categories for 1972 and 1982 (taken from Fuenzalida, 1984) are not exactly the same as those used by the CNTV in 1994 and

1996. Besides, data from 1972 and 1982 were drawn from two-week samples, whereas 1994 and 1996 cover absolutely all broadcasts throughout three full months. Finally, broadcasting hours had increased steadily from 224 hours a week in 1970 to 350 in 1975, 410 in 1982, and nearly 740 in 1995 (Brunner, 1995b:23; Fuenzalida, 1984:52).

	1972	1982	1994	1996
ENTERTAINMENT	71.6	83.8	78.1	66.0
INFORMATION	16.5	7.7	16.9	18.2
CULTURE/EDUCATION	11.9	8.5	4.7	6.6
OTHER	N/A	N/A	N/A	9.3

*Sources: Fuenzalida, 1986:178; CNTV, 1994c, 1998.*  
1972 & 1982 drawn from 3-week samples; 1994 & 1996 from 3 whole months

It is very possible that the public funding existing in 1972 (combined to the low levels of competition) explains the higher proportion of culture/education. Meanwhile, censorship and political restrictions during the middle years of the dictatorship can account for the extremely low levels of information programmes in 1982. Democratic recovery revived television journalism even above the levels of 1972, with information peaking 18.2% in 1996. In the last year of the sample, new programme formats (notably infomercials in the smaller channels) exceeded the original triad of information, entertainment and education, a trend that is likely to continue.

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 TVUC
ENTERTAINMENT	627.9	740.8	892.2	1059.6	837.1	926.3	926.4
% ENTERTAINMENT	65.2%	61.0%	72.4%	72.4%	76.1%	74.5%	70.4%
INFORMATION	219.8	121.3	234.4	344.2	171.8	160.9	238.1
% INFORMATION	22.8%	10.0%	19.0%	23.5%	15.6%	12.9%	18.1%
CULTURE	26.8	154.0	18.7	60.7	50.2	13.5	152.1
% CULTURE	2.8%	12.7%	1.5%	4.1%	4.6%	1.1%	11.6%
OTHER	87.8	198.8	86.7	0.0	40.8	142.6	0.0
% OTHER	9.1%	16.4%	7.0%	0.0%	3.7%	11.5%	0.0%
<b>TOTAL HOURS</b>	<b>962.3</b>	<b>1214.9</b>	<b>1232.1</b>	<b>1464.5</b>	<b>1099.9</b>	<b>1243.2</b>	<b>1316.6</b>

*Source: CNTV, 1998*

Disaggregating the latest available data amongst broadcasters in table 7 shows some important differences. TVN broadcasts more hours of entertainment and information than everybody else. TVUC is very prominent in Culture/Education (it has the only case of tele-classes in Chile, *Teleduc*, similar to BBC's Open

University), yet the private channel 4 La Red is slightly above the Catholic University's broadcaster because of a great number of instructional and "service to the public" programmes<sup>1</sup>. TVN comes third in terms of Culture/Education after La Red and TVUC, yet it broadcasts only 60.7 hours in contrast to the other two's 154.0 and 152.1 hours respectively.

Nevertheless, when examining prime-time (19:30 to 23:29 hours) it is clear that information is much more influential than appears on the whole day's figures. The latest CNTV statistical report on August-October 1996 (CNTV, 1998) reveals that journalism programmes are a very important commodity in the Chilean television market:

<b>Table 8.</b> <b>TYPES OF PROGRAMMES BROADCAST AT PRIME TIME, 1996</b> <b>August-October, Mondays to Fridays</b>	
ENTERTAINMENT	56.4 %
INFORMATION	37.5 %
CULTURE/EDUCATION	1.9 %
OTHER	4.2 %
<i>Source: CNTV, 1998</i>	

When disaggregating the prime time data (table 9), TVN's profile tilts strongly towards information, with the highest amount of hours (115.5) devoted to journalism among the bigger broadcasters. Its entertainment programmes are only slightly more predominant (128.2). The smaller Rock & Pop is the only that overtakes TVN in scheduling information because of its extensive use of low-cost interview and debate programmes between 21:00 and 23:00 hours (some of them remarkable, such as the interviews to newsworthy personalities in *Mira Quien Habla* by a talented young female journalist). Among the big, TVN also leads in Education/Culture with 4.4 hours. The medium-sized CHV surpasses TVN slightly in this area, with 4.9 hours. Nevertheless, this format remains very marginal at prime time and it is one of the casualties of market-driven television.

Apart from entertainment, the current competitive model is certainly able to deliver a high proportion of news and current affairs -a field in which TVN has an important lead. Yet Education/Culture remains weak in Chilean broadcasting. It is unlikely that the reason is just that the public does not want it. As table 10 shows, audience viewership for that sort of programmes was proportionately larger than the amount offered by the broadcasters in March-May 1994, as it happened with information. In contrast, audiences consumed a lower proportion of the highly

<sup>1</sup> Chilean broadcasters call "service to the public" those programmes that provide useful information to viewers, such as legal counselling, or medical advice. It is often mistaken for public service broadcasting, so inverted commas are used.

abundant entertainment programmes (except for sports, which seems under-supplied).

**Table 9.**  
HOURS OF PROGRAMME TYPES BROADCAST AUG-OCT 1996  
PRIME TIME, MONDAYS TO FRIDAYS

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 TVUC
ENTERTAINMENT	151.1	191.7	149.1	128.2	166.2	166.9	148.0
% ENTERTAINMENT	52.8	83.4	63.4	51.7	64.0	64.2	57.4
INFORMATION	124.7	37.9	80.7	115.5	93.6	88.0	107.4
% INFORMATION	43.6	16.5	34.3	46.6	36.0	33.9	41.6
CULTURE	10.2	0.0	5.2	4.4	0.0	4.9	2.5
% CULTURE	3.6	0.0	2.2	1.8	0.0	1.9	1.0
OTHER	0.0	0.3	0.0	0.0	0.0	0.0	0.0
% OTHER	0.0	0.1	0.0	0.0	0.0	0.0	0.0
TOTAL	286.0	229.9	235.0	248.1	259.8	259.8	257.9

Source: CNTV, 1998

Therefore, the explanation for the small airtime devoted to education/culture is more complex than the public's hypothetical lack of interest, as argued by some broadcasters (although it is true that "cultural" programmes have the lowest audience share of the triad). It involves both advertisers' and broadcasters' costs considerations, competitive strategies, and the way they deal with ratings figures (see chapter 6). Another influential factor is the lack of substantial public funding as a complement to advertising income, as the 1972 figures suggest in table 6. This is consistent with broadcasting economics -wider programme diversity is likely to result from the combination of different sources of revenue (Owen & Wildman, 1992; Noam, 1991, 1985).

**Table 10.**  
SUPPLY AND AUDIENCE SHARE OF PROGRAMME TYPES (March-May 1994)

	% AIRTIME	AUDIENCE SHARE	DIFFERENCE
ENTERTAINMENT, SPORTS [*]	78.1%	61.0%	-17.1%
<i>Sports only</i> [*]	6.0%	24.5%	18.5%
NEWS & CURRENT AFFAIRS	16.9%	22.0%	5.1%
EDUCATION & CULTURE	4.7%	13.9%	9.2%

Source: CNTV, 1994c.

The relative over-supply of entertainment and the under-supply of information and culture occurs both at the system's and the channel's levels. Table 11 disaggregates the 1994 data among the three largest broadcasters. In the case of TVN, the widest gap between broadcast time and audience share is precisely in education/culture.

Unfortunately, nowadays it is difficult to compare broadcasts to viewership at this level of detail, because some broadcasters dropped from the industry's

recognised audience measurements. At the time of writing, three of the seven VHF broadcasters (plus the one in UHF) covering Santiago did not participate in the people meter system. And this is without mentioning the other two terrestrial broadcasters in the regions<sup>1</sup>. Hopefully that problem can be dealt with when the people meter system is put to tender by the broadcasters in 1998 for a new five-year period.

		<b>% AIRTIME BROADCAST</b>	<b>AUDIENCE SHARE</b>	<b>DIFFERENCE</b>
<b>TVN</b>	ENTERTAINMENT	76.8%	55.1%	-21.7%
	INFORMATION	19.7%	31.8%	12.1%
	CULTURE	3.2%	13.0%	9.8%
<b>MEGA</b>	ENTERTAINMENT	78.7%	48.3%	-30.4%
	INFORMATION	14.6%	28.8%	14.2%
	CULTURE	6.2%	22.9%	16.7%
<b>TVUC</b>	ENTERTAINMENT	78.2%	62.1%	-16.1%
	INFORMATION	18.2%	32.3%	14.1%
	CULTURE	3.5%	5.8%	2.3%

*Source: CNTV, 1994c.*

### 2.3. Origin of programmes

Here lies another two important areas of performance for TVN, according to the discussions about public service broadcasting in the industrialised world. The first is national production, regarded as necessary to preserve and enrich the national cultural heritage, including language (or the nation's different languages, as in Spain, Canada, or Belgium). This assumes that the nation-state is a valid, distinctive realm, a pretension somehow opposed to that assumed by globalisation and its claim of universal Western (North American) capitalism. The contradiction between globalisation and national identity is far from solved, yet the fact is that TVN remains as Chile's largest producer together with TVUC. In contrast to what dependency theorists argued in the 1960s and 1970s, deregulation of the Chilean media did not bring an increasing and irreversible tide of alienating US' material. Nowadays, the tide runs in a different direction.

The other aspect is related to "independent" production, a subject that led to the creation of Channel 4 in the UK in the early 1980s. Independent producers, i.e., programme makers outside the payroll of traditional broadcasting-and-producing organisations, were a way of both taking power away and introducing cost-

<sup>1</sup> Northern Catholic University's TELENORTE and Nivaldo Mosciatti's VHF Channel 09 in Concepcion.



consciousness in the vertically-integrated, loss-making European public channels. In the case of the post-dictatorial Chile, it also was a way of democratising production, enhancing ideological diversity, and maximising creativity. This was an explicit commitment carried by TVN after 1990, although not mentioned in the law.

### 2.3.1. Chilean vs. Foreign productions

Despite the fact that the percentage of foreign productions in Chilean broadcasting is higher than in industrialised nations, nationally-originated programmes are increasing. The proportion of national productions, despite the deregulated commercialised environment of today, is slightly higher than the more protectionist and regulated one of a quarter of a century ago.

	NATIONAL	FOREIGN
Miscellaneous & Show	28.6	1.2
Newscast	12.7	0.0
Debate & conversation	12.6	0.1
Sports	8.8	0.3
Videoclip	8.6	0.1
Education & "service to public"	7.7	0.0
Infomercials	5.7	11.7
Documentary & C. Affairs	4.6	2.1
Other information	4.2	0.0
Telenovela	2.3	18.7
Religion	1.7	0.2
Arts & cultural events	1.2	0.1
Series & mini series	0.6	42.8
Feature film	0.1	21.2
<b>TOTAL HOURS BROADCAST</b>	<b>4997.5</b> <b>(54.4%)</b>	<b>4169.6</b> <b>(45.5%)</b>

*Source: CNTV, 1998*

National production strongly predominates notwithstanding all the fears of foreign penetration in a market as small and open as Chile's. In 1971, Chilean programmes were at 45%. They fell to their lowest point of 16% in 1976 after public funding for television was cut by the military regime (Fuenzalida, 1984:54), but later gradually recovered. By the early 1990s, Chilean programmes were slightly above 50% (CNTV, 1993a, 1993b, 1994c, 1996d). The CNTV's latest statistical report on August-October 1996 shows that 54.5% of broadcasts were of national origin. At prime time (from Mondays to Fridays) the percentage rose to an astounding 77.8% (CNTV, 1998). Table 12 depicts the proportion devoted to different programme types according to their origin. Chilean production is dominated mostly by miscellaneous and shows, newscasts, debates and talk

shows, sports, and videoclip programmes<sup>1</sup>. Meanwhile, series, films, *telenovelas* (mostly Mexican, Brazilian, or Venezuelan), and infomercials are the bulk of foreign material.

	TVN				MEGAVISION				TVUC			
	1994	1995	1996	1997*	1994	1995	1996	1997*	1994	1995	1996	1997*
<b>HOURS BROADCAST:</b>												
NATIONAL	3341.4	3225.2	3647.7	838.7	1710.7	2011.7	1997.0	431.8	2561.0	2542.5	2630.5	462.0
FOREIGN	3245.9	3252.1	3210.5	811.1	3810.4	3282.1	3306.0	1021.6	3134.2	3017.1	3251.1	840.8
Total hours broadcast	6587.3	6477.3	6858.2	1649.8	5521.1	5293.8	5303.1	1453.4	5695.2	5559.7	5881.6	1302.7
<b>HOURS VIEWED:</b>												
NATIONAL	321.1	323.8	415.9	89.3	139.6	168.2	170.1	31.4	330.2	303.0	369.9	61.0
FOREIGN	236.9	237.7	223.3	51.3	278.8	233.8	211.6	53.3	258.0	233.0	235.1	59.9
Total Hours viewed	558.0	561.4	639.2	140.6	418.3	401.9	381.7	84.7	588.2	536.0	604.9	120.9

(\*) Only January--March 1997  
Source: TVN, Subgerencia Programas

Audience's preferences are also tilted in favour of national programmes. During the same period of 1996, audience share of local production was 59.3% against 40.7% of foreign material (CNTV, *ibid.*). This is consistent with previous CNTV reports.

COUNTRY	%
USA	56%
Mexico	11%
Venezuela	10%
Spain	5%
Brazil	4%
Argentina	2%
Japan	1%
Others	11%

Total period: 8811 hours, 46% of foreign production.  
Source: CNTV, 1993a.

TVN is the largest producer of Chilean programmes, thus achieving one of the distinctive traits of a public broadcaster, i.e., being linked to the nation. Table 13 below compares the evolution of the three most influential broadcasters in terms of

<sup>1</sup> Videoclip-based programmes are "national" according to the CNTV despite many of the clips themselves are foreign, but are inserted into a national presentation.

the hours of both national and foreign material they broadcast. This is contrasted to the hours of viewership obtained by each. Data for 1997 encompass only the three first months of the year (a rather slack period in television due to the Southern hemisphere's summer holidays), so it cannot be held as representative for the whole year.

In general, viewership hours stay at near 9-10% of what is broadcast. In this respect, it is interesting to note that TVUC, despite broadcasting less hours of national material than TVN, gets more viewership hours for its domestic programmes than its state-owned rival -except 1997.

Concerning the origin of the foreign material broadcast in Chile, the 1960s' fears on irreversible "cultural imperialism" from the USA have attenuated considerably. This is not only because of the upsurge of national production, but also because of the growing participation of other foreign sources of programmes. Material from the USA rose from 224 hours in 1970 to 734.3 in 1992 (Alcides Jofre, 1987; SECC, 1994g:96), but their proportion in the system stagnated because overall broadcasting hours more than tripled (SECC, 1994g:89). North America (in particular the USA) remains as the main foreign supplier, but its proportional influence has declined in the last decade in favour of Latin American imports. Table 14 disaggregates the specific countries of origin of foreign material in April-June 1993, as reported by the CNTV (CNTV, 1993a). Unfortunately, the regulator ceased to produce information about the specific countries from where foreign programmes originated. On the other hand, this reveals the change of mentality in the broadcasting elites, nowadays less concerned with what once was regarded as dangerous cultural alienation from abroad.

<b>Table 15</b>							
<b>ORIGIN OF PROGRAMMES, AUGUST-OCTOBER 1994</b>							
<b>Percentage of total hours broadcast</b>							
	<b>4 RED</b>	<b>5 UCV</b>	<b>7 TVN</b>	<b>9 MEGA</b>	<b>11 CHV</b>	<b>13 TVUC</b>	<b>% of TOTAL</b>
<b>NATIONAL</b>	30.9%	74.7%	53.1%	32.8%	66.5%	51.4%	51.5%
<b>NORTH AMERICA</b>	51.8%	22.7%	37.2%	31.6%	12.4%	35.9%	32.0%
<b>LATIN AMERICA</b>	7.3%	0.0%	6.5%	26.6%	16.1%	7.8%	10.7%
<b>EUROPE</b>	8.4%	0.9%	1.9%	1.2%	3.2%	2.1%	3.7%
<b>ASIA</b>	0.7%	1.6%	0.9%	5.6%	1.4%	0.9%	1.8%
<b>INTL. CO-PRODUCTIONS</b>	0.9%	0.1%	0.5%	0.2%	0.4%	2.0%	0.7%
<b>TOTAL HOURS</b>	1643.7	1353.2	1716.5	1415.4	1729.6	1509.5	9367.0

*Source: CNTV [courtesy of Dr. Guillermo Sunckel].*

Table 15 shows disaggregates the sources of foreign material per broadcaster in 1994, the latest figure available. American programmes, i.e., those produced both in the South and the North of the continent, account for more than 90% of the total. Other continents have a minor presence. International co-productions of Chileans

with foreign partners were insignificant in 1994, and they have grown moderately afterwards.

Of the three leading broadcasters, TVN had the highest proportion of US' material, although not for a very significant margin. Yet if one of the objectives of public service broadcasting is to ensure a wide variety of programmes, a more balanced sourcing of imports seems desirable. In that sense, Megavisión provides an interesting example with its high proportion of Latin American and, less predominantly, Asian telecasts.

### **2.3.2. Independent production**

Apart from being an important producer of national programmes by itself, TVN exercises an additional effect in domestic production through its commitment to independent production, i.e., producers from outside the organisation. This was an explicit, self-imposed objective set up by the new administration in 1990 to enhance ideological diversity in the industry by the development of a market of independent producers, as well as to encourage productive efficiency and cost controls internally<sup>1</sup>. The man in charge of dealing with the independents since then, the Vice Manager of Programming Juan Carlos Altamirano, recalls

*Independent production has served for three purposes: [to increase] the diversity of subjects, reduce costs, and increase TVN's legitimacy and ratings...*

*Legitimacy was related to expressing this country's social and cultural diversity, [of us] being totally pluralists...It was impossible to portray [Chile's] social diversity from within this channel. [In 1990] people here only knew how to produce certain programmes: shows, telenovelas, football. Only two programmes were different: [the current-affairs] "Informe Especial" and [the wildlife documentary series] "La Tierra en que Vivimos"....There was no room for the multiple expressions of what is national [identity]. The producers needed to ensure a diverse programming schedule simply did not exist. 80% of all programming was "canned"...And [TVN's] credibility was a minimum...[Additionally,] independent production was key to reduce costs when TVN was restructured [in 1990]. Before there was neglect and scarce cost controls, and it was extremely expensive to produce internally...*

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<sup>1</sup> Interview with Bartolome Dezerega, General Manager, May 5th 1995,

Nowadays 60% is of Chilean origin...We broke the myth that said that information and culture couldn't get high ratings, and that national productions were mediocre. National production yields far more ratings than a canned film, and has more credibility...We put together "Manzana de la Discordia", a non-political debate; "Mujeres al borde de", for women; "Show de los Libros", about literature; "Cine Video", about cinema; "Ojo con el arte", on visual arts; "El Mirador", [a magazine-documentary] about more liberal, avant-garde social expressions...Drama and comedies also started. The makers of those programmes were outside this channel, in the world of advertising or alternative video. Working with them [helps TVN] innovate both [its own] production methods as well as in programme content, thanks to their diverse sensibilities in portraying [Chile's] social diversity. All of this helped this channel recover legitimacy and pluralism...

[Therefore] the budget for Chilean production, both internally and externally produced, has increased steadily because it proved to be effective<sup>1</sup>.

So TVN proposed itself to commission a stable and considerable amount of independent production every year after 1990. Table 16 shows the contribution of independents to TVN until 1997. There are no records of the exact amount of independent production in 1990 and 1991, yet it is reported that programmes commissioned to outsiders grew by 115% in that period (TVN, 1992). From then onwards, independents have been responsible for slightly less than 10% of TVN's Chilean programming.

	Hours broadcast				% of total			
	Internal	News	Indeps.	Total	Internal	News	Indeps.	Total
1997	2204.0	720.0	280.0	3204.0	68.7	22.5	8.7	100.0
1996#	2008.6	906.0	267.2	3181.8	63.1	28.5	8.4	100.0
1995	1943.1	693.5	193.6	2830.2	68.7	24.5	6.8	100.0
1994	1820.9	658.1	327.6	2806.6	64.9	23.4	11.7	100.0
1993	1474.0	661.5	203.3	2338.8	63.0	28.3	8.7	100.0
1992	1942.0	N/A	189.4	2131.4	91.1	N/A	8.9	100.0
1991	1229.0	N/A	N/A	1229.0	N/A	N/A	N/A	N/A
1990	1143.0	N/A	N/A	1143.0	N/A	N/A	N/A	N/A

# 1996 includes 11.7 hours of Chilean films.  
Sources: TVN (1997c, 1995, 1994d, 1993a, 1992a, 1991). 1997 figures by David Belmar, Vice Manager of Studies.

Table 17 illustrates the rate of growth for each of the components of TVN's national production: in-house programmes by the Department of Production, news and current affairs by the Department of News, and the independents. In general,

<sup>1</sup> Interviewed on 18/11/1997.

growth in all of them has been the norm up to 1997, following the audience's increasing preference for Chilean material.

How did TVN fare in contrast to the others'? In 1992, an average of 60% of all Chilean programmes in the television system was internally produced by the channels themselves, while 35.5% was commissioned from independents (SECC, 1994g:91). Mainly for cost reasons, La Red, a relatively small private channel, contracted-out more than half of its national programmes. TVN came second, and TVUC was the one that contracted least.

	% growth			
	Internal	News	Indeps.	Total
1997	9.7	-12.3	4.8	0.7
1996#	3.4	30.6	38.0	3.4
1995	6.7	5.4	-40.9	6.7
1994	23.5	-0.5	61.1	23.5
1993	-24.1	N/A	7.3	-24.1
1992	58.0	N/A	N/A	N/A
1991	7.5	N/A	115.0	N/A

# 1996 includes 11.67 hours of Chilean films  
Sources: TVN, 1997c, 1995, 1994d, 1993a, 1992a, 1991.  
1997 figures by David Belmar, Vice Manager of Studies

By 1992, a group of relatively stable independent production companies was consolidating, and TVN was one of the main customers (SECC, 1994g: 189). In 1991, the public broadcaster signed a contract with the Filmmakers' Association to co-produce two films a year -quite a lot for the almost non-existent cinema industry. This pact, the only existing between the two media sectors, ensured a window both for new and old releases that otherwise would have reached a very tiny audience. According to Altamirano, the executive in charge,

*TVN is the organisation that has developed the audio-visual industry most. We bought all the [existing] Chilean feature films, and has co-produced many of them. All feature films have been generated by this channel, with all the subsequent effects in terms of this country's cultural, social, and technical development. This is something a public broadcaster can do, and this one has made it [by] self-financing, and by giving cultural and social participation to different sectors. In summary, I think this model has been highly successful<sup>1</sup>.*

Even though independent production is just a fraction of TVN's overall schedule, its influence and quality is much higher: most of it is aired at prime time. Altamirano explains:

<sup>1</sup> Altamirano, *ibid.*, 18/11/1997.

80% of what independents produce goes in prime time. Therefore they are quite influential. They have given [TVN] much prestige, for example, with "Enlaces", a programme of science and technology. We have a sort of "cultural slot" from 23:00 to 24:00 hours [of independently-produced programmes]...It is defined as "cultural slot" because [these programmes] are segmented [for more specific audiences], yet at the same time they are not elitist. Contents should be open for popular, massive sectors.

**Q. Are these programmes removed if a certain ratings threshold is not reached? If so, what are the rating threshold applied?**

A. The expected rating for these programmes in the cultural slot is 10 to 14 points, from 23:00 to 24:00 hours. At prime time, it is above 20...[this] yields enough massiveness for the [advertising] agencies to consider them into their schedules....But "Enlaces", for example, has an average of 15 -16 points and is still at prime time because it is a complex, hard-to-sell production. But it is important to have it at that time. Given TVN's public-service orientation, we spend a lot of money in programmes such as "Enlaces"...and other programmes that do not self-finance. Here you see the public-service criteria: they are maintained by editorial reasons...

There is not a rigid ratings threshold to keep these programmes on the air. Each one is analysed on a one-to-one basis. In general, these [valuable but loss-making] programmes are cross-subsidised. For example, [the series on rural life] "Tierra Adentro" loses millions, it has 6-8 ratings points, but in the regions it's a highly appreciated programme. So the ratings does not make too much sense in that case<sup>1</sup>.

According to Altamirano, the ratings thresholds used for the rest of the day (i.e., morning, noon, and afternoon) are varied, yet they should not be less than 5 points. In general, they often average 8 points and rarely surpass 10-11 points. There are more strict criteria at certain moments: locally-produced *telenovelas* and the main newscast should not fall below 20. The noon newscast is expected to yield double-digits rating figures. Nevertheless, these are not rigid rules.

It is a far from automatic process. There are programmes like [the new police series] "Brigada Escorpion" that, if it stays at 18 points in prime time, it's better to relaunch it again the next year because you're creating an habit with a new genre. That habit is slow to build, and you cannot always do so...Average ratings are taken throughout the semester, for the whole year, and then by slots.

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<sup>1</sup> Altamirano, *ibid.*

**Q. Who decides what goes on or not? Which is the most important factor?**

A. *The Programming Committee decides the ratings threshold for each programme. It is composed by the Director of Programming, by me, by the Manager of the Production Department, the Executive Director, the News director, the Commercial Manager and Vice Manager....The participants have varied, as well as the criteria used. Nevertheless, the fundamental criterium is the commercial one<sup>1</sup>.*

Despite these positive factors, the 'independent' sector is still weak due in part to the monopsonic features of the market of terrestrial TV (Portales, 1994). Besides, the lack of entrepreneurial spirit of many of the independents makes it difficult for the channels to deal with them (ibid.; also Dezerega<sup>2</sup>). In reality, a small number of firms have succeeded to sell their programmes to TVN<sup>3</sup> and are often regarded as a mafia by those displaced<sup>4</sup>. TVN's Vice Manager of Programming explains:

*At the beginning [in 1990] there were more opportunities for all the external producers, because we were starting with this. Nowadays, you tend to work with consolidated producers, with those you already know, those who have experience in certain formats...[Nevertheless] we are always concerned that no producer gets more than two projects at a time. We try to spread the butter evenly. We also see that the selection [of producers] is not made with political criteria. For example, Paula Producciones produces [the magazine] "Revolver" for us...and it belongs to Roberto Edwards [linked to the right-wing newspaper El Mercurio]...*

**Q. How is the procedure to commission an independent producer?**

A. *It varies. Some of them present us a project, such as [the programmes] "Mea Culpa" or "Laberinto". "Patiperros" [a documentary series about Chileans living abroad] was commissioned to a producer with a good experience in international projects...[The police series] "Brigada Escorpion" was [also] our idea...<sup>5</sup>*

TVN may be unable to sustain a big market of independent producers by its own, but some are starting to suspect that the funds that TVN and other channels transfer to external talents and producers may be much more beneficial than what

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<sup>1</sup> Altamirano, ibid.

<sup>2</sup> Dezerega, ibid.

<sup>3</sup> La Nación, 29/4/1995, p.35.

<sup>4</sup> Interview with Carlos Hurtado, Executive Director of TVN, May 4th 1995. Hurtado denies any "mafia", but acknowledges the existence of such feelings since necessarily only a few get commissions from TVN and afterwards it becomes easier to work with the same external suppliers.

<sup>5</sup> Interview with Juan Carlos Altamirano, Vice Manager of Programming, 18/11/1997.



seems in the surface. Valerio Fuenzalida, chair of TVN's Qualitative Studies, thinks that the unprecedented number of theatre performances in Santiago in the last years -almost 40 at the same time- is probably cross-subsidised by the broadcasters' payments to external talents. TVN, as the main contractor of external production, might be indirectly fostering dramatic arts without noticing. Fuenzalida argues that the CNTV should be a more active in supporting and rewarding this sort of positive externalities<sup>1</sup>. In 1997, TVN spent US\$ 6.5 million in "external talents", of which US\$ 1 million went straight to actors<sup>2</sup>. That does not consider the money TVN spends in independent producers, who also hire all sort of creative talent. Further research is needed to clarify this point.

### **2.3.3. In-house production of telenovelas**

Another relevant aspect concerning national production are *telenovelas*. They are included here not only because of their popularity and their specifically Latin American character, but also because they require a quite complex productive capacity which seems correlated with the sophistication of the television industry of the country. Not surprisingly, the most advanced television markets in Latin America (Brazil, Mexico, Venezuela) are also the main producers and exporters of these programmes.

In Chile, only TVN and TVUC are able to regularly produce telenovelas since 1981 at a rate of twice a year each. The third-runner Megavisión launched its first one in the first semester of 1997, but in the following semester its second bet *Santiago City* had insignificant ratings and the network ended the year bearing important losses. Nevertheless, at the time of writing the private broadcaster was ready to reassume the challenge of March 1998.

Megavisión's insistence on producing its own *telenovelas*, despite their high cost, complexity, and risk, was very reasonable. It took nearly a decade to both TVN and TVUC to fully take advantage of the locally-produced soap at prime-time. Telenovelas enjoy 13.8% of audience share and generate 18.7% of the advertising revenue -the highest for any other programme type in Chile (CNTV, 1994c: G15, G24). Given the increasing preference of Chileans for national programmes, both competitors placed their home-made productions at the beginning of prime time, at 20:00 hours. At present, a successful national telenovela is the only predictable and stable formula to ensure high ratings for the whole night, since viewers tend to stay

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<sup>1</sup> Interview with Valerio Fuenzalida, Chair of Qualitative Studies TVN, 4/11/1997.

<sup>2</sup> Source: David Belmar, Vice Manager of Planning and Studies, TVN (13/11/1997).

tuned afterwards. Conversely, when ratings are weak at 20:00 because of an unsuccessful telenovela, viewership figures often stay relatively depressed for the rest of the night. Despite being 49% owned by the Mexican broadcasting giant Televisa -one of the world's biggest broadcasters, and the most powerful of the Spanish-speaking sphere-, Megavision was unable to attract enough viewers with its Mexican soaps.

Nowadays, from Mondays to Fridays the biggest two broadcasters have increasingly stuck to a combination of local telenovela at 20:00 (Megavision used Televisa's material until 1997), main newscast at 21:00, and a main night programme of massive appeal at 22:00. This one is also increasingly a national production. Depending on the length of the main programme at 22:00, a more specialised one may follow at 23:00. When that occurs in TVN, a "cultural slot" between 23:00 and 24:00 is placed a couple of days a week. More experimental programmes find a space there, such as the award-winning *Show de los Libros* (with dramatisations of contemporary literary pieces), *Cine Video* (a space of critical reviews of films and videos, both foreign and local), and others.

But apart from being commercially attractive, locally made telenovelas also have an important industrial value. The amount of human and material resources mobilised is such, that benefits exceed the broadcasters. Some of these positive externalities are higher quality thresholds in terms of acting and production, growing expertise among creative talents, and increasing resources transferred to talents and artists that possibly support other artistic activities (see previous section). All these are plausible hypotheses that need to be empirically tested. Future research may clarify how TVN and the regulator may enhance the benefits generated by this industrial activity.

**Table 18.**  
**PAYMENTS TO FREE LANCE ACTORS OF TVN's TELENVELAS [\*]**  
**1997 constant values**

Year	Semester	Telenovela	Ch\$ million	US\$ 000s
1997	1°	Oro Verde	348,8	837.7
1997	2°	Tic Tac	367,2	881.8
1996	1°	Sucupira	347,5	834.5
1996	2°	Loca Piel	409,2	982.7
1995	1°	Estúpido Cupido	322,3	696.7
1995	2°	Juegos de Fuego	306,5	736.1
1994	1°	Rompecorazón	260,1	624.6
1994	2°	Rojo y miel	290,1	696.7
1993	1°	Jaque Mate	163,7	393.1
1993	2°	Amame	258,5	620.8

[\*] Excludes starring figures

Exchange rate: Ch\$ 416.4 per US\$, as in 04/04/1997.

Source: Planning and Studies Department, TVN

From the US\$ 6.7 million that TVN spent in free lance personnel for its two 1997 telenovelas, about US\$ 1.7 million went to actors, US\$ 2 million to other artists, and the remaining US\$ 3 million to other professionals or technicians such as journalists, producers, directors, screenwriters, extras, or cameramen. These figures exclude starring figures, whose wages are kept in secret. According to TVN's Vice-Manager of Planning and Studies, David Belmar, real expenditures in telenovela production grew by 125% between 1993 and 1997, whereas free lance creative and technical personnel hired increased by 25% in the same period. Furthermore, these persons' wages have appreciated in real terms<sup>1</sup>. Table 18 shows the evolution of the payments to free lance actors who participated in TVN's telenovelas from 1993 to 1997. Between the first production of 1993, *Jaque Mate*, and the last one of 1997, *Tic Tac*, resources devoted to free lance actors were one and a quarter times more than at the beginning.

Before outdoor filming became prevalent in 1996, the average cost of a Chilean telenovela at TVN and TVUC was one to one-and-a-half million US dollars each until 1995 approximately<sup>2</sup>. These were super-productions by Chilean standards and a strong boost to the domestic dramatic and advertising sectors. More recent telenovelas may cost twice as much. In 1996, both TVN and TVUC started the year with competing environmentalist tales. TVN's successful *Oro Verde* dominated the first semester. It was recorded in Chile's beautiful lake district and subsequently cost a record of US\$ 3.5 million as well as a formal complaint from the forestry business, the villains of the story. The following semester the highest ratings were for another expensive outdoor story, TVUC's *Playa Salvaje*. At the time of writing, TVN was preparing to start the 1998 season with a anthropologically-oriented telenovela *Iorana* filmed in Easter Island, Chile's renowned Polynesian possession. Nevertheless, these costs are still far from the 1985 average of US\$ 8 millions of Brazil's Rede Globo, as well as from Globo's US\$ 12 million in export revenues generated from 128 countries all over the world (Schneier-Madanes, 1995:35).

Domestic production capacity is almost saturated at the present level of four telenovelas a year. If Megavision manages to emulate the two leaders, Chilean production would be closer to Mexico's and Brazil's annual mean of eight, and Venezuela's six (SECC, 1994g:135). But exports are still far from Brazilian, Mexican, and Venezuelan levels. Until recently, Chilean productions had limited export potential due to their localist character and language, and the lack of appropriate

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<sup>1</sup> Belmar, *ibid.*

<sup>2</sup> Interview with Enrique Aimone, Secretary General of TVN, 8/5/1995.

distribution chains<sup>1</sup>. This situation seems to be changing thanks to increasing expertise and resources devoted to production: between 1981 and 1997, TVN and TVUC had produced 63 telenovelas altogether, 26 of which were TVN's (Fuenzalida, 1997c). Through its International Signal, who acts as a window for TVN's productions, all this material is broadcast and viewed all along the continent. In particular, telenovelas have been bought by Ecuadorian, Peruvian, and even Mexican broadcasters because of this. Other programmes have also been bought abroad in this way. TVUC have not been as active as TVN in this respect, although it also broadcasts internationally<sup>2</sup>.

Least and not less, the locally-made telenovela also plays an important cultural role that cannot be held simply as low-key, worthless entertainment. Only recently this genre has been studied from a less prejudiced stand. Initial analysis deplored the supposed mental alienation caused by these mass-produced soaps. But their tremendous popularity forced a change of mind in the academia. Inspired by the Cuban *radionovelas* in the 1950s, these seriated melodramas soon passed from radio to television. Between 1975 and 1995, predominant fiction programmes in Latin American television shifted dramatically from US' series and films to telenovelas. This boom was preceded a decade before by the international success of the Latin American novel with authors such as Gabriel Garcia Marquez, Julio Cortazar, or Mario Vargas Llosa. According to Fuenzalida, both the novel and the telenovela were fictional narratives that enjoyed international circulation, but the intellectual elites had an opposed view of each (Fuenzalida, 1997a). While the novel was highly appreciated, telenovelas were despised -and extremely popular.

Further analysis concluded that rather than conspiracy or stupidity of the television industry, the telenovela was deeply rooted into the oral tradition of Latin American culture. Similar plots with similar characters (often "poor girl-loves-rich man", or so) are told and re-told combining melodrama and comedy to amused audiences, who identify and project themselves into those stories. Audience research carried in Chile since 1985 by Valerio Fuenzalida and Maria Helena Hermosilla found great educative potential in telenovelas and other apparently inane productions. As explained before in this chapter, it implies a different concept of education -a cognitive relationship between viewer and programme based on emotional gratification rather than on an analytical interpretation of the story. Thus, these researchers found that audiences felt they were educated when they were emotionally identified with characters or situations that provided useful information to

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<sup>1</sup> Interviews with Juan Agust'n Vargas, advisor to the Executive Director, 10/4/1995; Enrique Aimone, General Secretary, on 8/5/1995; and SECC (1994g:135).

<sup>2</sup> Source: Juan Agustin Vargas, manger of TVN's International Signal, 18/11/1997.

confront their everyday lives. This process depended largely on the audience rather than on the sender, and did not require a “desirable” plot or characters (Fuenzalida, *ibid.*).

TVN’s locally-made telenovela has evolved in accordance to Chilean realities and tastes. Nowadays the Chilean 90-episodes-or-so tale is no longer a melodrama targeted for adult women at home. The increasing competition from the private channels and the implementation of the people meter in 1992 led both TVN and TVUC to pay more attention to demographics. At the broadcasters’ surprise, it was found that these productions were watched by the whole family, with a high predominance of youngsters and children. This led to a process of differentiation of the Chilean telenovela from its Latin American counterparts throughout the 1990s:

*This process of differentiation yielded a certain variety of [the telenovela] genre that is more suitable to be screened at 20:00 hours. It is a variety closer to comedy than to melodrama, addressed more to family and juvenile audiences than to women, with higher demands both for acting and technical quality -such as being filmed in exteriors-, which implies higher production costs. The more traditional varieties of telenovela are still exhibited in the afternoons at 15:00 hours approximately. Thus, a phenomenon that is present in the TV from the USA has been “Latin-Americanised” in Chile: the “soap opera” is still targeted to women, but at the end of the early evening it comes the family, juvenile-oriented comedy (such as “The Bill Cosby Show”). Megavision’s failure to adapt to this differentiation may explain its difficulties with its two telenovelas (Fuenzalida, 1997c: 56, 57).*

Audience surveys carried by the CNTV found that only Brazilian telenovelas were close to Chilean ones in terms of viewer’s appreciation. Mexicans were only mildly valued, whereas the excessively melodramatic ones from Venezuela were the least appreciated (CNTV, 1994a).

## CHAPTER 8

### JOURNALISTIC AND TERRITORIAL PERFORMANCE

This section deals with three important areas of activity seen to be crucial for TVN's public service mission: news and current affairs, the regional network in the regions, and the International Signal (SISA).

In general terms, TVN's news department accomplishes many PBS requirements: its newscasts enjoy very high viewership, the public considers them reliable. TVN's news coverage also gives more airtime to social welfare and politics, electoral processes, and to representatives of the democratically elected civil power than its rivals. Nevertheless, TVN also shares the problems of contemporary Chilean journalism: emphasis on superficial, confrontational stories; excessive coverage of few actors; little attention to what viewers think is important (such as regional matters); excessive reliance on press conferences and communiqués; low status associated to reporting. Besides, the public increasingly believes that all newscasts are biased.

Both the Regional Network and the International Signal (SISA) are related to the more nationalistic side of public service broadcasting, i.e., to the reinforcement of the national identity across a geographical territory. Both ventures have been developed by the post-dictatorial administration and are consistent with the market-oriented model of public broadcasting. Both are completely self-financed and, although relatively secondary with respect to the bulk of TVN's operations, enjoy a relatively good health.

The regional network appears as the most consolidated and stable of both, since it can rely on the high appreciation for TVN in the regions as well as on the development of local media markets. The expected expansion of regular electronic audience measurements into the regions in 1999 may boost this initiative.

SISA faces incredibly tough competition abroad, in which the difficulties caused by the excess supply of channels available is paired by the virtual non-existence of reliable market information. The International Signal reaches the whole American continent and most of Western Europe, and by the end of 1997 the Asia/Pacific rim as well. That may be too ambitious. Possibly the bulk of SISA's operations will be in the Spanish-speaking communities of North, Central, and South America. Nevertheless, SISA has managed to survive profitably due to the flexibility of the current model of public television and the demand for Chilean productions abroad.

## 1. News & Current Affairs

A crucial component of TVN's profile as a public broadcaster is its news and current affairs programmes, due to their contribution to democratic life amidst the problems of media pluralism in Chile discussed before. TVN not only broadcasts more information material than others, but its executives claim that its socially-representative power structure allows a more pluralistic coverage of events.

In 1997, the core of news and current affairs at TVN was composed by the daily main newscast *24 Horas* from 21:00 to 22:00 hours, at 07:00 to 08:00 and at 14:00 to 14:30 hours. Since 1995, there was also a remarkable live-interview-plus-news summary space, *Medianoche*, from 24:00 to 24:30 Mondays to Fridays. Apart from that, there are successful current affairs programmes at prime time prepared on batches of ten-or-so 60-minutes episodes twice a year, such as the controversial *Informe Especial*, *Enlaces* (concerning science and technology), or *El Mirador* (about "alternative" views of reality). As Fuenzalida notes (1994), audience perceptions about TVN are highly influenced by these broadcasts.

TVUC is the only broadcaster that matches TVN's journalistic capacity, yet it only broadcasts 90 minutes of information a day. Its main newscast *Teletrece* goes from 21:00 to 22:00 (the industry's leader) and a shorter 30-minute version, *Teletarde*, at 14:00. The Catholic broadcaster also has very successful and well-crafted current affairs programmes at prime-time such as TVN's, although more focused on science, technology, and world affairs rather than on direct political controversy.

The smaller Megavision's main newscast *Meganoticias* is shorter than those of its rivals: it lasts 45 minutes at 21:00, and 30 minutes at 13:30. It occasionally produces some competent current affair and interviews programmes, although with less resources than TVN and TVUC. From the remaining broadcasters, only the tiny, youth-oriented Rock & Pop has a more original journalistic proposal, yet very limited by the lack of resources: the concise 30-minutes newscast *El Pulso* at 21:00 and 24:00 (Rock & Pop argues that TVN's and TVUC's newscasts are too long), and an excellent live interview programme from 21:30 to 22:00, *Mira Quien Habla*.

### 1.1. Relevance of the genre

The relevance of news and current affairs programmes at prime-time is commercial as well as political. From a business point of view, newscasts generate more advertising income than any other programme type except telenovelas and miscellaneous shows. In 1994, 18.2% of all the industry's revenues were drawn from

the main evening newscasts (CNTV, 1994c:G24). Telenovelas and miscellaneous programmes generated 18.7% and 28.2% of the total respectively. In the same period, TVN's newscasts generated 19.4% of all the corporation's incomes and were only surpassed by the telenovela's 25.4% (ibid.).

Apart from this business dimension, newscasts have the most directly political implications of the programme grid. The same comprehensive 1996 CNTV survey commented in chapter 6 (CNTV, 1996b, 1997) compared the importance of TV as a source of information in contrast to other media. It confirmed that it was by far the most important medium of all, apart from being appraised as the most "truthful", "informative", and "objective" (ibid.). The results are summarised in table 1, in which the results for all respondents and those of cable subscribers are put together.

<b>Table 1.</b> MOST FREQUENT SOURCE OF INFORMATION ABOUT OWN CITY, CHILE AND THE WORLD Percentage of responses			
	Own City	Chile	The world
<b>ALL RESPONDENTS:</b>			
Television	70.3%	78.4%	81.8%
Radio	16.3%	13.0%	10.0%
Newspapers	11.1%	7.3%	6.8%
Other people	2.3%	1.3%	1.4%
<b>CABLE SUBSCRIBERS:</b>			
Terrestrial TV	67.2%	76.6%	69.1%
Cable TV	2.2%	3.1%	14.3%
Radio	14.1%	10.2%	7.8%
Newspapers	14.6%	9.3%	8.1%
Other people	2.0%	0.8%	0.7%
<i>Source: CNTV, 1997: 2</i>			

The influence and consumption of news and current affairs programmes is high across the whole population. When the sample was disaggregated in terms of income brackets, dependence on television as a source of information varied not more than 5 percentage points between the lowest and highest income segments.

Concerning newscasts themselves, the CNTV found that only 4.4% of respondents declared not to watch newscasts at any time. In fact, 69.8% of people watched them all the days of the week. This group was slightly predominant in less-educated, middle-aged persons (46-55 years) of middle and low income level. On the other hand, 15.9% of people watched newscasts in a range of one to six days a week. Since newscasts are aired at the time of the highest viewership when the average family is together, i.e., between 21:00 and 22:00 hours, watching the news is a collective, shared experience that possibly favours traditional terrestrial channels with their social-rather-than-individualistic connotations.

Respondents had a quite good perception of newscasts in general. They obtained the second-best evaluation from a set of nine different programme types,



an exercise similar to the BBC's appreciation indexes. Newscasts got 6.0 in a one-to-seven scale, close to the 6.4 of cultural documentaries. The worst score was for telenovelas, at 4.9. Similarly, 47.9% of the sample considered that newscasts on terrestrial TV were better than three years ago, whereas 41.4% believed they were the same and only 8.2% felt they were worse.

## 1.2. Problems of Chilean journalism

Nevertheless, viewers do not unanimously applaud the genre. Table 2 reveals that despite the high regard for television journalism, the public also perceives a lack of consideration for the audience, inadequate coverage of foreign affairs, excessive attention to subjects from Santiago, and sensationalism. The specific issue of political bias has actually worsened by ten percentage points with respect to a similar 1993 survey (CNTV, 1997:6). Similarly, a recent survey in regions commissioned by TVN's Regional Network found that both TVN's and TVUC's newscasts got a relatively low score in "objectivity" in contrast to other attributes (see next section). Unfortunately, the CNTV does not distinguish between specific broadcasters so it is impossible to determine how much did each channel contribute to that perception.

Newscasts...	Disagree	Neither agree nor disagree	Agree
...consider people's interests	<b>41.0%</b>	23.6%	33.4%
...are politically biased	19.1%	20.7%	<b>55.8%</b>
...inform adequately about other countries' reality	16.1%	15.3%	<b>67.6%</b>
...show Santiago's problems, not those of the regions	13.0%	8.7%	<b>76.7%</b>
...manipulate human pain to attract audiences	10.7%	7.2%	<b>80.0%</b>

Source: CNTV, 1997:7

Other important shortcomings perceived by the audience is the coverage given to some social groups. Airtime devoted to minorities (including handicapped and indigenous groups), shanty-town dwellers, intellectuals, workers, youngsters, and women was deemed "insufficient". Meanwhile, entrepreneurs, government officials, the Catholic church, and the armed forces got a "fair" space (possibly because of their considerable power in Chilean society). Only political parties were regarded as getting "excessive" media attention (CNTV, *ibid.* :4).

TVN conceives that its importance in Chile's post-dictatorial times lies in its contribution to the re-democratisation process, when most influential media organisations are far from pluralist. Analysts from all the political spectrum agree that discussions of public interest issues in Chile is often timid, superficial, and

complacent through the media. The cause of this lies largely on the authoritarianism and self-censorship inherited from the times of military rule (see Correa, 1994; Fontaine, 1994), but it also can be explained by the way journalism is exercised. An important defect of Chilean journalists is the low status associated to reporting, according to TVN's former news director during the crucial years of 1990-1994, Patricia Politzer.

*[Journalism in Chile today] is boring... This is a problem that exceeds TVN. It is present throughout all the media -it's just that you notice it more in television. The value of reporting in journalism was lost throughout the dictatorship. Good journalism is done by good reporters all over the world. That's why TVUC has a plus in this respect. It is a leader because it has good old journalists for the important news... Nowadays Chilean reporters are 23 year-olds. They have neither the experience, nor the history, nor the status, nor the source's respect to make serious journalism. This is a vice of all Chilean media, but it happens that it's just more evident in television.*

*When I arrived to TVN [in 1990], I sought for old, experienced journalists. But they were working as editors and felt insulted and offended by my request. Journalists don't want to do reporting. They want to be bosses. The reporter has no status, that's for the young starter. All that has ruined Chilean journalism. It's assumed you should climb the hierarchy - editor, news director, and so- to make your career; reporters are the ones who earn less [than anybody else]...*

*After a good fight, I managed to ensure Jorge Navarrete's [TVN's executive director] authorisation for a wage scale for reporters that could rise eternally upwards, so that a good reporter could earn even more than me [the News Director]. Why do you have to lose a good reporter by promoting him to editor, if he or she is such a good reporter?.. This is a matter of money, of the sense we want to give [to the type of journalism] we are doing<sup>1</sup>...*

Nevertheless, the Chilean audience is particularly interested on newscasts in contrast to other Latin American countries in which television is regarded mostly as an entertainment medium, according to Fuenzalida<sup>2</sup>. The most watched ones are TVUC's and TVN's, followed by Megavision's. As with the rest of the programming grid, the smaller channels have a considerably lower audience share here as well. After 1990, TVN has occasionally overtaken TVUC depending on journalism style and quality, innovations in the newscast's presentation, the relative strength of the

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<sup>1</sup> Interview with Patricia Politzer, former News Director of TVN, 20/12/1997.

<sup>2</sup> Interviewed on March 7th 1995.

preceding in-house made *telenovela*, and, of course, the competitors' reactions to all this.

### 1.3. Journalism in TVN

Journalism quality and style was perhaps the most crucial factor immediately after the dictatorship in TVN's news department, yet the other three factors (news presentation and style, the preceding *telenovela*, and competitors) had to be dealt with simultaneously as well. The way news were managed in those crucial first four years of new democratic administration is recalled by the then News Director, Patricia Politzer:

*There're two ways of doing [journalism] in a public broadcaster. One is to bother everybody by being critical and punchy. Two, is not to bother anyone. We did the first thing. The other alternative is useless...The ability to be a nuisance is essential for a public broadcaster....*

*An anecdote. Before there was a Directorate [in 1992], we broadcast a story about a SERNAC<sup>1</sup> report that said that sausages were made with pure rubbish. Those reports were published each six months, and at best they got a tiny corner in some newspaper. We decided that it should go, but before I asked [Jorge] Navarrete. The journalists complained because of this....Anyway, we sought with Gabriela Ruitort [TVN's Commercial Manager] how much advertising income we could lose if the story went into the air. It was one million dollars. Nevertheless, we broadcast the story...[In the News department] they were used to the old practice of considering TVN's director as an enemy you had to lie to, and after you did a mess, you got your way by cleaning it up as you could. I told them that I wanted to be in a channel where these things were openly discussed and the risk of losing a million dollars was assumed. At the end, we even earned money, because the meat producers had to deal with the problem and contracted extra advertising time to inform that their product was now clean... That's real journalism -critical, fighting! If it's not like that, it's useless...*

*When I arrived to TVN, we discussed a lot about all the money poured into *telenovelas* until we understood that money and ratings were earned with that. For the newscast to be the most relevant space [in TVN], there must be money and good ratings obtained with the previous *telenovela*.*

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<sup>1</sup> SERNAC: National Service for Consumers.

**Q. Which criteria did you use to take decisions in the News Department?**

A. I considered all -competitors, journalistic instinct, ratings, the public's profile. I also thought about the public responsibility of news in terms of whether you could generate public alarm. Above all, [we believed] that democracy could not be put at risk by a news story... We defined as a priority the areas concerned with the consolidation of democracy, both in Chile and abroad; the human rights, not only related to the military but with issues such as domestic violence as well; and the environment. But there was a moment in which human rights no longer did "sell". I fought with the editors to keep this going. I was very tough in this, because it was our obligation as public television<sup>1</sup>.

<b>Table 3.</b>							
<b>YEARLY AVERAGE RATINGS MAIN NEWSCAST 1989-1996</b>							
Total households							
	1989	1990	1991	1992*	1994@	1995@	1996@
<b>TVN's 24 Horas</b>	14.1	20.8	22.3	23.9	15.9	15.4	18.7
<b>TVUC's Teletrece</b>	33.6	33.8	28.5	24.8	19.2	17.7	20.5
<b>Megavisión's Meganoticias</b>	N/A	N/A	5.8	6.5	7.8	9.1	9.0

Source: TVN, 1992; SECC, 1994g, 1995b, 1997b; Time/lbope 1997  
 [\*] January-July 1992. [@] Measurements by the people meter

Between 1990 and 1994, Jorge Navarrete's administration managed to elevate the viewership rates and credibility of the main newscast, as seen in chapter 3. Other news and current affairs features also improved, and *Informe Especial* enjoyed some of the highest ratings of the whole industry (TVN, 1991,1992). TVN's executives interviewed for this thesis in 1995 were rather concerned about the trend towards audience fragmentation that could make terrestrial channels and its expensive newscasts unprofitable at a certain point. As said before, this apprehension was related both to increasing competition from private broadcasters and cable, and to the change of the audience measurement method from diary to electronic meter in 1992. Nevertheless, once viewership figures relatively settled (see table 3) and the two traditional channels emerged as the only profitable ones of the industry, there was much more optimism when the second round of interviews was carried in 1997.

The audience's demographics of the three main evening newscasts reveal that TVN's ratings are moderately tilted towards the lower-income groups, whereas Megavisión's viewers are proportionately much more concentrated in males of that same income bracket (see table 4). TVUC's clearly was mostly preferred by ABC1's and C2's. Age differences of viewers were not so prevalent between the newscasts,

<sup>1</sup> Politzer, *ibid.* 20/12/1997.

and in all cases viewership increased with age. These results are similar to those observed in previous years (see SECC, 1994g:70,71,175,212,245).

The few available qualitative studies that differentiate between the broadcasters suggest that appreciation is correlated to each channel's audience demographics. A 1992 TIME survey about the most preferred channel as a source of information suggested that TVN was stronger between middle-low income (C3-D) viewers. In contrast, ABC1's and C2's found TVUC and Megavisión more trustworthy (see table 5). The same study listed the channel preferences according to the respondents' political preferences. Viewers were classified according to five political categories: left, centre-left, centre, centre-right, and right. TVN scored better with the centre-left (nearly 50%), TVUC with the centre-right (58%), and Megavisión with the right (15%) despite its relatively higher viewership among the poor (SECC, 1994g:117).

<b>Table 4.</b> <b>AUDIENCE PROFILE OF THE MAIN NEWSCASTS, 1995</b> Average ratings			
	TVN's 24 HORAS	MEGA's MEGANOTICIAS	TVUC's TELETRECE
<b>1. Income Level:</b>			
ABC1	10.1	4.3	15.8
C2	13.1	5.0	20.9
C3	16.2	7.9	19.1
D	17.6	13.7	15.3
Total (households)	15.4	9.1	17.7
<b>2. Gender (persons):</b>			
Male	6.0	3.4	6.4
Female	7.0	4.6	8.5
<b>3. Age (persons):</b>			
5-9	5.2	3.7	5.0
10-19	5.3	3.6	6.8
20-29	5.2	3.3	6.2
30-39	6.0	3.5	7.0
40-49	6.9	4.8	7.1
50-99	9.8	5.2	11.2

Source: Time/Ibope, 1997:114

But it is not as simple as to say that TVN is preferred by the poor and left-wingers and TVUC and Megavisión by the right and the rich. Actually, TVN got its lower score with the centre-right segment (30%), but averaged 35% at the right, the centre, and the left. Similarly, TVUC's lowest scores were in the right and centre-left, but had high scores in the centre (52%) and the left (49%). On the other hand, the left was the second largest group after the right to which Megavisión most appealed.

**Table 5.**  
**MOST PREFERRED CHANNEL AS SOURCE OF INFORMATION ACCORDING TO INCOME LEVEL OF THE AUDIENCE (January 1992)**

	TOTAL	HIGH ABC1	MEDIUM C2 C3	LOW D
TVN	38.6%	18.8%	35.9%	43.2%
TVUC	46.0%	50.9%	50.9%	40.5%
Megavisión	7.2%	17.8%	7.7%	5.7%

*Source: TIME survey, quoted in SECC, 1994g:116.*

The 1992' TIME survey also found that preferences for TVN as a source of information was highest in the traditionally-leftist north of Chile and lowest in the politically-conservative agrarian south, whereas TVUC received its highest support from the metropolitan centre (SECC, *ibid.*:115). This is shown in table 6.

**Table 6.**  
**MOST PREFERRED CHANNEL AS SOURCE OF INFORMATION ACCORDING TO REGION (January 1992)**

	Total Nation	NORTH	CENTRE	SOUTH
TVN	38.6%	58.0%	33.5%	38.5%
TVUC	46.0%	31.5%	49.3%	46.5%
Megavisión	7.2%	0.6%	6.7%	9.0%

*Source: TIME national survey, quoted in SECC, 1994g:115*

Under the light of the current challenges faced by TVN, the most significant conclusion is that the TIME survey confirmed that the public broadcaster is more appreciated outside the metropolitan centre than inside. This is consistent with TVN's commitment to its regional network. Besides, for many years it was the only channel available all throughout the territory.

**Table 7.**  
**PREFERRED NEWSCAST, March 1990-May 1993 (% answers)**

	TVUC's	TVN's	MEGA's	Other	Any/all	Does not watch
1993	40.16%	39.20%	15.53%	1.86%	1.55%	1.86%
1992	36.62%	48.82%	6.65%	2.35%	2.45%	3.07%
1991	41.80%	43.17%	7.17%	2.82%	2.17%	2.82%
1990	55.52%	37.02%	N/A	1.92%	0.65%	4.6%

*Source: GEMINES survey, quoted in SECC, 1994f:12*

There are very few other significant studies that assess individual broadcasters, and they do not add too much to what was said. A series of GEMINES surveys made between 1990 and 1993 found that appreciation for the newscasts of two main broadcasters was rather high, but did not generate new information about the respondents or the reasons for their choices. Preferences for TVUC's *Teletrece* were the highest (as ratings confirmed anyway), but diminished throughout the period. As a consequence of its efforts to improve its news coverage, TVN reached a

peak of audience appreciation in 1992 but somehow lost some ground the following year. Nevertheless, in 1993 it was above the results obtained in 1990. On the other hand, Megavision's appraisal increased noticeably each of the years studied, as depicted in table 7.

#### **1.4. Comparative coverage of news topics**

This section presents a short comparative analysis of topic coverage between TVN's newscasts and those of its two main rivals, TVUC and Megavision. As said before, there are remarkable few studies that distinguish between the different broadcasters. Nevertheless, for the exclusive purposes of this thesis the Secretariat of Communications and Culture (SECC) agreed to disclose data from a comprehensive agenda study of the three main newscasts throughout 1996. Apparently the SECC became reluctant to publish too many details of its findings after the right-wing think tank *Instituto Libertad y Desarrollo* used them with some malice to attack TVN in 1993 (Libertad & Desarrollo, 1993, 1994). These criticisms, commented in the next chapter, were promptly reproduced in the influential newspaper *El Mercurio* and called for the privatisation of TVN.

The 1996 agenda analysis of SECC is strictly referred to newscast airtime devoted to different topics, specific news events, and social actors. Contents themselves were not analysed, so a channel's coverage of any issue does not necessarily mean that a broadcaster endorses that subject or character. The results for the whole television sector were published in a series of annual and partial reports named *Tele-Visiones* (SECC, 1997a, 1997b, 1997c, 1996, 1995b, 1993b). The most outstanding overall findings were:

- high concentration of coverage on few personalities from government, the opposition, and some specific private and public institutions;
- high coverage of spectacular, confrontational events in which opposing forces clashed against each other, specially crime and politics;
- increasing loss of importance of politics and rise of socio-economic and environmental issues, such as pollution, the modernisation of public services, infrastructure, sectorial struggles (teachers, students, health services, or transport). Nevertheless, some conspicuous political news occasionally

saturated the newscasts, such as some notorious human rights cases, and elections.

- important discrepancies between the newscasts' agenda and the population's areas of concern (SECC, 1997b). SECC matched the channels' coverage of fourteen frequent topics with what viewers thought was important. Except for a few subjects (the management of the economy and foreign relations), viewers' personal priorities were far above the broadcasters' offerings. The most acute divergences concerned public health, poverty, education, and law & justice. The apparent reason were the characteristics of television news, with their emphasis on "human-interest" drama and confrontation (SECC, *ibid.*).
- TVN dedicated relatively more of its airtime to social & welfare issues, whereas TVUC and Megavision stressed on urban security & crime (SECC, *ibid.*, p. 8). There are important political implications behind this apparently harmless difference. The discourse of the post-dictatorial centre-left governments of Patricio Aylwin and Eduardo Frei notoriously stressed on welfare matters, whereas urban crime mostly concerned the former supporters of military rule in the right, who claimed that the centre-left would neglect public order. Possibly because of these political implications, the SECC did not want to go further with its analysis.

SECC classified news coverage in five main areas: social welfare, economy & infrastructure, politics & defence, urban security & crime, and miscellaneous & sports. In 1996, all channels dedicated more time to miscellaneous & sports than to any other topic. Apart from these five "areas", SECC distinguished a set of news "events" or categories of news stories that shared a common subject. So each "area" is composed by "news events", and these are made up of individual stories added together. Last but not least, there is a set of "actors", who are the main protagonists of each news story.

The following five tables summarise the most conspicuous findings in each of the channels throughout 1996. Only the most relevant areas or news events are portrayed. In each of the tables, topics are presented in descending order according to their respective airtime at the right-hand column. The percentage of coverage that each channel devoted to a particular topic -with respect to the total in the right-hand column- is depicted in the three columns at the middle. When a channel devoted a particularly high proportion of airtime to a subject, it is highlighted.



The comments made here are interpretations based on the wider contemporary political, social, and economic conditions in Chile. Some hypotheses may require further demonstration to be held as definite facts. It is very hard to demonstrate conspirative intentions in the newscasts by way of subject coverage alone, even assuming that these may exist. My opinion is that conscious, active manipulations are very rare. Nevertheless, editorial option and corporate tradition determines the ways each broadcaster selects, processes, and presents the news. Occasionally these procedures have delicate political connotations, but they do not necessarily mean that a broadcaster is engaged in a malicious effort to manipulate the audience. In most cases, these are perfectly legitimate editorial options taken against an agreed set of value judgements. Provided the audience is aware of that, there is no problem. Chilean broadcasters are rather sincere in this respect.

On the other hand, a broadcaster may make genuine efforts to present balanced and objective news to its audience, yet when compared with other channels it may appear deliberately understating or exaggerating a topic vis-à-vis the rest. Finally, it should be remembered that specific news content is not considered here. A long coverage does not necessarily mean a favourable news treatment, nor reduced airtime imply the opposite. The main assumption for this analysis lies on the agenda-setting theory, according to which the media are not so good in telling the audience how to think as in telling them what to think about.

#### 1.4.1. Airtime given to actors and main news events

	TVUC %	TVN %	MEGA %	Total minutes
Executive	37.8	<b>40.4</b>	21.8	1844.4
Legislature	29.2	<b>40.0</b>	30.7	693.7
Judiciary	<b>48.7</b>	29.4	21.9	140.7
Armed Forces & police	<b>38.1</b>	32.9	29.0	482.8
Political parties	27.2	<b>36.7</b>	36.1	309.6
Social organisations	33.4	<b>39.3</b>	27.3	659.5
Other	42.2	30.6	27.2	951.3

*Source: Department of Studies, SECC*

The Executive Power is by far the most referred social actor in the main three newscasts. This is interpreted as a consequence of the prolonged military rule, as

well as media complacency with an easy and permanent source of relevant information. The next social actor -legislators- gets a third of the airtime devoted to government officials. Other traditional state powers follow next: the judiciary, the armed forces, the political parties. Only at the end of the scale there is room for other social organisations. The habit of “passing the microphone” to political authorities is still highly prevalent, revealing high dependence of Chilean journalism on the overall state structure as a source of information (see table 8).

At the first sight, TVN’s newscasts give more airtime than its competitors to the government and other politicians. Nevertheless, that is a simplistic way to put it just as a case of direct government influence in TVN. Analysed within the Chilean political context, the public broadcaster favours the elected political civil powers: the Executive, legislators, political parties, and social organisations. The more conservative, non-governmental TVUC emphasises instead on the judiciary and the armed forces (the governing centre-left considers that most judges were too acquiescent during the military dictatorship). On the other hand, Megavision’s most remarkable features are its relative low attention given to the executive power, as well as the importance given to political parties.

	TVUC %	TVN %	MEGA %	Total minutes
Crime	31.8	35.2	33.0	2851.3
Accidents	36.7	32.8	30.5	2266.1
Public health	33.0	<b>44.2</b>	22.8	2263.7
Environment	28.1	<b>40.8</b>	31.1	1399.3
Terrorism	<b>41.1</b>	28.4	30.5	1191.1
Mining	32.4	<b>38.2</b>	29.4	1068.6
Education	38.8	<b>43.2</b>	18.0	910.6
Municipal elections	27.4	<b>40.5</b>	32.0	889.2
Defence	38.2	34.5	27.3	739.2
Drug trafficking	31.3	29.5	<b>39.2</b>	720.7

Source: Department of Studies, SECC

Table 9 depicts the coverage of the ten main news events of 1996. All channels gave priority to spectacular, confrontational stories: crime and accidents. Nevertheless, TVN dedicates relatively more space than the others to public health, environment, mining, and education. Most of these subjects are related to the government’s agenda of interests, whereas the other channels give more space to stories widely held as government failure, such as terrorism and drug trafficking. On the other hand, TVN’s higher attention granted to the municipal

elections suggest an active interest on democratic civil participation, something the rest was not so involved with.

### 1.4.2. Coverage per subject area

The following three tables depict the proportion of airtime devoted to different topics within three of the five “areas” of news coverage defined by the SECC: politics, social welfare, and economy & infrastructure (the two remaining ones, miscellaneous & sports and urban security, are not analysed). The channel-per-channel analysis again suggests that TVN’s agenda frequently coincides with that of the current government. Meanwhile, the other channels stress in other areas that sometimes are politically associated with the right. For instance, in table 10 it is clear that TVN grants more coverage to nearly all main newsworthy political events, except defence & armed forces where (once again) the conservative TVUC is more predominant.

<b>Table 10.</b>				
<b>PERCENTAGE OF TOPIC COVERAGE IN MAIN NEWSCASTS, 1996</b>				
<b>POLITICS &amp; DEFENCE AREA</b>				
	<b>TVUC</b>	<b>TVN</b>	<b>MEGA</b>	<b>Total minutes</b>
	<b>%</b>	<b>%</b>	<b>%</b>	
<b>MAIN EVENTS IN POLITICS</b>				
Municipal elections	27.4	<b>40.5</b>	32.0	889.2
Defence, armed forces	<b>38.2</b>	34.5	27.3	739.2
Human Rights	32.3	<b>38.2</b>	29.5	533.2
Trade agreements	32.2	<b>49.3</b>	18.4	484.0
Political conduction	25.3	<b>42.8</b>	31.9	479.8
Diplomacy	39.1	<b>41.9</b>	19.0	304.8
Modernisation of state	27.1	<b>45.0</b>	27.9	178.1
<i>Source: Department of Studies, SECC</i>				

Some topics more covered by TVN are evidently similar to those in the government’s agenda, notably “human rights”, and “political conduction” (of the country). Despite its technical appearance, trade agreements have political connotations given the far more active international role played by the democratic successors of the ostracised general Pinochet. The same occurs with “modernisation of the state”, an initiative of the current authorities. On the other hand, and as said before, TVN’s relatively high coverage of the municipal elections is related to a concern for the well-being of the democratic system.

Coverage in the social & welfare area is depicted in table 11. From a general point of view, TVN is the more dedicated of the three to these type of stories, which coincides with the sensibilities of the governing centre-left. This also occurs at a more specific level: notoriously regarding the preoccupation for labour

issues, women, and poverty. The other topics (public health, the environment, education, justice, drugs) are not particularly unique to the government's discourse, yet confirm the public broadcaster's special concern for social welfare.

<b>Table 11.</b>				
<b>PERCENTAGE OF TOPIC COVERAGE IN MAIN NEWSCASTS, 1996</b>				
<b>SOCIAL WELFARE AREA</b>				
	<b>TVUC</b>	<b>TVN</b>	<b>MEGA</b>	<b>Total minutes</b>
	<b>%</b>	<b>%</b>	<b>%</b>	
<b>MAIN SOCIAL &amp; WELFARE EVENTS</b>				
Public health	33.0	<b>44.2</b>	22.8	2263.7
Environment	28.1	<b>40.8</b>	31.1	1399.3
Education	38.8	<b>43.2</b>	18.0	910.6
Labour issues	27.6	<b>45.1</b>	27.4	514.4
Women & family	34.9	<b>47.4</b>	17.6	232.4
Justice	33.1	<b>40.1</b>	26.8	205.3
Young & retired	<b>39.5</b>	36.8	23.7	213.8
Drugs and alcoholism	22.7	<b>57.0</b>	20.3	150.5
Poverty	26.6	<b>63.3</b>	10.1	105.3

*Source: Department of Studies, SECC*

Table 12 depicts the last area to be commented in this section: economy and infrastructure. The first half of the picture holds the main "events" of the area, as defined by the SECC. The second half contains sums of news stories that are part of the main topics, and are necessary to understand the arguments presented here.

Together with politics, economics & infrastructure got the lowest airtime because of its technical, rather specialised profile. It is also the less evidently political of the areas discussed. Therefore, it is harder to detect evident coincidences between the channels' agenda and the wider political context.

Nevertheless, some degree of correspondence between TVN and the government's list of priorities emerge, as well as between the other channels and the right's discourse. In the case of TVN, two events of particular governmental success receive specially high coverage: housing and [international] trade. As for TVUC, a series of scandals in the public utilities CODELCO and ESVAL were notorious in its newscasts. A strike at the state-owned Chuqui copper mine (belonging to CODELCO) was also notorious at the Catholic channel.

The CODELCO and ESVAL cases were widely quoted by the right to attack the government, but on the other hand TVN gave more coverage to these stories than the business-oriented, pro-market Megavision. Similarly, TVN also dedicated more airtime than the rest to Lota's coal mine crisis, a topic in which the government faced tough difficulties (in fact, some of TVN's news stories were very critical and enraged many of those in power).

Therefore, topic coverage per se is not enough to deduce automatically that the broadcasters are candidly serving external interests. The similarities between TVN's news agenda (not necessarily its contents) and that of the ruling centre-left is perhaps more related to the political nature of its power structure than to government direct influence. A directorate jointly appointed by the President and the Senate is likely to be more concerned with social welfare and political matters than TVUC and Megavisión. These, in turn, respond to their particular editorial options and structures (conservative Catholicism in the case of TVUC, and entrepreneurialism in the case of Megavisión). The ideological balances inside TVN's directorate are also likely to be similar to those in the political arena. So it is then hardly surprising that, for instance, poverty and elections get relatively more space if politicians (who appoint TVN's directorate) are discussing those topics.

**Table 12.**  
**PERCENTAGE OF TOPIC COVERAGE IN MAIN NEWSCASTS, 1996**  
**THE ECONOMY AND INFRASTRUCTURE:**

	TVUC %	TVN %	MEGA %	Total minutes
<b>MAIN EVENTS IN ECONOMY &amp; INFRAS.</b>				
Mining	32.4	38.2	29.4	1068.6
Services	<b>43.5</b>	29.7	26.8	719.0
Macroeconomics	23.8	35.7	<b>40.5</b>	606.8
Transport & Infrastr.	38.3	36.2	25.5	545.5
Agriculture	38.0	34.3	27.7	274.9
Housing & Urbanism	26.2	<b>45.6</b>	28.1	264.0
Energy	33.1	38.6	28.4	263.6
Trade	27.5	<b>42.1</b>	30.4	227.2
<b>PARTICULAR NEWS STORIES (selection)</b>				
Coal crisis	25.8	<b>42.1</b>	32.0	515.3
Draught	<b>53.1</b>	23.7	23.3	346.4
CODELCO scandal	<b>40.4</b>	30.6	29.0	273.2
ESVAL scandal	<b>37.9</b>	35.7	26.4	130.6
Central Bank	30.7	30.3	<b>39.0</b>	110.0
Strike at Chuqui	<b>55.9</b>	24.2	19.9	108.4

Source: Department of Studies, SECC

It would be naive to assume that TVN escapes from all government pressures. The chapter about legislation already commented about the power of the Ministry of Finance to take the profits away. But what is more important in this analysis is that TVN provides a distinctive news coverage of topics related to the Habermasian concept of the public sphere. The inability of TVN to build an even more distinctive agenda is possibly more related to the nature of advertising funding in a highly competitive market such as Chile's than to overt government manipulation.

## **2. TVN's territorial expansion**

The classical notion of public service broadcasting assumes the nation-state is the basic geographical, cultural, and social framework in which that particular type of television service takes place. Public broadcasters are always “national” or “regional”: it is British, Italian, Spanish, or Canadian; Catalan, Basque, Welsh, or Scottish. Even the leftist, anti-nationalistic discourse of defenders of community radio in Latin America assume that the organisation is deeply rooted in that community's culture and language, mutually nurturing each other. When the same authors explain that community broadcasting is not a synonym of marginal broadcasting, that the organisation can expand beyond a small village, and use advertising finance wisely on behalf of non-profit social ends (Lopez Vigil, 1997), they are in fact endorsing TVN's and TVUC's actions.

From that perspective, the nation-state is simply a relatively wider, legally-binding community, associated to a set of geographical boundaries. And it is in the realm of physical territorial expansion where TVN does the most evident, palpable contribution to PSB and where it is most easily distinguishable from its rivals.

TVN's “physical” contribution to national identity is incarnated in two specific entities: the Regional Network and the International Signal (SISA). Both are totally self-financed ventures. In many aspects, they are rather successful and a positive contribution to public service broadcasting.

### **2.1. The regional network**

The regional network is regarded as an important component of public service broadcasting in the post-dictatorial TVN. It is a department that manages nine “centres” and three “offices” scattered across the 3,000 miles-long Chilean territory, a distance similar to that between Scotland and Egypt, with the equivalent changes of climate. The “centres” produce 12 minutes a day of local news that are attached to TVN's main newscast. They also sell local advertising, and produce special programmes and public-interest campaigns of different length and characteristics. The “offices” have no production capacity and only sell local advertising. The network as a whole should be self-financed, although the most profitable points cross-subsidise those that work at a loss. At the time of writing, the regional network department generated 6% of all TVN's income, equivalent to some US\$ 5 million<sup>1</sup>.

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<sup>1</sup> Source: Diego Portales, Manager of the Regional Network. Interviewed on 14/11/1997 and 30/3/1995.

Given the current state of technology and the long-standing metropolitan centralisation of Chile, national broadcasters need neither offices nor transmitters outside Santiago. In fact, TVUC, Megavision, and La Red simply broadcast all from the capital to the regions using mostly satellite technology. In each region, the beam is re-broadcast in the VHF frequency to viewers after being received by down-link stations.

Until the mid 1980s, inter-regional transmissions were made almost exclusively through a microwave system, ENTEL, composed by a network of antennas placed in the tallest hills that carried radio, telephone, and TV signals. In some respects this technology was more fair with the regions, because carrying the signal through so many points was more expensive, without counting other technical problems. So in many regions it was comparatively cheaper and less risky to produce locally some hours a day. Sometimes local channels were attractive partners for incoming outsiders, who did not need to build their own production facilities. In those years, only TVN had full nation-wide reach. It operated a number of producing offices in the most important cities. TVUC covered some two thirds of the territory both via alliances and by its own producing centres. In the north, TVUC was associated to the university-owned network TELENORTE. In the south, TVUC operated a smaller replica of itself in the city of Concepcion. Other minor university channels (UCV from Valparaiso, Channel 11 of the University of Chile in Santiago, the Catholic University of Talca, and the Austral University of Valdivia, for instance) also had similar deals.

Centralised satellite transmissions in the 1980s finished all that, helped by changes in broadcasting and telecommunications legislation. TVN quickly dismantled all but one of its primitive regional centres. TVUC splitted from its local partners, and finally shut down its expensive Concepcion channel in 1996. Some small local university channels disappeared, whereas the once thriving TELENORTE went into crisis and was finally sold to a radio holding in the 1990s. The lack of permanent ratings measurements in regions possibly accelerated the process.

In 1990, the new democratic authorities agreed that TVN should revive its regional centres as a contribution to democracy, decentralisation, and Chilean regional identities despite the higher cost involved and the technological disincentives to do so. There was no chance for public subsidies (later the 1992 law forbade them), so it should be a totally self-financed initiative. Under those conditions, the results have been remarkable. The regional network was able to keep a significant audience share, expand its facilities, produce local programming, employ local talent, and self-finance by selling local advertising. TVN is almost alone

in this, because it is not such a good business for a profit-seeking organisation. According to the Manager of the Regional Network, Diego Portales

*We are a window for the regions with three types of products: newscasts, special programmes, and campaigns of public interest. If the local news did not exist, it would be as if the light was switched off... This is a strong type of relationship of a medium and its community, something that a medium that stays in Santiago and broadcasts its signal centrally cannot do<sup>1</sup>.*

While the 12 minutes of news stories are responsibility of the news teams in each of the nine centres, the special programmes and public interest campaigns are either proposed from the regions or from the headquarters in Santiago. Special programmes are often documentaries of local interest that are broadcast locally. They are frequently included in the International Signal, but rarely on the national broadcast due to their quite parochial character. On the other hand, examples of campaigns include promoting regular events such as annual Regional Book Exhibitions, science and technology fairs at secondary schools, a series of Regional Development Fora, a “keep your city tidy” campaign in the port of Antofagasta. For the 1997 parliamentary elections, the network also broadcast a series of 71 local political debates conducted by local journalists; no other television channel did the same. The criteria used for selecting the events are:

- Mass appeal, which is a pre-requisite. Excessively specialised technical or scientific works are generally not considered;
- Contribution to the cultural development of the region;
- Contribution to the economic and integral development of the region; and
- Reinforcement of social solidarity.

These programmes and campaigns are assessed mostly in terms of the airtime devoted to socially relevant topics, except where a concrete outcome is expected -such as the “keep your city tidy” campaign, and advertising sales. Income and rating figures, plus occasional evaluations of TVN’s corporate image, are the performance criteria most used (see further below). Portales makes clear that commercial operations is just a means to achieve the superior end of public service:

*If we were a private enterprise, we wouldn’t have any regional centres. We do this for public service reasons. Signal transport is increasingly cheap, so it’s cheaper to broadcast all from one central point. But from a strategic point of view, it’s worth the pain in the long term...*

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<sup>1</sup> Interviewed on 14/11/1997.



*In the short term, it's very convenient to sell advertising locally; not to produce news. Correspondents are cheaper. But we are able to broadcast a newscast of the same quality as the main newscast...*

*Regional development, in the long term, requires the development of a [local] identity. Perhaps Chile should have six provinces instead of twelve; they're too many and too weak.*

**Q. Up to what point the Regional Network has drawn the local channels into a crisis? TVN is so big ....isn't that unfair competition?**

*A. We could be an incidental factor in the crisis of the local channels, but never the determinant one. TELENORTE was already in crisis before we opened our office in Antofagasta, because both of its own management strategy and the arrival of other national broadcasts....*

*There should be complementation [between local and national broadcasters]. Some time ago the regional governors agreed that each region should have at least one cable channel, presumably of primitive quality....But it is difficult that a full local channel may exist in Chile. But to admit that local channels [only] could exist as semi-professional, experimental, low-cost outlets, is to accept that there are two classes of television: the professional in Santiago, and the amateur in the provinces. There's the role of Television Nacional: [the Regional Network] is a reduced space, but it is professional television at Santiago levels in the regions. This generates identity and self-esteem, which is fundamental<sup>1</sup>.*

At present, TVN's regional initiative has not been imitated by its competitors. Portales points out that the weak state of market information and the virtual non-existence of professional advertising agencies in the provinces are important obstacles for the media that operate in regions. TVN occasionally commissions some ratings research (extremely favourable, anyway) based on diary methodology, but most advertising is sold because of TVN's prestige and the effectiveness of its commercial messages. Therefore, TVN's regional manager has personally been involved in extending people meter measurements outside Santiago, something likely to happen in 1999. Apparently, the other broadcasters were opposed because they appear stronger when Santiago's figures are projected to the whole country. Table 13 depicts the broadcasters' average audience share in the regions vis-à-vis its competitors, according to diary measurements. Outside Santiago, often dominated by TVUC, TVN is a consistent leader (except in Saturdays, where TVUC's 30-year-old successful show *Sabados Gigantes* still attracts the majority of viewers).

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<sup>1</sup> Portales, *ibid.* (14/11/1997)

The latest available study on channel and programming evaluation revealed that TVN was very well appreciated by regional audiences. TVN's image strongest points were its commitment to regions, its geographical reach, and its newscasts. Its programme schedule was perceived as excelling on journalism, sports, children programmes, telenovelas, and political broadcasts. TVUC was notably well perceived in terms of the variety and quality of its programming, and its cultural programmes and shows. Megavision did not show any outstanding feature (see table 14).

	TVN	TVUC	MEGA	OTHERS
<b>Mondays to Fridays:</b>				
<b>1996</b>	48.3	30.3	14.3	7.1
<b>1995</b>	39.8	31.6	18.4	10.2
<b>1994</b>	44.4	24.9	19.5	11.2
<b>1993</b>	37.2	28.7	29.2	4.9
<b>Saturdays:</b>				
<b>1996</b>	30.5	51.2	6.9	11.4
<b>1995</b>	26.8	50.3	11.9	11.0
<b>1994</b>	18.6	53.0	17.1	11.3
<b>1993</b>	25.5	50.7	19.7	4.1
<b>Sundays:</b>				
<b>1996</b>	39.7	34.5	14.6	11.2
<b>1995</b>	29.2	39.8	18.9	12.1
<b>1994</b>	30.8	39.4	21.2	8.6
<b>1993</b>	39.0	29.0	26.2	5.8

*Source: Search Marketing, 1997. Methodology: Diary in Iquique, Antofagasta, La Serena, Valparaiso, Concepcion, Temuco (1.4 million inhabitants)*

TVN's high journalistic reputation in regions is confirmed in table 15: its newscasts are perceived as better than its competitors' in almost all fields, except in a few cases in which TVUC gets almost the same level of appreciation. News coverage of regional and national matters was also perceived as the best, thus confirming the public-service objectives both of the Regional Network and the whole of TVN. Nevertheless, the lowest value obtained by both leading newscasts was in "objectivity", which is consistent with the CNTV's findings about viewers' perception of bias in all newscasts (see previous section). At least TVN did not score below its main rival. Once again, Megavision was perceived quite below the average.

<b>Table 14.</b>			
<b>AUDIENCE PERCEPTIONS OF BROADCASTERS IN REGIONS, 1997</b>			
<b>Percentage respondents</b>			
	<b>TVN</b>	<b>TVUC</b>	<b>MEGA</b>
<b>CHARACTERISTICS ATTRIBUTED TO BROADCASTERS</b>			
Extended territorial coverage	<b>78.6</b>	30.7	15.7
Preoccupation for the regions	<b>68.0</b>	24.3	11.0
Looks better	54.6	<b>60.4</b>	31.3
Good newscasts	<b>55.1</b>	49.4	25.9
Varied programme schedule	47.0	<b>50.4</b>	28.6
High quality programming	44.3	<b>58.0</b>	24.5
<i>Average mentions</i>	57.9	45.5	22.8
<b>BEST PROGRAMMES PER BROADCASTER</b>			
Newscasts	<b>56.0</b>	46.7	22.8
[Other] journalistic programmes	<b>51.8</b>	37.9	26.8
Telenovelas	<b>49.8</b>	42.0	16.7
Sports programmes	<b>43.3</b>	30.7	37.9
Cultural programmes	42.2	<b>53.6</b>	13.1
Programmes for children	<b>39.5</b>	29.1	15.9
Shows	38.0	<b>60.4</b>	23.7
Political programmes	<b>28.8</b>	<b>27.0</b>	14.2
<i>Average mentions</i>	43.7	38.1	21.1
<i>Source: Search Marketing, 1997.</i>			

<b>Table 15</b>			
<b>AUDIENCE PERCEPTIONS OF NEWSCASTS IN REGIONS, 1997</b>			
<b>Percentage respondents</b>			
	<b>TVN's</b>	<b>TVUC's</b>	<b>MEGA's</b>
<b>CHARACTERISTICS ATTRIBUTED TO NEWSCASTS</b>			
Best anchor figures	<b>53.7</b>	44.8	20.9
Completeness	<b>51.6</b>	45.2	22.9
Liveliness, agility	<b>48.2</b>	40.1	30.8
Best commentators	<b>49.7</b>	<b>47.5</b>	19.9
Objectivity	<b>42.8</b>	<b>41.8</b>	29.7
<i>Average mentions</i>	49.2	43.9	24.8
<b>BEST NEWS TYPES PER BROADCASTER</b>			
Regional news	<b>69.9</b>	20.9	7.7
National news	<b>64.2</b>	44.3	23.1
International news	<b>53.4</b>	<b>51.3</b>	22.4
Economic news	<b>50.8</b>	44.0	23.5
Police & crime news	<b>50.6</b>	40.4	37.0
Sports news	<b>46.8</b>	38.2	40.5
Political news	<b>42.6</b>	37.9	21.2
<i>Average mentions</i>	54.0	39.6	25.1
<i>Source: Search Marketing, 1997.</i>			

## 2.2. The International Signal (SISA)

TVN's International Signal (SISA) was born under similar circumstances to the Regional Network. It also accomplishes that side of public service broadcasting related to the enhancement of Chilean identity across a territorial space, in this case abroad. The other coincidence is that it is also a self-financed venture, although not a department but an autonomous organisation with its own directorate (composed by five of the seven Directors of TVN) and administration, led by the general manager Juan Agustin Vargas. Nevertheless, in practical terms it is a small entity, with little personnel and limited production capacity of its own. (In contrast, the Regional Network employs 100 people, almost 10% of TVN's workforce).

SISA's origins are related to TVN's switch to satellite instead of the ENTEL microwave network for its nation-wide transmissions in the early 1980s. The beam was not scrambled, and was received and illegally re-sold by cable operators in Argentina and other neighbouring countries. The copyright owners of the then prevalent North American material complained, and TVN had to scramble its beam to avoid piracy. Nevertheless, the incident revealed that there was demand for TVN's broadcasts abroad. In 1990, the new administration considered that there was both business potential and room for public service in exploiting an international satellite channel. The initiative became "Project Icarus" in 1991, consisting in offering this service ("International Signal") to cable operators in neighbouring countries. The initiative was reasonably successful and so it became an autonomous company in 1995. Nowadays it is calculated that SISA reaches approximately 5 million Latin American homes, i.e., some 20 million people. Argentina alone accounts for some 3.6 million homes.

There are three main reasons why TVN keeps this venture going, according to its general manager, Juan Agustin Vargas:

*First, for commercial reasons. SISA produces some US\$ 200,000 to 300,000 a year. It's not bad, but it's not something to become crazy about....*

*Second, for a social objective similar to TVN's. The directorate put the obligation that we must be a link with Chileans living abroad through newscasts and sports, social and institutional events, such as the Military Parade [in Independence Day] and the football matches. Chileans abroad appreciate this; the [formerly] exiled also. We also [accomplish this objective] through a programme called "Chile answers"...the principle is you ask me what you want and I answer you what I can. We get some 300 letters a week. It's a sort of letter-box about Chile, but not for Chileans alone. They ask us everything -the address of such telenovela star, or to send messages to*

friends and relatives in Chile...It is an very warm, affectionate space, perhaps a bit parochial...

The third objective it's a national objective: "sell Chile abroad". There're 500 or 600 micro-programmes about Chile of one to two minutes long..[They are] not only touristic, but about industry, culture, institutions, catering, etcetera...We act co-ordinately with the Chilean embassies abroad and we try to answer the questions foreigners more frequently ask..."A Country that Works", that's the message. [These programmes] are not related with current politics, that's what the newscasts are for...

**Q. The image you present in these micro-programmes isn't too idyllic, with no poverty, no "darkies", and only blond people?**

A. Quite the opposite... There's still some people who prefer us not to show poverty, or Mapuche indians....[But] the criteria we use is that of the [North] Americans: don't lie to the public. In their films they show both the best and worst of their society. We don't show only the rich and the blond, we show the real country. If not, you are doomed to failure<sup>1</sup>.

### 2.2.1. Operation of SISA

	cable penetration (1994-95 estd.)	households with cable, 000s (1997)	% penetration of SISA in cable (1997)	Households with DTH, 000s (1997)
Argentina	63.8	5230.0	66.3	0
Bolivia	N/A	100.0	73.3	0
Brazil	0.7	1900.0	0	84.8
Colombia	22.8	3000.0	0.8	3.6
Costa Rica	N/A	44.0	90.0	N/A
Ecuador	N/A	101.5	96.0	1.5
Honduras	6.2	30.0	66.0	0
Mexico	13.0	1400.0	3.0	15.3
Peru	1.0	200.0	71.0	0
Uruguay	0.7	100.0	N/A	0
Venezuela	3.1	120.0	N/A	15.6

Source: SISA; Publimark Nos.91 (1996:40) & 68 (1994:8).

SISA produces a family-oriented, miscellaneous channel similar to TVN's main national service, although scheduling is adapted to the zapping-prone cable market. Nearly 70% of the material is originated by the parent organisation, although selected programmes are bought from smaller Chilean broadcasters such as La Red. Only certain programmes are exclusively produced for SISA. Some tentative

<sup>1</sup> Interview with Juan Agustin Vargas, General Manager of SISA, 18/11/1997.

evaluations suggest that what viewers like most is the newscasts, followed by the telenovelas, sports (mostly football), and the *Matinal* daily miscellaneous morning programme, also highly appreciated in Chile.

Broadcasts are through the PanAmSat-5 satellite, which covers all the American continent with optimum technical quality. The digitalised beam also reaches most of Western Europe up to Berlin, though the signal is weaker and reception requires a bigger antenna. SISA's channel is sold to cable operators (known as MCOs) throughout the continent, who unscramble the signal and distribute it to their subscribers together with other channels. It is also sold to Galaxy (a DBS/DTH<sup>1</sup> operator) for coverage in Brazil, but direct satellite broadcasts are still not as extended as cable in Latin America.

Argentina was and still is the most important market, because both of the pervasiveness of cable and the sheer size of its economy and population, only surpassed by Brazil's and Mexico's. After six years of operations, SISA's latest market penetration estimates are depicted in table 16.

SISA started operations in Mexico in September 1997, a big and highly competitive market. Broadcasts to Australasia were also planned to start by the end of 1997. But despite all the Murdoch-business-like talk, there is a national emphasis on the service provided by the International Signal.

*Most viewers of SISA are Chileans living abroad. At the beginning we "cleansed" the newscast of localist news stories, but the people complained bitterly... They actually didn't see the story itself -an accident in the corner of such street-, they looked after the scene; they wanted to see THAT street; to see how the people looked like, how the buildings have changed... So we no longer "cleanse" the newscast...*

	Chileans	Local Population (million)	Chileans per million
<b>NORTH AMERICA:</b>			
Canada	35,000	29.6	1,182.4
USA	85,000	263.1	323.0
Mexico	30,000	91.8	326.8
<b>SUB TOTAL NORTH AMERICA</b>	<b>120,000</b>	<b>384.5</b>	<b>312.1</b>

<sup>1</sup> DBS: Direct Broadcast by Satellite, DTH: Direct To Home satellite broadcasts.

	Chileans	Local Population (million)	Chileans per million
<b>CENTRAL AMERICA &amp; CARIBBEAN</b>			
Costa Rica	3,200	3.4	941.2
Cuba	400	11.0	36.3
El Salvador	350	5.6	62.5
Guatemala	400	10.6	37.7
Haiti	15	7.2	2.1
Honduras	640	5.9	108.5
Nicaragua	140	4.4	31.8
Panama	1,500	2.6	576.9
Puerto Rico	1,000	3.7	270.2
Republica Dominicana	600	7.8	76.9
<b>SUB TOTAL CENTRAL AMERICA</b>	<b>39,000</b>	<b>62.2</b>	<b>627.0</b>
<b>SOUTH AMERICA</b>			
Argentina	450,000	34.7	12,968.3
Bolivia	9,000	7.4	1,216.2
Brazil	70,000	159.2	439.7
Colombia	5,500	36.8	149.4
Ecuador	14,500	11.5	1,260.8
Paraguay	6,000	4.8	1,250.0
Peru	4,680	23.8	196.6
Uruguay	1,200	3.2	375.0
Venezuela	42,000	21.7	1,935.5
<b>SUBTOTAL SOUTH AMERICA</b>	<b>602,880</b>	<b>303.1</b>	<b>1989.0</b>
<b>TOTAL AMERICA</b>	<b>761,125</b>	<b>749.8</b>	<b>1015.1</b>
Germany	7,000	81.9	85.5
Austria	700	8.1	86.4
Belgium	2,300	10.1	227.7
Denmark	1,400	5.2	269.2
Spain	21,000	39.2	535.7
France	20,000	58.1	344.2
Great Britain	5,000	58.5	85.5
Greece	350	10.5	33.3
Holland	4,000	15.5	258.1
Italy	7,500	57.2	131.1
Luxembourg	100	0.4	250.0
Norway	5,000	4.4	113.6
Portugal	160	9.9	16.2
Sweden	30,000	8.8	3,409.1
Switzerland	5,500	7.0	785.7
<b>TOTAL WESTERN EUROPE</b>	<b>110,010</b>	<b>889,5</b>	<b>1236.7</b>
<b>Asia Pacific</b>			
Australia	30,000	18.1	1,657.4
New Zealand	600	3.6	166.6
Japan	300	125.2	2.4
China	18	1200.2	0.0
Cambodia	N/A	10.0	-
Vietnam	N/A	73.5	-
Singapore	20	3.0	6.6
South Korea	30	44.9	0.6
Philippines	5	68.6	0.1
Thailand	5	58.2	0.1
Malaysia	3	20.1	0.1
Hong Kong	10	6.2	1.6
Taiwan	3	N/A	-
<b>ASIA PACIFIC WITHOUT CHINA</b>	<b>30,976</b>	<b>431.4</b>	<b>71.8</b>
<b>TOTAL ASIA PACIFIC</b>	<b>30,994</b>	<b>1,631.6</b>	<b>19.0</b>
<i>Source: Ministry of Foreign Affairs, 1997; World Bank, 1997</i>			

*When you look at the other nationally-originated signals, you may think that this one does not fit with Chile's size. It's not because it may be too good - television is neither good nor bad-, but this pretension to reach all America, Western Europe, and Asia by the end of 1997 [is perhaps too much]...Much*

*bigger nations, like Brazil, Argentina, and Peru, have nothing like this. Mexico does, in fact -it invades all<sup>1</sup>.*

Tables 17 and 18 illustrate the estimated population of Chileans living abroad. The ultimate objective for SISA would be to become available to them, a perhaps over-ambitious ideal apparently set up by the Directorate.

### **2.2.2. SISA and the international market**

If market information was a problem for TVN's Regional Network, it is a virtual disaster in the case of SISA. There are simply no reliable figures. According to Vargas,

*All these figures aren't precise. Cable operators pay their programme suppliers according to the number of subscribers they have, therefore they fail to declare their real reach. But when they try to sell advertising, they exaggerate. So you have to find a balance in-between. North Americans are more accurate and serious in this respect.*

*There are no audience studies, not because we don't like them but because there is no common system to all the countries...We are almost unable to sell advertising because we aren't able to answer to the most elementary questions to advertisers....*

*[For instance, ] Argentina produces a sort of ranking [of cable consumption], but it doesn't distinguish between individual channels; it groups them [in categories] such as film, sports, children, miscellaneous and "country broadcasts". Among these, we are second after the Spanish Television. After us, there comes RAI, the French television, the Germans, and the rest...Among the 60 or so channels [available in Argentina], we could be in the 37th or 40th place. But this is just an educated guess.*

Apart from the problems of unreliable information, the international cable market is extremely tough and dynamic. Nothing can be taken for granted for too long. Together with new challenges and difficulties, new opportunities arise.

*This is still a rather secondary business [for TVN]. The uncontrollable factors are too influential. Back in 1995, we were fine because we were competing against other 70 channels and among all of them this was a good one. But digitalisation multiplied the number of channels to 150, yet the cable operators can only carry 60 or 70 at the most. Less modern "cablists" even carry 30 approximately. So they chose between 150 alternatives. Competition abroad is*

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<sup>1</sup> Vargas, *ibid.* 18/11/1997.



*EXTREMELY* hard. It requires more and more trips abroad, but this is something this broadcaster is willing to do. TVUC doesn't seem to keen on that...

*[Furthermore, in cable] zapping is very exacerbated... Our signal is as much anti-zapping as possible...programmes are repeated a lot throughout the day. Continuity has to be extremely efficient, highly appealing and brief...In each of the commercial cuts [made] in terrestrial television, future programmes are announced instead considering the different timetables of each country...If HBO has 2 or 3 rating points, we are lucky if we get 1.0 or 0.5. Zapping is enormous, far worse than in terrestrial television...*

*Cable operators are becoming increasingly powerful -a monopsony. You cannot make packages or alliances, say, with the Spanish and the Italian [public broadcasters], because there are too many channels available and scarce capacity to transport all of them. So it's more convenient for you to be alone...It is an extremely dynamic market. Owners change permanently....*

**Q. Who is the direct competitor of SISA?**

*A. It's very hard to distinguish a specific competitor. At least in Chile you know it's TVUC...*

**Q. Do you have any contact with any other public broadcasters?**

*A. There is contact with other public networks such as the BBC, Deutsche Welle -[but] it's neither fluid nor intense, it's rather distant...A great deal [of our activity] takes place in international broadcasting fairs. There're four or five each year. We go there to sell our signal and to "contact- our-peers" -TVE, Antenne 3, RAI. "How are you doing? How did you get into Puerto Rico? Any problems with the language? How are they taking you?" That sort of stuff...*

**Q. Is SISA a good window to sell TVN's programmes abroad, such as telenovelas?**

*A. It's a very good window indeed for Chilean programmes made by TVN. It happens quite a lot, specially in Peru and Ecuador... For the first time we sold a telenovela in Mexico -"Sucupira"- thanks to SISA, that made it visible. A competitor of Televisa bought it, and that's a very competitive market. It also worked like that with [the series about literature] "El Show de los Libros" and [the wildlife documentary series] "La Tierra en que Vivimos"...We act as TVN's agents, for a percentage<sup>1</sup>.*

Vargas not only thinks that the sort of public service that TVN does is compatible with market competition, but also that it can be actually enriched by it.

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<sup>1</sup> Vargas, *ibid.*

*I don't believe that all this competition is destructive for public service....In the world there are plenty of public broadcasters, but I don't believe there is another as profitable and competitive as this one....this model allows us independence and freedom.*

**Q. Do you think is a viable model, that needs to be highlighted?**

*A. Absolutely. Digital TV is coming over in two years time. The year 2000 will be a totally different scenario. VHF channels could be over, and in each of them you will have five or seven simultaneous outlets. This will start in the USA next year [1998]. I don't know if the model will survive, but dynamism is the clue of this industry. You should be ready to turn in 180 degrees at any moment. I cannot go around saying I know everything; the moment you believe so and go and write a book, you're dead<sup>1</sup>.*

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<sup>1</sup> Vargas, *ibid.*

## CHAPTER 9

### MEASURING DIVERSITY IN CHILEAN BROADCASTING

#### Introduction

This chapter deals with programme diversity in Chile over a ten-year period, from 1988 to 1997. Diversity is a specific, yet rather broad, aspect of broadcasting quality.

Throughout the decade studied, important changes took place. In 1988, cable penetration was negligible and there were four non-commercial broadcasters only. In 1997, cable penetration was almost 30% and there were seven terrestrial broadcasters, four of which were privately owned. From the political point of view, democracy was restored in 1990 after a 17-year military dictatorship. The military had turned the inward-looking, heavy regulated economy into an outward-looking, deregulated, competitive pro-market one. The two following democratic governments kept that economic order, and public television had to adapt to that environment.

The analysis of diversity reveals how much has programme choice available to viewers varied along the period studied, as well as each broadcaster's contribution to diversity. This is an important tool to assess the performance of the market-oriented model of public television in Chile, even though it should be complemented by other considerations for a complete picture of overall broadcasting quality.

The chapter is divided into three main parts. In the first one, the concept of programme diversity as a dimension of broadcasting quality is examined under the light of democratic values and the public interest. In particular, the relevance for the Chilean case of the calculation of diversity, as developed by NHK, is commented. The second part discusses the practical considerations involved in replicating NHK's measurements in the Chilean context. The third part presents the findings obtained by the analysis of Chilean broadcasting in 1988, 1991, 1994 and 1997. There is a short sub-section dedicated to viewership diversity, an interesting complement to the supply-side analysis.

## 1. The concept of quality

Programme diversity is one of the many aspects of the wider concept of broadcasting quality. Quality is a widely assumed concept throughout the world which nevertheless has scarcely been studied, and encompasses many dimensions of analysis (Ishikawa, 1996).

A concise definition of quality is provided by Rosengren *et al.* as “a relation between a characteristic and a set of values. Quality is assessed against standards anchored in values and norms” (1996: 39). Since value judgements are involved on setting the standards against which something is evaluated, “quality is, from a logical point of view, undefinable...[It] is decided, provisionally, by people bringing to bear their interpretations and their values” (Leggatt, 1996:75, quoting the British philosopher John Mepham). Most value judgements are organised within “media theories”, such as the free press theory, the social-responsibility theory, or the authoritarian theory (Rosengren *et al.*, 1996).

Yet, as McQuail (1992) notes, the assessment of media performance on behalf of the public interest -which includes the analysis of quality- is rooted into a triad of contemporary Western values: [a] freedom (of expression, belief, movement, assembly, association and access to information); [b] equality (related to the idea of justice and fairness), and [c] order/solidarity (the recognition of commonality on behalf of social stability and the rule of the law). It is in this value frame that the analysis of programme diversity in Chile, as a component of quality, is based. As a country with a rather long democratic tradition, despite the 1973-1990 military interruption, a diverse range of programme choice is a basic pre-requisite of public welfare and democratic interaction.

According to Rosengren *et al.* (1996), from the different media theories emerge four types of quality: descriptive, receiver-use, sender use, and professional. Each of these can be analysed at three levels: the media system, the media organisation, and the individual programme. Descriptive quality refers to the relationship between a programme’s content and “reality” (a debatable concept itself) and, for example, has been applied to assessing truth and neutrality on newscasts of Swedish public television. Receiver-use quality is a relatively well-developed field of study and is related, in general, to the appreciation and attention given to programmes by different audiences. Particularly in Great Britain, both the BBC and the former ITA have assessed individual programmes and schedules with appreciation indexes and quality judgements by audiences since many decades (see Leggatt, 1996; Head, 1985). The third type of quality, sender-use, is related to the standards set by a particular media theory (for example,

studies of media concentration from the perspective of the free-press theory) and concentrates on how senders can affect audiences. Agenda-setting studies are predominant in this field. Finally, professional quality refers to excellence and technical accomplishment -usually at the level of individual programmes- according to the criteria of broadcasting professionals. There is a particular lack of research in this area of quality (Rosengren et al., 1996).

Many of the quality types and levels outlined by Rosengren et al. above are included into the "quality threshold" that the 1990 Broadcasting Act imposed to commercial franchisees in the UK. According to Leggatt (1996), the threshold is defined along three main ideas: [a] providing some valuable programme types (news, programmes for children); [b] professional excellence; and [c] a wide range of programme types. These principles are, in turn, similar to the public-service broadcasting octologue outlined by the BRU (see chapter 1).

In the 1980s, the notion about quality in broadcasting became politicised. Both pro-market reformers and public-service defenders claimed that quality was on their side. In the UK, the Peacock Committee -which assessed British broadcasting under the perspective of economics - placed consumer satisfaction as the utmost measure of success (McQuail, 1992; Home Office, 1986), i.e., of quality. The report indicated that, in a near future, market mechanisms could better satisfy consumers by providing a wide range of high-quality programmes they liked, since multichannel technology was phasing out the regulated broadcasting arrangements based on spectrum scarcity. Nevertheless the Committee acknowledged that British broadcasting already provided quality, yet it was sceptical on its ability of persisting doing so because of technological change. Paraphrasing Rosengren et al., Peacock used a different "media theory" to assess the system, but did not disregard quality.

Around that debate, some highly relevant research on quality was carried on in Britain. Professional programme-makers interviewed by the Committee defined quality around two aspects: on the one hand, as technical accomplishment. On the other, as clarity, innovation and relevance of the content. Their unit of analysis was, essentially, the individual programme.

Another work by Blumler, Brynin & Nossiter compared the broadcasting systems of the USA, Australia, Sweden, Italy, Germany, France, and the UK, and highlighted programme variety (or "range", or "diversity") across different channels as another dimension of quality. This analysis was also included in Peacock's report. On a similar line, Nossiter investigated programme variety in the British system between 1975 and 1985 (see Home Office, 1986; Leggatt, 1996). Neither

of these works included a quantitative indicator of diversity, as developed later by the NHK.

Leggatt also highlights the works of Wober for the ITA in the 1980s, in which quality was measured from the point of view of the audience, in terms of [a] how much they enjoyed a programme or a particular channel (appreciation indexes), [b] the “quality” they attributed to the programme or channel (which differed from appreciation), and [c] the range of choice of usable programmes available to them (by comparing the available programmes to the “clashes” between channels that offered the same programme genre at the same time) (see Leggatt, 1996).

It is in the politicised context of the 1980s that rises a broad-ranging, multinational project on broadcasting quality co-ordinated by Japan’s public broadcaster NHK. The comprehensiveness of its approach is a valuable tool to assess the market-oriented model of public broadcasting in Chile.

## 1.2. NHK's concept of quality and public service broadcasting

At the beginning of the 1990s, a multi-national project conducted by the NHK sought to measure broadcasting quality. This concept, inherent to the PSB-anti PSB struggle of the 1980s in the industrialised nations, is key to assess the impact of the dramatic changes in broadcasting, and “to clarify what kind of social functions broadcasting should play in the future” (Ishikawa, 1996: vii).

The NHK's project may be considered as a mere self justification by a public broadcaster, which is partially true, but the question about *what* is worthy and *why* in today's fast-changing media environment is perfectly valid. The justification to deregulate and challenge public broadcasting was often made on grounds of enhancing social welfare, broadcasters' accountability to citizens, and wider choice for viewers (Achille & Ibanez, 1994a; Home Office, 1988, 1986; Raboy, 1995). Assuming that changes on broadcasting are on behalf of the democratic system,

*“broadcasting, be it public or commercial, should maintain as its primary goal that of **servicing the public**...[So,] the degree to which a broadcasting organization **fulfills its role as a public service** is a valid gauge for measuring quality of broadcasting”* (Ishikawa, 1996: 199. Emphasis added).

Therefore, the incorporation of market mechanisms to a system, as in Chile, does not necessarily eliminates the goal of *servicing the public*. It is the means, not the end, that is altered. Deregulation does not imply that market mechanisms and private actors cannot serve the public nor be assessed. Conversely, heavily regulated broadcasting does not necessarily serve the public, as authoritarian regimes have demonstrated.

Quality, or the accomplishment of certain standards, is a multidimensional phenomenon. It involves policy makers, broadcasters, programmes, regulators, viewers. Yet the setting of the standards to be accomplished in any of these realms -and their assessment- is a subjective process which varies over time and space.

In an effort to outline the boundaries of such a complex and variable concept, two different sets of dimensions were proposed (see Ishikawa & Muramatsu, 1996). On the one hand, three operational, “vertical” levels: the broadcasting system, the channel, and the individual programme. On the other, four social “horizontal” dimensions: the state, society, the audience and the broadcasting professionals. Different standards to assess broadcasting quality can then be found in any of the realms resulting from the intersections of these dimensions, as shown in the following figure.

STANDARDS FOR ASSESSMENT OF QUALITY				
	STATE	SOCIETY	AUDIENCE	PROFESSIONALS
SYSTEM	1. Broadcasting policy			
CHANNEL		1. Range, diversity, balance, pluralism 2. Ethical requirements 3. Timing & flexibility		
PROGRAMME			1. <u>Cognitive</u> : attention, information, etc. 2. <u>Affective</u> : appreciation, appeal, enjoyment, etc.	1. Ethical 2. Technical 3. Resource allocation
<i>Source: Ishikawa &amp; Muramatsu, 1996:200</i>				

The NHK project investigated broadcasting quality in two scenarios. One was the analysis of programme diversity (highlighted on the diagram above). The other was the study of the criteria that professionals use in defining the quality of individual programmes in each of the countries involved.

The study remarked that “there has been no method designed to assess the quality of broadcasting anywhere, in either theory or practice...There are numerous broadcast surveys conducted in several countries, but these studies are usually designed to simply count the number of viewers per programme and tell almost nothing about the quality of programmes” (Ishikawa, 1996:vii).

Public service broadcasting principles provided “the most useful frame of reference for our research” (*ibid*:viii). Certainly Scannell’s (1989) definition of PSB as the provision of mixed programmes on national channels available to all sets the main standard against which a whole broadcasting system can be assessed. It is here that the analysis of programme diversity arises as a key indicator of quality, even though -as shown in the diagram- quality is a much wider concept.



### **1.3. Programme diversity as a measure of quality**

In order to assess the broader aims of Chile's broadcasting, the analysis of programme diversity seems more adequate than that based on the more specific criteria of professional programme-makers. This does not imply that the other aspects of broadcasting quality should be ignored; only that this one is crucial at the system's level.

Ishikawa quotes three reasons to measure programme diversity in order to assess broadcasting quality: (a) the need of a broadcasting system to serve all the audience's interests, (b) the right of the audience to select freely on their own among all existing choices, and (c) the need to reinforce democracy by contacting viewers with different personalities and viewpoints through the broadcasting system (Ishikawa, 1996:201). Diversity was defined as the distribution of programme genres in the TV channels of each of the countries concerned: Japan, Canada, Sweden, the USA and the UK.

The indicator used to measure programme diversity was the Relative Entropy Index, which gave a low rating to a heavy concentration of one or a few programme genres, whereas a more scattered concentration of programmes received a higher diversity rating. An important feature of this indicator is that it weights each programme type according to its time length, something that former indicators of diversity did not consider (Ishikawa, 1996).

The Relative Entropy Index is a scale that ranges from 0 to 1. The lowest value represents the maximum disbalance or concentration of broadcasting time in one or a few programme types. This is similar to indicators of income concentration used in economics such as the Gini coefficient, which approaches zero as the national income spreads more evenly across the different segments of a country's population (Todaro, 1994).

The pro-market attacks against public broadcasters largely assume that the combination of pay distribution technologies, free competition, deregulation, and market mechanisms allow more programme choice for the viewers. The argument is that regulated broadcasting systems and public networks are prone to self-complacency and to disregard -if not despise- viewers' preferences, thus offering less choice to viewers than market-driven, deregulated systems.

After measuring the programme diversity of the terrestrial broadcasting systems of Canada, Japan, Sweden, the UK and the USA, the study revealed that the opposite was true, just as traditional defenders of PSB have sustained since long ago. The market-driven US' system had the lowest diversity, whereas the much more regulated British system had the highest (Ishikawa, 1996). US'

television was able to overtake the British only after adding two cable superstations, eleven basic cable networks, and four premium cable networks to the five terrestrial networks<sup>1</sup> (Litman & Hasegawa, 1996; Ishikawa *et al.*, 1996). In other words, the deregulated television model of the USA was able to provide high diversity at much more cost than its more regulated British, Japanese, Swedish and Canadian counterparts. Yet pay TV is not quite comparable to broadcasting, since viewer access is conditioned to payment. So in such case, "a broad range of programmes available for *all*" requires substantial dispensable incomes among audiences. At least in Chile, years -if not decades- lie ahead to reach such a stage.

#### **1.4. Diversity, individual programmes' quality, audience appreciation**

It must be stressed that diversity of programme genres reveals neither the programmes' technical and artistic merits (something studied separately by the NHK), nor audience consumption and appreciation of them. A very varied system it is not necessarily a good one, because programmes can be bad in technical terms and viewers may not want to watch them. For example, newscasts during the Pinochet regime in Chile had very little credibility, as it happened with other dictatorships. Therefore, diversity in 1988 is qualitatively different from that in years after democracy was recovered, even though their numerical values may be similar. Therefore, genre diversity must be regarded as a basic pre-requisite above which qualitative considerations must be built. As pointed by the head of qualitative research of the CNTV and assistant to the ministry of information, Carlos Catalan

*We have a lowly diversified television system. There are things that cannot be said...It is not so much political diversity as cultural diversity... Unfortunately, the CNTV's statistics do not show too many differences between TVN and the other channels, specially TVUC. In other countries, quantitative data show significant differences between, say, RAI and the Fininvest channels [in Italy] -public channels have much more news and children programmes than the privates<sup>2</sup>.*

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<sup>1</sup> The terrestrial networks analyzed were CBS, NBC, ABC, Fox, and PSB. The cable superstations were WTBS and WGN, whereas the basic cable networks were Arts & Entertainment, Discovery, CNN, Entertainment & Sports, Family, Lifetime, MTV, Nickelodeon, Nashville, and Turner Television, and the premium pay ones were HBO, Showtime, Cinemax and Disney (Litman & Hasegawa, 1996).

<sup>2</sup> Interviewed on 1/12/97.

### 1.5. Calculation of the Relative Entropy Index

According to the NHK project, diversity of programme types in a given television system reveals the range of choice available to viewers. So high programme diversity means a high quality broadcasting system. This assumes a democratic perspective: every citizen of a nation should have at least equal opportunities to enjoy the available goods, both tangible and intangible, just as a relatively even income distribution is regarded as a requirement to ensure a basic and decent standard of living for all the members of a nation.

The Relative Entropy Index can be expressed as follows:

$$E = H / H_{\max}$$

where

$$H = \sum -p_i (\log_2 p_i)$$







and

$$H_{\max} = \log_2 N$$

in which  $p$  represents the probability of each programme category being selected (i.e., the proportion of each programme type in contrast to the total, ranging from 0 to 1),  $i$  represents the sum of different cases selected in each programme category, and  $N$  represents the number of programme categories used. Relative entropy  $E$  ranges 0 to 1, in which 0 represents minimum programme diversity and 1 represents maximum diversity, i.e., broadcasting time perfectly distributed among the programme categories defined. The Relative Entropy Index is similar to the Herfindahl-Hirschmann Index, which also ranges from 1 to 0, except in that the latter moves in the opposite direction (Ishikawa et al., 1996; Litman & Hasegawa, 1996).

Thus defined, the Relative Entropy is calculated both on a vertical dimension -i.e., analyzing the entropy of each channel's programming offer- and on an horizontal one -namely, across the whole broadcasting system. The latter implies adding all the programmes within the system, without distinguishing among

broadcasters. A third step consists on calculating the relative entropy of n-1 channels, i.e., how much would the system's relative entropy is affected if a specific channel is removed. To do this, the only change in the formula is that the incumbent channel's  $p$  is subtracted from the whole system's  $p$ . As before, the calculation is applied to each one of the channels in the system.

	All day	Prime time only
<p><b>Relative entropy of each channel:</b></p> <ul style="list-style-type: none"> <li>+ Calculation of programme diversity within each channel.</li> <li>+ Reveals the variety of programming offered by each channel.</li> <li>+ The highest the score, the more diverse the programming range of the incumbent channel.</li> </ul>		
<p><b>Relative entropy of the system:</b></p> <ul style="list-style-type: none"> <li>+ Calculation of programme diversity across the whole system, regardless of any particular broadcaster.</li> <li>+ Reveals the total availability of different programme types across the system.</li> <li>+ The highest the score, the more diverse the programming range of choice for viewers across the system, even though the channels themselves may have low entropy levels.</li> </ul>		
<p><b>Relative entropy of n-1 channels:</b></p> <ul style="list-style-type: none"> <li>+ Calculation of programme diversity across the whole system by subtracting one specific channel at a time.</li> <li>+ Reveals how much the system's diversity is affected when the incumbent channel is removed.</li> <li>+ The <i>lowest</i> the score compared to the system's, the highest the contribution of the incumbent channel to overall entropy. An index <i>above</i> the system's means that overall diversity increases if the incumbent channel is removed.</li> </ul>		

All these calculations can afterwards be focused on prime time (in the case of Chile, between 19:30 and 23:29 from Mondays to Fridays, and from 19:30 to 24:00 in weekends). The whole set of calculations are summarized on the table above.

The NHK's measurements were taken from a one-week (Monday to Sunday) purposive sample during 1992 in each of the five countries involved. The samples were chosen so to avoid special planned events that might have affected the normal scheduling practices of the broadcasters. Each programme was catalogued according to a list of fifteen programme categories -described further below- agreed by the researchers.

## **1.6. Problems related to the calculation of the entropy index**

Criticisms are centred around two issues in particular: the fact that this study does only consider the supply side of broadcasting, and, more importantly, that the definition of the programme categories is prone to bias:

*“The most complex and disputatious aspect of research measuring diversity involves the decision concerning the number of categories chosen, the method of assigning programmes to the designated categories, and finally the summary diversity index utilized. Subjective decisions in any of these dimensions can seriously distort the research findings”* (Litman & Hasegawa, 1996:204)

Despite the multi-national effort to define a single index of programme categories, NHK's list is not perfect. On the one hand, often programmes overlap across more than one category. This is a problem of any list. For example, *The Flintstones* could be coded as “children” or as “TV narrative”, since that series enjoys a considerable appeal among adults as well as children. On the other hand, the categories are hybrid combinations of form, content, and target audience: whereas “children” or “minority” programmes are defined according to a specific *audiences*, “news” or “game” are related to *form* (ibid., 206, 223). For that reason, Litman & Hasegawa proposed a new set of twelve categories in which this problem is greatly surmounted. Unfortunately, it was proposed after the NHK study was completed and therefore was not applied to the analysis of the Chilean system, because comparisons would have not been possible.

Additionally, due to the characteristics of the sampling method -purposive, not randomly selected- there is no mention of statistical margins of error for this methodology. A “representative” week of programming in each of the countries involved was chosen, yet Litman & Hasegawa acknowledge that “no single week of programming can be truly representative of the annual programme offerings of a country” (1996:104). Since NHK's objective at this stage was to design and test a method of assessing programme variety, the study cannot be expected to have universal validity. The same limitation applies to the results obtained from the Chilean system.

## **1.7. Why the NHK's approach is relevant in Chile**

As McQuail notes (1992), there are other perspectives apart from NHK's concern with media performance and the public interest- the Marxist/critical approach, the ethical approach, the cultural studies approach, the organisational

efficiency approach, the media effect approach. Many of these were or are present in Chile's tradition of media studies. For example, Marxism was very prevalent in the 1960s and early 1970s, notably by the influence of the CEREN group led by Armand Mattelart at the Catholic University. Ethics -more recent- is either related to Catholicism or to the US-inspired free-press tradition. The organisational efficiency approach is mostly applied by broadcasters due to the competitive nature of the market. Industry outsiders have followed local versions of the cultural studies tradition. Others, such as Fuenzalida & Hermosilla, have emphasised on audience's active reception of television.

Nevertheless, the current Chilean context is highly biased towards considerations of organisational efficiency -broadcasters-, given the predominant view of broadcasting as simply another economic activity (Godoy, 1997a, 1996b). The other traditions of inquiry have less influence on Chilean broadcasting policy and practice. An important reason -apart from the prevalence of the market-oriented ideology- has been their contempt and disregard of the industrial and corporate aspects of broadcasting (Fuenzalida, 1997a; Portales, 1994). So nowadays it is assumed that maximum viewer satisfaction results from free competition of broadcasters against each other. In general, accountability is similar to that of any publicly listed company, usually expressed through ratings figures.

Subsequently there are very few policies that openly relate media performance and the public interest in Chile; they are largely left implicit. It is here where NHK's concern on quality seems specially attractive to the Chilean context. Not only it is a novelty in the country, but it brings together the realm of broadcasters' corporate action to the public interest. This may be because the NHK is a broadcaster itself, so its approach is highly practical -it requires the sort of data currently used by the regulator (the CNTV) and the industry itself.

## **2. Measuring diversity in the Chilean system**

### **2.1. Background**

Despite its shortcomings, replicating the NHK's study in the Chilean context is worthwhile. Programme choice as a component of quality has not been thoroughly studied in Chile, and the few works that tried to do used very broad categories such as the balance between entertainment, information, and education or foreign-versus-local production (Fuenzalida, 1984; Hurtado et al., 1989). In recent times, quality has been analysed mostly from the critic's

perspective of individual programmes (see Fuenzalida, 1997a, 1997c, 1997d, 1996a, 1996b, 1994a, 1984) or through audience surveys and focus groups (CNTV, 1996b, 1996c, 1995, 1994a; SECC, 1997d). On the other hand, the CNTV's and SECC's reports and statistics on broadcasting offerings and viewership figures state that they are not intended to analyse qualitative aspects of the industry (CNTV, 1996d, 1994c, 1993a, 1993b; SECC, 1997a, 1997b, 1997c, 1996, 1995a, 1993a).

Interviews with broadcasters and regulators both in the CNTV and in TVN agreed that programme diversity was an important measure of broadcasting quality as well as a useful means to assess TVN's public service role in the system. According to the economist Diego Portales, manager of TVN's regional network

*Programme diversity is by all means an indispensable indicator of public service. It should be complemented with [programme genre] permanence. Television is an industrial process, therefore the sustained production of the widest possible variety of programme genres is equally important. It is important to have programmes of police cases such as Mea Culpa<sup>1</sup>, despite the controversy it arises, because it has evolved and improved...it has managed to survive and adapt<sup>2</sup>.*

Valerio Fuenzalida, head of qualitative research at TVN, exemplified the relevance of programme diversity with information and news genres:

*...[Information] quality is not only a matter of hours of news broadcast, but also of the variety of information formats because [there are] formats that inform in different ways. So it is not only the basic pluralism [of coverage], nor the amount of newscasts, but the variety of programme types [which counts]....This channel has four hours a day of news-related broadcasts...with an hour of debate at midnight...and in-depth current-affairs stories. These are three information genres, in which the news event is not only accounted for, but it is also debated....We would be quite incomplete with the newscast alone...We have to get many genres to deliver high-quality information<sup>3</sup>.*

So measuring the Relative Entropy of the Chilean allows to explore and quantify the degree of choice and variety available to viewers. This is a relevant

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<sup>1</sup> Mea Culpa is a highly successful reality show of TVN -shown at prime time- which recreates the story of repented criminals. Audience qualitative studies found great disparity on the public's appreciation of this programme: low income groups found it valuable and "educative", whereas higher income and more educated viewers qualified it as "sensationalistic" (Fuenzalida, 1997a).

<sup>2</sup> Interviewed on 14/11/97.

<sup>3</sup> Interviewed on 4/11/1997.

step towards a more comprehensive and systematic understanding of the complex phenomenon of broadcasting quality, thus allowing an enhancement of the public service role of the actors involved.

It should be noted that, in contrast to the NHK's study, this one is not referred to stable democracies of the industrialised world. The period studied covers 10 years of changing political, economical, and social circumstances as a general background to broadcasting policy and practice. It ranges from the end of a military dictatorship to a democracy, with many problems associated to it.

## 2.2. Methodological considerations

The objective of replicating NHK's analysis to the Chilean case is to ***outline the general trend in programme diversity throughout the last decade, emphasizing on the particular role played by TVN in the system in contrast to the other broadcasters, and distinguishing between prime time and the whole day of broadcasts.*** This implies an analysis not only of the vertical and horizontal dimensions, but also of the z-axis of time between 1988 and 1997 inclusive.

The study was done through a one-week sample of programming taken from a month of high viewership at four different moments, equally distant from each other by a three-year gap: 25 to 29 July 1988, 22 to 28 July 1991, 25 to 31 July 1994 and 21 to 27 July 1997. This particular month was selected because July enjoys some of the higher viewership levels in Chile (Time/Ibope, 1997), so broadcasters are likely to put special care into their schedules<sup>1</sup>.

Calculations were applied separately according to the CNTV's and NHK's categories, distinguishing between whole day and prime time. According to the CNTV, prime time ranges between 19:30 to 23:29 from Mondays to Fridays, and from 19:30 to 24:00 on weekends. Programmes that either started or finished close to these times were coded in prime time if 50% or more of their length was extended into this slot.

There were a number of important background developments that need to be understood to put the study of programme variety in context, although they are dealt with more fully in the previous chapters. Nevertheless, the situation changed markedly over the decade of the study.

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<sup>1</sup> This approach was backed by Dr. Cristobal Marin, Director of Studies of the CNTV, interviewed on 5/11/97.



In July 1988, the Pinochet dictatorship was still to remain for nineteen further months. Broadcasting was almost as it was in 1969, when TVN was created: none of the existing four broadcasters were private. The government controlled the networks either directly (TVN) or indirectly (the remaining three university channels). Apart from its normal 7 VHF channel, TVN operated a second one at the 9 frequency since 1987.

In 1991 the picture presented important variations. After losing the 1988 plebiscite and before the new democratic president took office in March 1990, the regime dictated a new law of television (No.18,383) allowing private broadcasting. In order to prevent the opposition from taking control of TVN, the dictatorship tried unsuccessfully to privatise it, yet it sold the network's idle VHF frequencies 9 and 4 to private investors. Channel 9, now Megavision, started operations in 1990. La Red, channel 4, at the beginning of 1991. Pinochet's government had said that private television would radically improve the television market, given the strong private sector-led growth in other areas of the economy.

In 1994, there was a new private entrant. The historically bankrupt channel 11 of the University of Chile had been sold to Venevision from Venezuela and renamed Chilevision (CHV). Yet all the private networks soon found at their own expense that television was not the good business as imagined, while TVN and TVUC stayed at the lead. The small UCV remained precariously in its modest niche of children and conversation programmes.

Finally, by 1997 there was a seventh broadcaster in the VHF band<sup>1</sup>, the youth-oriented channel 2 Rock & Pop. The market was consolidating around two big players -TVUC and TVN, after a setback with Megavision's home-made telenovelas-, two middle sized channels -CHV and, reluctantly, Megavision- and the small ones -UCV, La Red and Rock & Pop. The military regime's prediction of private sector leadership in broadcasting was still far away.

Broadcasting schedules were extracted from the TV programme review of two leading national newspapers, *El Mercurio* and *La Tercera*, since there is no complete archives of television broadcasts older than three months at the CNTV, the only body which records all terrestrial broadcasts (as well as samples of cable and DBS transmissions). Daily reviews were used instead of weekly ones, since any change in the channels' schedule was more likely to appear. Therefore,

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<sup>1</sup> In fact, also since 1995 there was an eighth channel, Gran Santiago Television, yet on the frequency 22 of the UHF band. It was not included in the study due to the predominance of TV sets still unable to receive UHF, as well as channel 22's character as a niche broadcaster -not to say narrowcaster-, limited to Santiago and to a very little audience. From that point of view, it is more like a cable channel than a broadcaster and, therefore, does not really constitute a real choice for the majority of the population.

advertising time is not considered and programmes' length tend to be approximate.

That problem could have been averted by using the excellent quarterly statistical reports (*Informes Estadísticos*) issued by the National Television Council, in which all programmes broadcast during a term are exhaustively accounted and classified according to the CNTV's own list of thirteen programme categories (detailed further down). Unfortunately, the earliest *Informe Estadístico* dates from 1993, and the subsequent ones leave important gaps in between. At the time of writing, these reports covered April-September 1993, March-May 1994, and August-October 1994. Besides, not all the statistics nor the methodology used are consistent from one report to the next, and it is not possible to disaggregate prime time from the rest of the day for the purposes of this study<sup>1</sup>. Furthermore, a problem at the CNTV's computer database turned useless the data for 1995, and the 1996 report -due for publishing in the second semester of 1997- was still not available at the beginning of 1998.

PROGRAMME CATEGORIES USED THROUGHOUT THIS STUDY	
By the NHK of Japan	By the CNTV of Chile
1. <i>Television narrative</i>	a. News & Information
2. <i>Cinematic narrative</i>	b. Documentary & Current Affairs
3. <i>Theatrical narrative</i>	c. Debate & Conversation
4. <i>Documentary</i>	d. Feature film (includes cartoons)
5. <i>News/ Current affairs</i>	e. Series & miniseries (includes cartoons)
6. <i>Educational/ Instructional</i>	f. Telenovela
7. <i>Hobby/ Personal interest:</i> Technology, Nature/ environment, Science, Home/ household	g. Miscellaneous: Variety, Show, Magazines, Games, Humour, Educative miscellaneous for children, Miscellaneous of cartoons, Miscellaneous for the youth, Micro-programmes of skills
8. <i>Variety/show</i>	h. Sports
9. <i>Games</i>	i. Video clip
10. <i>Sports</i>	j. Arts & Cultural events: Opera, Ballet, Classical music, Events of popular music, Arts & Culture documentaries,
11. <i>Arts/Music</i>	k. Education & Service to the public
12. <i>Children</i>	l. Religious
13. <i>Religion</i>	m. Continuity, other
14. <i>Minority</i>	
15. <i>Others</i>	

An alternative source of data was TVN's programming department<sup>2</sup>, which had uninterrupted figures both of programme supply and consumption between 1994 and early 1997. TVN used its own list of fourteen programme categories,

<sup>1</sup> Allegedly, the thriving but rather small CNTV reached a relatively definite format for its reports throughout 1997. A more thorough disaggregation of programme variety at prime time was being considered, which can be helpful to calculate relative entropy at that time slot in the future.

<sup>2</sup> Thanks to the kind support of the Manager of National Programming, Juan Carlos Altamirano.

some of which were similar to the CNTV's. Naturally TVN emphasised on those formats in which it was stronger, such as "reality show" and what insiders call "service to the public". Programmes were also disaggregated according to whether they were of national or foreign origin. Unfortunately, this information was not useful for this study since there was no distinction between prime time and the whole day, and because only TVN, TVUC and Megavision were considered.

Applying the NHK's list of programme categories to the Chilean structure posed some important problems. Apart from the high degree of subjectivity involved in classifying the programmes, many subtleties of the Chilean broadcasting offer are not well reflected in the Japanese categories. Firstly, NHK's distinction between television, cinematic, and theatrical narrative is excessively detailed for a relatively small economy whose broadcasting industry cannot afford to produce by itself a significant amount of those programmes in contrast to industrialized nations, whereas cheaper formats that accomplish many PSB-related values (such as debate, conversation, *reality shows*, microprogrammes, and even *telenovelas*) fall into rather broad categories together with superficial talk shows and foreign series. At the same time, the "Children" category seemed too broad, while simultaneously posed problems when classifying programmes supposedly intended for children but which were watched by other audiences as well. In the same line, there were almost no "minority" and "theatrical narrative" programmes. Except for a brief section of Megavision's late night newscast directed to the deaf, there are no programmes specifically addressed to minorities. This situation may change as Chile gradually concentrates on more vulnerable groups after ensuring basic welfare levels to the bulk of its population.

Many of the programming subtleties of the Chilean system were better reflected in some of the CNTV's thirteen programme categories. Despite the CNTV's listing does not mix programme form, content, and target audience as NHK's does, there are too broad as well as too narrow categories. In particular, the CNTV's category "Miscellaneous" was far too wide, yet the distinction between "News & Information", "Conversation & Debate" and "Documentary & Current Affairs" was very detailed. This may distort the results, though it is also valuable that these categories can reflect the subtleties of the industry concerned. For example, TVN is quite strong on current affairs (*reportaje*) programmes such as *El Mirador*, *Informe Especial*, *Patiperros*, or *Revolver*, whereas TVUC is stronger on its newscasts and in less contingent genres -mostly shows and entertainment<sup>1</sup>. The successful TVN's *El Mirador* opened its 1997 season at prime time with a

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<sup>1</sup> Interview with Valerio Fuenzalida, Head of Qualitative Studies, TVN, 5/11/97; interview with Carlos Catalan, Head of CNTV's Department of Studies, 1/12/97.

story dedicated to insane beggars of the port of Valparaiso, followed the next week with another about the precarious daily operation of an old public hospital in the town of San Felipe. These distinctions are specially relevant for Chilean programmers' at prime time. It is also interesting to note that for the CNTV the *telenovela*, the most typical Latin American programme genre, becomes a category of its own. Yet at the same time, the CNTV lacks a "Children" category, which at a certain point is also problematic since the youngest members of society are considered to deserve a special care -even in the quite deregulated Chilean system of today (Fuenzalida, 1997, laws Nos. 19,131 and 19,132).

Therefore, calculations were done separately with both lists of programme categories, i.e., CNTV's and NHK's. The results drawn from the NHK's list could thus be tentatively matched against the findings drawn from the Japanese, Canadian, Swedish, British and North American systems.

It should be noted that only terrestrial broadcasters is considered in this study. Although cable TV has expanded rapidly -28.1% of penetration in 1996 from 11,4% in 1994 (CNTV, 1997)-, viewers' access is restricted by payment. Additionally, rating figures of cable are still no match for terrestrial television<sup>1</sup>.

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<sup>1</sup> There are still no reliable viewership figures for cable TV in Chile, apart from some occasional dairy-based surveys which indicate very small and fragmented audiences. The people meter does not provide measurements for cable. This sector of the industry suffered important financial troubles throughout 1996 and 1997.

### **3. Results**

#### **3.1. According to the CNTV's categories**

Indeed rather good diversity figures were obtained from the analysis of Chilean broadcasting through both categorisations -CNTV's and NHK's. Values were similar to those gathered by the NHK in the five industrialised countries mentioned. These findings suggest that Chilean viewers enjoy a satisfactory range of programme choice, which is consistent with other welfare indicators such as life expectancy, literacy rates, income per capita, and health, as revealed by the country's high Human Development Index (UNDP, 1993; World Bank, 1997).

##### **3.1.1. Whole day**

At a system level, no significant gains nor losses in diversity appear after the deregulation of the market and the appearance of the private channels between 1988 and 1997. The overall index rises from 0.80 in 1988 to 0.81 in 1997. There is a drop of the index in 1994, possible related to the uncertain market conditions faced mostly by the private channels.

In 1994, the private outlets (La Red, Megavision, and Chilevision<sup>1</sup>) were forced to duplicate their competitors' programming rather than risk innovative formulas after television proved to be a much worse business than envisaged in the early 1990s. The private channels' n-1 indexes were the same as or higher than the system's, meaning that eliminating any of them would make little or no difference. La Red's n-1 figure, in particular, exceeds the system's in all the years examined -its disappearance *increases* overall diversity. At the same time, the leaders TVUC and TVN began to feel the private's pressure while competing fiercely against each other. Yet both retained most of the advertising income, as always.

The system's diversity recovered in 1997 from the drop in 1994. By then there was another VHF private channel on the air, 2 Rock & Pop (not to mention the Channel 22 at the UHF band, which is not analysed here). The market seemed more defined than three years before: R&P, UCV, and La Red were the struggling small-players whose only way to survive was to specialise. CHV was able to catch in terms of income the initially over-confident Megavision, who confronted severe

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<sup>1</sup> Channel 11 was sold by the state-owned University of Chile to the Venezuelan broadcasting holding Venevision in 1992 (yet the university remained as the nominal franchiser of the frequency), which changed the network's name to Chilevision.

problems in 1997 after the failure of its second home-made telenovela. Therefore, CHV and Megavision seemed to be in a middle-ground, whereas TVN and TVUC still remained at the summit. These old networks were only ones able to generate profits as well as the most expensive original programmes<sup>1</sup>. The relative consolidation of the market into these sub-sets of broadcasters in 1997 can explain the increase of the system's diversity. According to the former Director General of TVN, Jorge Navarrete:

*The re-birth of TVN and TVUC's reaction are far more significant than the appearance of private television [in Chile] which, worse, has been very badly managed. [The juvenile-oriented channel] Rock & Pop is alone in this sense. Private television has lost a market which was served as on a breakfast tray...TVN couldn't afford to be the third, nor the fourth. That's not viable in the Chilean market. In this country there is room for profitability for only two and a fraction channels. There is no space for three economically solid channels<sup>2</sup>.*

It should be noted that most private broadcasters did not generate profits in any of the years since their appearance.

Concerning the broadcasters' internal entropy, TVUC consistently presents more internal entropy than the others. Thus, it accomplishes the mandate of programme diversity which can be expected from public service-oriented channel. Similarly, as revealed by its n-1 figures, for all years examined except 1997, the system's diversity would drop without the university network. The exception is possibly related to the relative consolidation of the market and the subsequent better definition of rivalries. It seems that TVUC and TVN (and often Megavision as well) increasingly duplicated each other, as the rest of the channels revealed to be no match to the bigger ones.

As it happens with viewership and income, TVN does not reach TVUC's high levels of internal diversity. Yet the current model of public television shows many advances in the decade analysed. In 1988 the system's diversity *improves* if TVN is subtracted, and the military regime's initiative of starting a second "cultural" channel through TVN's idle frequency 9 fails to raise the system's diversity index. In 1991 and 1994 there is a noticeable improvement both in TVN's levels of internal entropy and its contribution to the system's overall diversity (n-1 value). Yet as it happens with TVUC, both indexes slightly deteriorate in 1997.

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<sup>1</sup> Interviews with Enrique Aimone, Secretary General of TVN (4/11/97); the economist Diego Portales, Regional Manager of TVN (14/11/97); Jorge Fernandez, Secretary General of TVUC(29/10/97).

<sup>2</sup> Interviewed on 28/7/97.

The maturation of the market seems to impose TVN a need to specialise on certain programme types (notably locally produced telenovelas, and journalistic programmes in general), which reduces its internal entropy index. At the same time, duplication of rivals' programming as a competitive strategy deteriorate the channel's n-1 levels (i.e., is brought closer to the system's).

Meanwhile, the country's oldest channel, the Catholic University of Valparaiso's UCV, remained in its modest niche of children and conversation programmes. Specialisation in certain programme types increasingly reduced its levels of internal entropy, whereas fiercer competition and programme duplication deteriorated its n-1 values after 1988. At least from this small broadcaster's point of view, deregulation and private television was not an improvement.

WHOLE DAY CNTV CATEGORIES															
Year	Syst	2 R&P		4 RED		5 UCV		7 TVN		9 MEGA*		11 CHV@		13 UC	
		H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1
1997	<b>0.81</b>	0.70	0.80	0.54	0.82	0.60	0.81	0.72	0.81	0.75	0.80	0.67	0.81	0.78	0.80
1994	<b>0.76</b>	-	-	0.54	0.77	0.70	0.75	0.77	0.75	0.71	0.76	0.63	0.77	0.79	0.74
1991	<b>0.80</b>	-	-	0.64	0.82	0.63	0.80	0.77	0.79	0.73	0.79	0.72	0.78	0.77	0.78
1988	<b>0.80</b>	-	-	-	-	0.73	0.77	0.71	0.81	0.67	0.80	0.71	0.82	0.82	0.78

(\*) 9 was TVN's in 1988  
 (@) 11 was UCH until 1994

**Jul-1988****Time slot: WHOLE DAY****CNTV CATEGORIES****1. PERCENTAGE OF MINUTES BROADCAST**

	5 UCV	7 TVN	9 TVN	11 UCH	13 UC
a. News & information	20.457	8.946	7.009	14.035	10.173
b. Documentary & CA	3.730	1.816	6.308	1.974	3.696
c. Debate & talk	8.664	0.073	0.000	2.632	5.651
d. Film	12.876	15.886	25.234	3.947	21.353
e. Series	0.722	29.253	33.879	17.032	20.712
f. Telenovela	0.000	12.255	0.000	5.263	10.417
g. Miscellaneous	36.582	24.890	14.019	41.813	16.466
h. Sports	2.888	1.903	8.178	5.190	4.888
i. Video clip	5.776	0.000	0.000	1.535	0.000
j. Arts & cultural events	5.054	0.000	0.467	1.170	0.916
k. Education & service	0.000	3.514	0.000	0.000	1.757
l. Religious	0.842	1.318	0.000	0.000	0.229
m. Others & continuity	2.407	1.318	4.907	5.409	3.742
<i>Total minutes</i>	<i>4155</i>	<i>6830</i>	<i>2140</i>	<i>6840</i>	<i>6547</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.73</b>	<b>0.71</b>	<b>0.67</b>	<b>0.71</b>	<b>0.82</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.77</b>	<b>0.81</b>	<b>0.80</b>	<b>0.82</b>	<b>0.78</b>
<b>4. Entropy of the system</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>
Difference 4-3	0.03	0.00	0.00	-0.02	0.02

**Jul-91****Time slot: WHOLE DAY****CNTV CATEGORIES****1. Percentage of minutes broadcast**

	4 RED	5 UCV	7 TVN	9 MEGA	11 RTU	13 UC
a. News & information	8.637	21.45	9.931	16.237	11.736	10.674
b. Documentary & CA	0.287	0	1.655	1.791	7.361	4.215
c. Debate & talk	2.879	3.094	0.827	2.015	0.416	4.079
d. Film	4.750	7.363	25.72	8.846	0	26.040
e. Series	11.94	14.62	11.79	21.500	9.583	23.714
f. Telenovela	8.157	0	13.79	25.195	10.416	8.838
g. Miscellaneous	50.47	41.08	20.75	18.141	38.194	13.666
h. Sports	1.295	10.352	10.96	0.671	13.333	0.407
i. Video clip	0	0.747	0	4.031	0.833	0
j. Arts & cultural events	0	0.426	1.241	0	5.972	1.223
k. Education & service	10.41	0	0	0	0	6.323
l. Religious	0.575	0.213	1.103	0	0	0.815
m. Others & continuity	0.575	0.640	2.206	1.567	2.152	0
<i>Total minutes</i>	<i>10420</i>	<i>4685</i>	<i>7250</i>	<i>4465</i>	<i>7200</i>	<i>7354</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.64</b>	<b>0.63</b>	<b>0.77</b>	<b>0.73</b>	<b>0.72</b>	<b>0.77</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.82</b>	<b>0.80</b>	<b>0.79</b>	<b>0.79</b>	<b>0.78</b>	<b>0.78</b>
<b>4. Entropy of the system</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>
Difference 4-3	-0.02	0.00	0.01	0.01	0.02	0.02

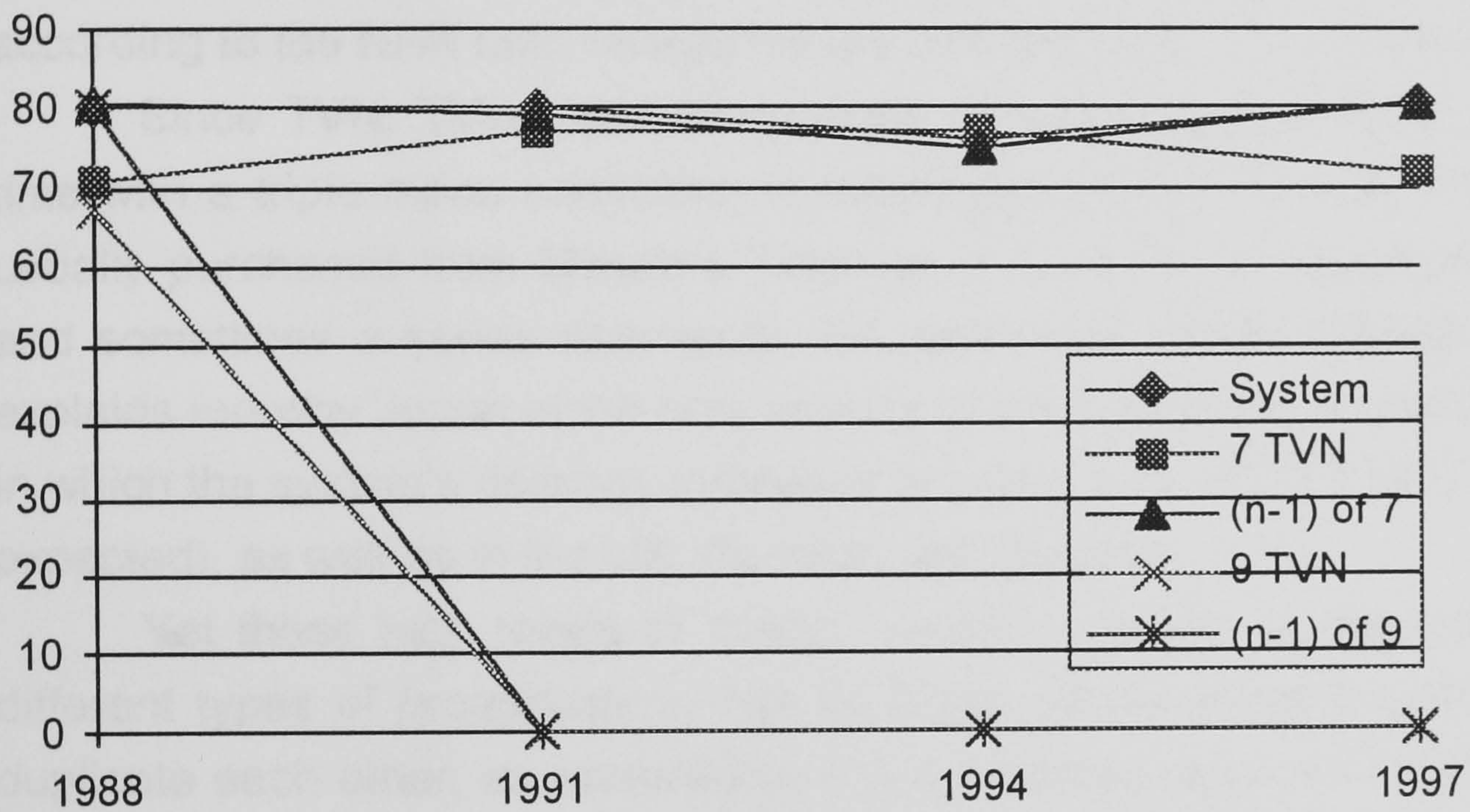


<b>July 1994</b>						
<b>Time slot: WHOLE DAY</b>						
<b>CNTV CATEGORIES</b>						
<b>1. Percentage of minutes broadcast</b>						
	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
a. News & information	4.172	10.604	12.420	8.842	9.654	10.391
b. Documentary & CA	1.669	7.430	3.073	0.000	0.000	2.859
c. Debate & talk	0.000	1.393	4.353	2.347	2.348	1.674
d. Film	16.342	0.000	13.636	14.085	7.436	19.874
e. Series	57.024	19.737	28.297	25.587	14.873	21.339
f. Telenovela	4.172	8.050	13.444	18.388	10.307	10.669
g. Miscellaneous	11.266	39.009	17.286	22.770	47.358	20.153
h. Sports	0.834	1.858	4.994	3.286	7.241	2.510
i. Video clip	4.172	0.000	0.000	0.000	0.783	0.000
j. Arts & cultural events	0.000	0.000	0.000	0.000	0.000	0.837
k. Education & service	0.000	6.889	1.344	4.695	0.000	8.229
l. Religious	0.000	0.387	0.192	0.000	0.000	1.464
m. Others & continuity	0.348	4.644	0.192	0.000	0.000	0.000
<i>Minutes</i>	<i>7190</i>	<i>6460</i>	<i>7810</i>	<i>6390</i>	<i>7665</i>	<i>7170</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.54</b>	<b>0.70</b>	<b>0.77</b>	<b>0.71</b>	<b>0.63</b>	<b>0.79</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.77</b>	<b>0.75</b>	<b>0.75</b>	<b>0.76</b>	<b>0.77</b>	<b>0.74</b>
<b>4. Entropy of the system</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>
Difference 4-3	-0.01	0.01	0.01	0.00	-0.01	0.02

<b>Jul-97</b>							
<b>Time slot: WHOLE DAY</b>							
<b>CNTV CATEGORIES</b>							
<b>1. Percentage of minutes broadcast</b>							
	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
a. News & information	6.288	6.638	4.013	13.412	8.429	7.663	10.988
b. Documentary & CA	0.000	4.192	1.888	2.367	0.000	0.000	2.372
c. Debate & talk	11.528	11.703	1.416	2.959	3.602	0.000	1.897
d. Film	5.011	1.572	1.180	12.229	11.383	24.149	24.664
e. Series	5.145	1.572	3.304	29.454	28.963	33.746	16.759
f. Telenovela	0.000	0.000	0.000	11.834	21.037	10.449	15.415
g. Miscellaneous	39.063	58.079	57.750	23.866	12.680	11.146	15.415
h. Sports	5.716	1.572	3.068	2.235	1.081	4.025	1.976
i. Video clip	11.242	0.000	2.754	0.000	0.000	0.000	0.000
j. Arts & cultural events	0.000	0.000	1.338	0.789	0.000	0.000	0.000
k. Education & service	0.000	0.000	9.048	0.657	5.043	0.000	8.775
l. Religious	0.000	0.786	0.551	0.197	0.000	0.000	1.739
m. Others & continuity	16.006	13.886	13.690	0.197	7.781	8.824	0.000
<i>Minutes</i>	<i>5248</i>	<i>5725</i>	<i>6355</i>	<i>7605</i>	<i>6940</i>	<i>6460</i>	<i>6325</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.70</b>	<b>0.54</b>	<b>0.60</b>	<b>0.72</b>	<b>0.75</b>	<b>0.67</b>	<b>0.78</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.80</b>	<b>0.82</b>	<b>0.81</b>	<b>0.81</b>	<b>0.80</b>	<b>0.81</b>	<b>0.80</b>
<b>4. Entropy of the system</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>
Difference 4-3	0.01	-0.01	0.00	0.00	0.01	0.00	0.01

**Changes in Entropy levels 1988-1997  
according to the CNTV's categories  
(Whole day)**

	System	7 TVN	(n-1) of 7	9 TVN	(n-1) of 9
1988	0.80	0.71	0.81	0.67	0.80
1991	0.80	0.77	0.79	N/A	N/A
1994	0.76	0.77	0.75	N/A	N/A
1997	0.81	0.72	0.81	N/A	N/A



### 3.1.2. Prime time only

Interestingly, the analysis of the prime time slot contradicts the conventional wisdom about deregulated, competitive broadcasting markets. Prime-time diversity is not much lower than throughout the whole day. In fact, when using the CNTV's categories, diversity rises above the whole day's index. This even contradicts the NHK's findings. The reason seems to be the list of categories used, because the CNTV distinguishes between programme types that prevail in Chile. For example, a *telenovela* falls into a separate category from "series & miniseries", whereas according to the NHK both categories are included into "TV narrative".

Since TVN, TVUC and Megavision compete against each other at prime time with a triple menu consisting of telenovela (home-made by TVN and TVUC, usually purchased from Mexico's Televisa in the case of Megavision), newscast and sometimes a series afterwards, the distinction is not useless. Perhaps that explains too why Japan is the only country of the five of those studied by the NHK in which the system's diversity increases at prime time, while it falls in the USA (as expected), as well as in the UK, Canada, and Sweden.

Yet these high levels of overall diversity -thanks to the existence of very different types of broadcasters- has its costs: similar-sized broadcasters tend to duplicate each other, as revealed by the n-1 scores obtained by the channels. In fact, both in 1994 and 1997 subtracting the apparently impregnable TVUC increases the system's overall diversity. And TVN's n-1 levels remain quite close to the system's, indicating something similar to what happens with its main rival.

It is worth noting that not even the big channels compete against each other throughout all the programme genres at all times. At least during 1997, the three biggest channels, TVUC, TVN, and Megavision were alone in their fight over the highly popular *telenovelas*, nowadays a struggle of the big given the high cost of domestically-produced fiction. Others were also prevented from recurring to this format, since both Megavision and CHV enjoy privileged access to the productions from their Mexican and Venezuelan partners. On documentaries and current affairs, another domain of the big, TVN and TVUC put some of their best dedication and resources either to match a similar programme by its main rival, or to counterprogramme a totally different alternative. In films, TVN dedicated more airtime to them than any other since the appearance of cable TV -partly to confront TVUC's most successful and expensive shows such as *Viva el Lunes* on Mondays, and *Maravillozoo* on Fridays.

Anyway, despite the duplication that exists, the widely heterogeneous nature of broadcasters allows the Chilean viewer to enjoy a very high degree of

alternatives. This is also consistent with the economics of a saturated broadcasting market such as Chile's, in which not all players can imitate each other endlessly and thus channel specialisation arises (see Noam, 1991; Owen & Wildman, 1992), though ephemeral and limited to certain time slots. In contrast to what happened when the whole day of broadcasting was considered, choice actually tended to increase at prime time throughout the years. This suggests that deregulation and competition between university, state and privately-owned broadcasters, up to this point, have served the public in this respect - at the cost of programme duplication between groups of channels and financial problems for most broadcasters involved.

PRIME TIME ONLY CNTV CATEGORIES															
		2 R&P		4 RED		5 UCV		7 TVN		9 MEGA*		11 CHV@		13 UC	
Year	Syst	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1
1997	<b>0.83</b>	0.63	0.83	0.62	0.83	0.79	0.76	0.55	0.83	0.71	0.83	0.65	0.82	0.62	0.84
1994	<b>0.75</b>	-	-	0.58	0.76	0.69	0.72	0.67	0.74	0.68	0.75	0.72	0.74	0.59	0.76
1991	<b>0.82</b>	-	-	0.66	0.81	0.70	0.81	0.70	0.82	0.64	0.82	0.72	0.77	0.67	0.83
1988	<b>0.80</b>	-	-	-	-	0.59	0.76	0.69	0.81	0.56	0.80	0.73	0.78	0.75	0.79

(\*) 9 was TVN's in 1988  
 (@) 11 was UCH until 1994

<b>Jul-88</b>					
<b>Time slot: PRIME TIME ONLY</b>					
<b>CNTV CATEGORIES</b>					
<b>1. Percentage of minutes broadcast</b>					
	<b>5 UCV</b>	<b>7 TVN</b>	<b>9 TVN</b>	<b>11 UCH</b>	<b>13 UC</b>
a. News & information	4.464	23.770	9.346	25.145	25.202
b. Documentary & CA	4.688	6.557	8.411	5.202	1.792
c. Debate & talk	8.036	0.273	0.000	10.405	4.046
d. Film	19.866	20.765	33.645	8.671	14.046
e. Series	0.000	16.011	37.072	32.659	10.867
f. Telenovela	0.000	18.142	10.903	0.000	23.815
g. Miscellaneous	51.786	13.934	0.000	6.647	10.000
h. Sports	5.357	0.546	0.623	3.179	8.671
i. Video clip	0.000	0.000	0.000	0.000	0.000
j. Arts & cultural events	4.018	0.000	0.623	3.179	0.000
k. Education & service	0.000	0.000	0.000	0.000	1.561
l. Religious	0.446	0.000	0.000	0.000	0.000
m. Others & continuity	1.339	0.000	0.000	4.913	0.000
Minutes	2240	1830	1605	1730	1730
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.59</b>	<b>0.69</b>	<b>0.56</b>	<b>0.73</b>	<b>0.75</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.76</b>	<b>0.81</b>	<b>0.80</b>	<b>0.78</b>	<b>0.79</b>
<b>4. Entropy of the system</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>
Difference 4-3	0.04	-0.01	-0.00	0.02	0.01

<b>Jul-91</b>						
<b>Time slot: PRIME TIME ONLY</b>						
<b>CNTV CATEGORIES</b>						
<b>1. Percentage of minutes broadcast</b>						
	<b>4 RED</b>	<b>5 UCV</b>	<b>7 TVN</b>	<b>9 MEGA</b>	<b>11 RTU</b>	<b>13 UC</b>
a. News & information	8.516	18.232	25.00	31.518	24.867	26.706
b. Documentary & CA	0	0	7.142	1.719	21.693	3.560
c. Debate & talk	16.483	8.011	3.571	5.157	0	0
d. Film	27.197	8.287	32.142	11.461	0	18.991
e. Series	21.428	26.519	7.142	15.472	12.698	17.210
f. Telenovela	0	0	13.392	28.653	0	20.771
g. Miscellaneous	20.604	8.839	7.142	6.017	8.994	10.979
h. Sports	5.769	26.795	4.464	0	12.698	1.780
i. Video clip	0	0	0	0	0	0
j. Arts & cultural events	0	1.104	0	0	14.814	0
k. Education & service	0	0	0	0	0	0
l. Religious	0	0.552	0	0	0	0
m. Others & continuity	0	1.657	0	0	4.232	0
<i>Total minutes</i>	<i>1820</i>	<i>1810</i>	<i>1680</i>	<i>1745</i>	<i>1890</i>	<i>1685</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.66</b>	<b>0.70</b>	<b>0.70</b>	<b>0.64</b>	<b>0.72</b>	<b>0.67</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.81</b>	<b>0.81</b>	<b>0.82</b>	<b>0.82</b>	<b>0.77</b>	<b>0.83</b>
<b>4. Entropy of the system</b>	<b>0.82</b>	<b>0.82</b>	<b>0.82</b>	<b>0.82</b>	<b>0.82</b>	<b>0.82</b>
Difference 4-3	0.01	0.01	0.00	0.00	0.05	-0.01

**July 1994**  
**Time slot: PRIME TIME ONLY**  
**CNTV CATEGORIES**

**1. Percentage of minutes broadcast**

Jul-94	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
a. News & information	8.219	8.043	23.932	20.155	22.222	23.529
b. Documentary & CA	0.000	12.869	8.547	0.000	0.000	8.021
c. Debate & talk	0.000	0.000	5.128	0.000	10.256	0.000
d. Film	32.877	0.000	25.641	23.256	10.256	43.583
e. Series	30.959	26.005	13.675	12.403	11.966	8.021
f. Telenovela	0.000	15.818	21.368	23.256	15.954	4.813
g. Miscellaneous	27.945	27.346	0.000	10.078	24.217	12.032
h. Sports	0.000	6.434	1.709	10.853	5.128	0.000
i. Video clip	0.000	0.000	0.000	0.000	0.000	0.000
j. Arts & cultural events	0.000	0.000	0.000	0.000	0.000	0.000
k. Education & service	0.000	2.145	0.000	0.000	0.000	0.000
l. Religious	0.000	1.340	0.000	0.000	0.000	0.000
m. Others & continuity	0.000	0.000	0.000	0.000	0.000	0.000
<i>Total minutes</i>	<i>1825</i>	<i>1865</i>	<i>1755</i>	<i>1935</i>	<i>1755</i>	<i>1870</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.50</b>	<b>0.69</b>	<b>0.67</b>	<b>0.68</b>	<b>0.72</b>	<b>0.59</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.76</b>	<b>0.72</b>	<b>0.74</b>	<b>0.75</b>	<b>0.74</b>	<b>0.76</b>
<b>4. Entropy of the system</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>
Difference 4-3	-0.01	0.03	0.01	0.00	0.01	-0.01

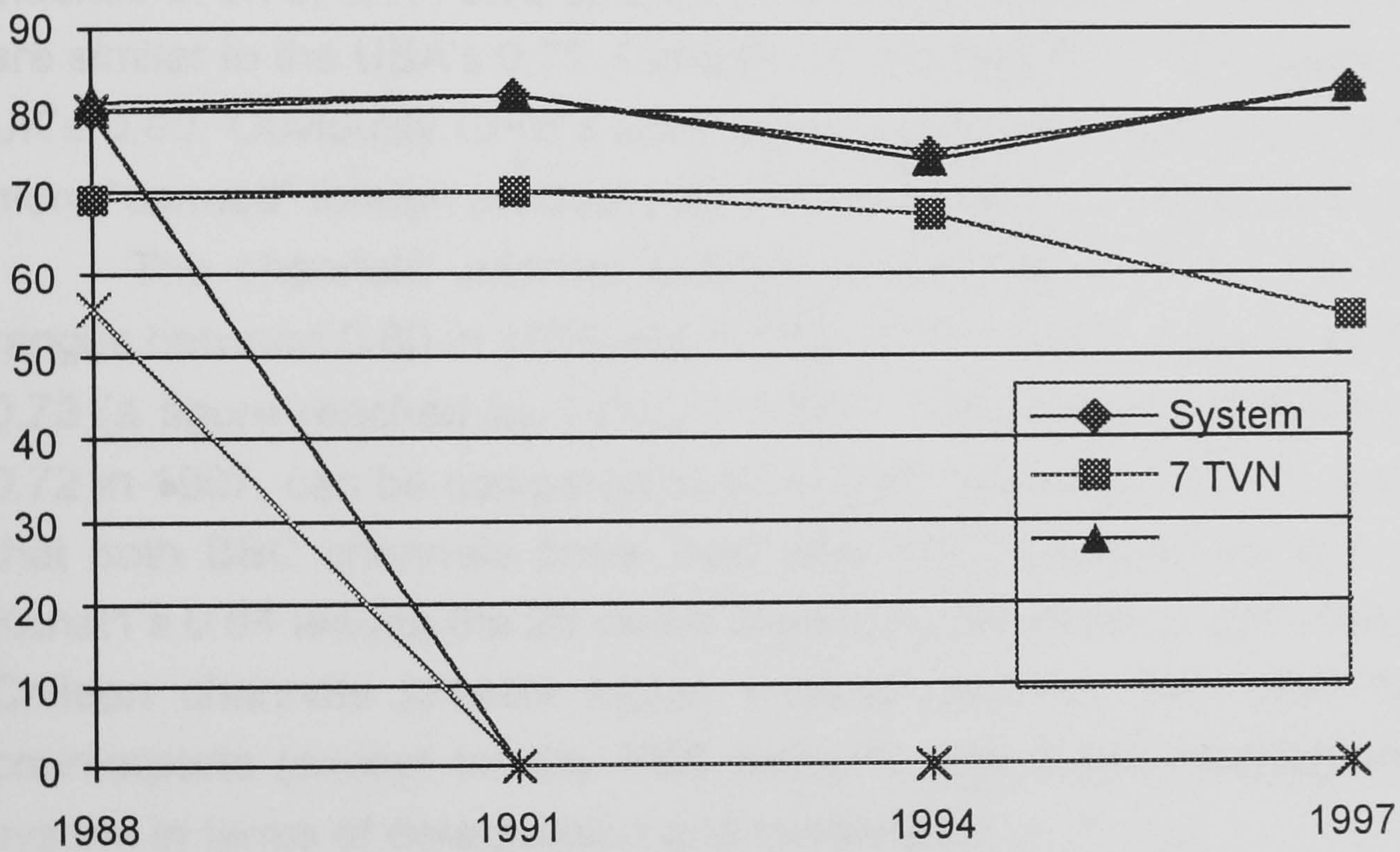
**Jul-97**  
**Time slot: PRIME TIME ONLY**  
**CNTV CATEGORIES**

**1. Percentage of minutes broadcast**

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
a. News & information	11.628	13.889	11.382	20.000	10.610	17.166	22.281
b. Documentary & CA	0.000	10.606	6.504	5.714	0.000	0.000	3.183
c. Debate & talk	39.083	21.212	4.878	0.000	13.263	0.000	0.000
d. Film	11.176	4.545	0.000	40.000	30.769	29.428	12.997
e. Series	7.106	3.030	0.000	2.857	13.793	24.523	6.631
f. Telenovela	0.000	0.000	0.000	28.571	16.446	8.174	19.894
g. Miscellaneous	21.318	42.172	33.333	2.857	11.141	6.540	35.013
h. Sports	9.690	4.545	10.569	0.000	3.979	14.169	0.000
i. Video clip	0.000	0.000	7.859	0.000	0.000	0.000	0.000
j. Arts & cultural events	0.000	0.000	2.981	0.000	0.000	0.000	0.000
k. Education & service	0.000	0.000	10.840	0.000	0.000	0.000	0.000
l. Religious	0.000	0.000	1.897	0.000	0.000	0.000	0.000
m. Others & continuity	0.000	0.000	9.756	0.000	0.000	0.000	0.000
<i>Total minutes</i>	<i>1548</i>	<i>1980</i>	<i>1845</i>	<i>2100</i>	<i>1885</i>	<i>1835</i>	<i>1885</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.63</b>	<b>0.62</b>	<b>0.79</b>	<b>0.55</b>	<b>0.71</b>	<b>0.65</b>	<b>0.62</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.83</b>	<b>0.83</b>	<b>0.76</b>	<b>0.83</b>	<b>0.83</b>	<b>0.82</b>	<b>0.84</b>
<b>4. Entropy of the system</b>	<b>0.83</b>	<b>0.83</b>	<b>0.83</b>	<b>0.83</b>	<b>0.83</b>	<b>0.83</b>	<b>0.83</b>
Difference 4-3	0.00	0.00	0.07	0.00	0.00	0.01	-0.01

**Changes in Entropy levels 1988-1997  
according to the CNTV's categories  
(Prime time only)**

	System	7 TVN	(n-1) of 7	9 TVN	(n-1) of 9
1988	0.80	0.69	0.81	0.56	0.80
1991	0.82	0.70	0.82	N/A	N/A
1994	0.75	0.67	0.74	N/A	N/A
1997	0.83	0.55	0.83	N/A	N/A



## 3. 2. Results according to the NHK's categories

### 3. 2. 1. Whole day

Despite some differences on the entropy levels registered with the NHK's list of programme categories instead of the CNTV's, the Chilean system nevertheless provides high levels of diversity -even accepting differences in the subjectivity-prone process of classifying the programmes. It also seems to exist a trend towards increasing diversity throughout the years both for the whole day schedules and prime time, even considering the drop of 1994. Anyway, the overall values found fit well inside the range of cases studied by the NHK: Chile's entropy indexes of 0.76, 0.77, 0.72 and 0.81 (for 1988, 1991, 1994 and 1997 respectively) are similar to the USA's 0.71, Canada's 0.74, Japan's 0.75, Sweden's 0.79 and the UK's 0.80. Obviously Chile's diversity is achieved with cheaper programmes and more "canned" foreign productions, so comparisons must be taken cautiously.

The channels' internal entropy is also rather high. For instance, TVUC ranges between 0.80 in 1998 and 0.72 in 1997, similar to BBC2's 0.80 and BBC1's 0.73 (a figure reached by TVUC in 1994). TVN, ranging from 0.66 in 1988 up to 0.72 in 1997, can be compared to ITV's 0.67 and BBC1's 0.73. It should be noted that both BBC channels come third after UK's Channel 4's 0.81 and Sweden's Kanal1's 0.84 among the 26 cases studied by the NHK project. Additionally, all the Chilean channels present higher internal diversity than their North American counterparts (except for the PSB network, with 0.60), possibly the most similar system in terms of deregulation and competition.

There is an important distinction with NHK's findings: in the countries analysed, public broadcasters consistently presented better  $n-1$  values than their private counterparts. In Chile's case, with its rare blend of competing university, state, and privately owned channels, it is hard to distinguish channels like TVN or TVUC from each other or from other competitors, yet at the end the overall system is able to provide quite acceptable levels of choice to viewers. As it is the case with the CNTV's categories, TVN shows greater internal diversity after 1988 yet competition and programming duplication with TVUC increasingly brings both networks'  $n-1$  values close to the system's.

This does not mean that if, say, TVN (or TVUC) *really* disappears tomorrow the system's diversity would remain the same because its 0.81  $n-1$  value is equal to the system's 0.81. Subtracting TVN's share of programme types from the total (the  $n-1$  formula) is an intellectual exercise over a static set of figures, in which it can be calculated how much the share of the different formats vary with respect to a total if a player is removed. This is not the same to suppose that, in the event of



a real disappearance of one of the channels, the remaining ones -and in this respect, viewers and advertisers alike- would stay doing the same. In reality, the remaining would adjust their programming strategies and new sets of programme duplication and diversity would arise. Therefore, it can be concluded that programming duplication between different broadcasters is an inevitable side-effect of the Chilean system, yet the heterogeneous nature of the different players is able to deliver a relatively wide range of choice to viewers at the end, i.e., quality. This may be economically harmful for the industry as a whole, yet until now it has been profitable both for TVN and TVUC, paradoxically non-profit organisations.

WHOLE DAY NHK CATEGORIES															
		2 R&P		4 RED		5 UCV		7 TVN		9 MEGA*		11 CHV@		13 UC	
Year	Syst	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1
1997	<b>0.81</b>	0.75	0.79	0.72	0.80	0.58	0.81	0.72	0.81	0.71	0.82	0.68	0.82	0.72	0.81
1994	<b>0.72</b>	-	-	0.53	0.74	0.65	0.70	0.70	0.72	0.66	0.72	0.57	0.72	0.73	0.71
1991	<b>0.77</b>	-	-	0.66	0.74	0.69	0.69	0.72	0.71	0.64	0.72	0.69	0.71	0.69	0.72
1988	<b>0.76</b>	-	-	-	-	0.69	0.75	0.66	0.77	0.66	0.76	0.67	0.76	0.80	0.75

(\*) 9 was TVN's in 1988  
 (@) 11 was UCH until 1994

**July 1988**  
**Time slot: WHOLE DAY**  
**NHK CATEGORIES**

**1. P of minutes broadcast**

	5 UCV	7 TVN	9 TVN	11 CHV	13 UC
1. TV narrative	0.00722	0.28477	0.10280	0.10672	0.22117
2. Cinematic narrative	0.12876	0.15885	0.25233	0.03947	0.21353
3. Theatrical narrative	0	0	0	0.01754	0
4. Documentary	0.05174	0.00058	0.06308	0.01535	0.03619
5. News/Current affairs	0.23345	0.10775	0.07009	0.16666	0.14754
6. Educational/instructional	0	0	0	0	0.00717
7. Hobby/personal interest	0	0.00732	0	0.03435	0.01909
8. Variety/show	0.07942	0.21815	0.14018	0.31578	0.16465
9. Games	0	0	0	0	0
10. Sports	0.02888	0.01903	0.08177	0.05190	0.04887
11. Arts/music	0.06738	0.00146	0.00467	0.01608	0.00916
12. Children	0.32972	0.15373	0.23598	0.20614	0.08217
13. Religion	0.00842	0.03513	0	0	0.00229
14. Minority	0	0	0	0	0
15. Others	0.06498	0.01317	0.04906	0.02997	0.04811
<i>Total minutes</i>	<i>4155</i>	<i>6830</i>	<i>2140</i>	<i>6840</i>	<i>6547</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.69</b>	<b>0.66</b>	<b>0.66</b>	<b>0.67</b>	<b>0.80</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.75</b>	<b>0.77</b>	<b>0.76</b>	<b>0.76</b>	<b>0.75</b>
<b>4. Entropy of the system</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>
Difference 4-3	0.01	-0.01	0.00	0.00	0.01

**JULY 1991**  
**Time slot: WHOLE DAY**  
**NHK CATEGORIES**

**1. P of minutes broadcast**

	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
1. TV narrative	0.15930	0.14621	0.21655	0.38969	0.17777	0.26924
2. Cinematic narrative	0.04750	0.07363	0.25724	0.08846	0.00416	0.26040
3. Theatrical narrative	0	0	0	0	0.01527	0
4. Documentary	0.00287	0	0.00827	0.00671	0.06111	0.04215
5. News/Current affairs	0.08637	0.22305	0.10758	0.19372	0.11736	0.14753
6. Educational/instructional	0.10412	0	0	0	0	0.06323
7. Hobby/personal interest	0.04414	0	0.01517	0.01119	0.01666	0
8. Variety/show	0.42034	0.04268	0.14896	0.16349	0.37083	0.13190
9. Games	0.01439	0	0	0	0	0
10. Sports	0.01295	0.10352	0.10965	0.00671	0.13333	0.00407
11. Arts/music	0	0.08751	0.01241	0.04031	0.05138	0.01223
12. Children	0.09932	0.29242	0.09103	0.07726	0.0375	0.05629
13. Religion	0.00863	0.00213	0.01103	0	0	0.00815
14. Minority	0	0	0	0	0	0
15. Others	0	0.02881	0.02206	0.02239	0.01458	0.00475
<i>Total minutes</i>	<i>10420</i>	<i>4685</i>	<i>7250</i>	<i>4465</i>	<i>7200</i>	<i>7354</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.66</b>	<b>0.69</b>	<b>0.72</b>	<b>0.64</b>	<b>0.69</b>	<b>0.69</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.74</b>	<b>0.69</b>	<b>0.71</b>	<b>0.72</b>	<b>0.71</b>	<b>0.72</b>
<b>4. Entropy of the system</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>
Difference 4-3	0.03	0.08	0.06	0.05	0.06	0.05

**JULY 1994**Time slot: **WHOLE DAY****NHK CATEGORIES****1. P of minutes broadcast**

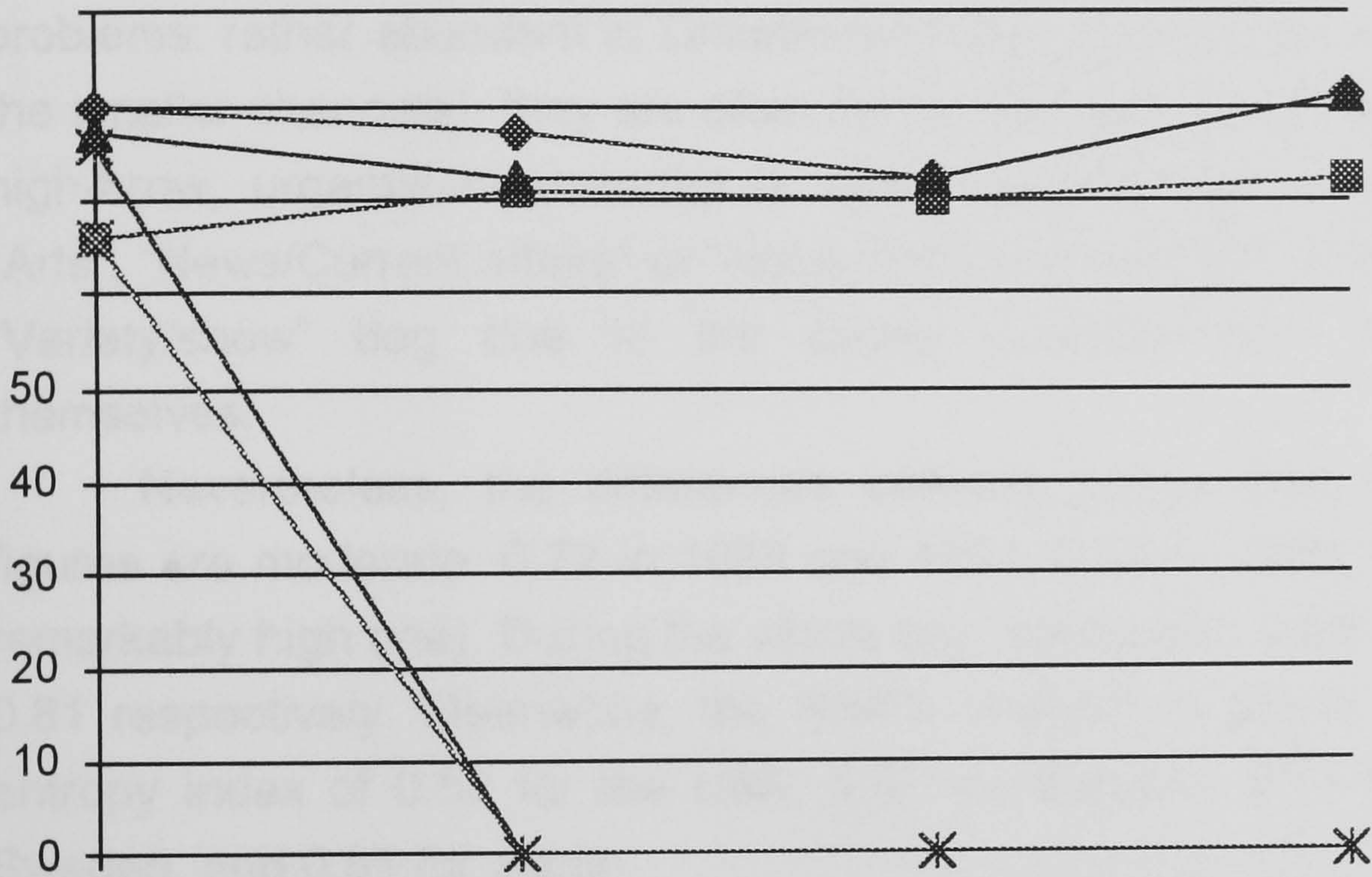
	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
1. TV narrative	0.54172	0.22445	0.27656	0.34037	0.22831	0.29497
2. Cinematic narrative	0.16342	0	0.13636	0.14084	0.07436	0.19874
3. Theatrical narrative	0	0	0	0	0	0
4. Documentary	0	0.00928	0.01920	0	0	0.01603
5. News/Current affairs	0.04172	0.10603	0.14340	0.08841	0.10828	0.13319
6. Educational/instructional	0	0.06888	0	0	0	0.08228
7. Hobby/personal interest	0.01668	0.08823	0.00576	0	0	0.02092
8. Variety/show	0.05006	0.05108	0.18565	0.13380	0.45401	0.07461
9. Games	0	0	0	0.00938	0.01174	0
10. Sports	0.00834	0.01857	0.04993	0.03286	0.07240	0.02510
11. Arts/music	0.04172	0	0.00960	0.00938	0.00782	0.00836
12. Children	0.13282	0.38312	0.15236	0.19796	0.04305	0.12482
13. Religion	0	0.00386	0.01344	0	0	0.01464
14. Minority	0	0	0	0	0	0
15. Others	0.00347	0.04643	0.00768	0.04694	0	0.00627
<i>Total minutes</i>	<i>7190</i>	<i>6460</i>	<i>7810</i>	<i>6390</i>	<i>7665</i>	<i>7170</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.53</b>	<b>0.65</b>	<b>0.70</b>	<b>0.66</b>	<b>0.57</b>	<b>0.73</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.74</b>	<b>0.70</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.71</b>
<b>4. Entropy of the system</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>
Difference 4-3	-0.02	0.02	0.00	0.00	0.00	0.01

**JULY 1997**Time slot: **WHOLE DAY****NHK CATEGORIES****1. P of minutes broadcast**

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
1. TV narrative	0.03048	0.01048	0	0.30440	0.30115	0.29489	0.26877
2. Cinematic narrative	0.05011	0.01572	0.01180	0.12228	0.11383	0.24148	0.24664
3. Theatrical narrative	0	0	0	0	0	0	0
4. Documentary	0	0.03144	0	0.03155	0	0	0.00948
5. News/Current affairs	0.09908	0.07685	0.04956	0.13412	0.13616	0.10294	0.13833
6. Educational/instructional	0	0	0.01416	0.03747	0.05043	0	0.07114
7. Hobby/personal interest	0.09241	0.06550	0.03304	0	0	0.02786	0.00474
8. Variety/show	0.28582	0.24803	0.09913	0.17751	0.07060	0.07894	0.12094
9. Games	0.01143	0.13537	0.02832	0.03944	0.04322	0	0.02371
10. Sports	0.05716	0.01572	0.03068	0.02235	0.01080	0.04024	0.01976
11. Arts/music	0.13338	0	0.04091	0	0	0	0.00948
12. Children	0.08003	0.25676	0.54996	0.12228	0.19596	0.14396	0.06956
13. Religion	0	0.00786	0.00550	0.00657	0	0	0.01739
14. Minority	0	0	0	0	0	0	0
15. Others	0.16006	0.13624	0.13690	0.00197	0.07780	0.06965	0
<i>Total minutes</i>	<i>5248</i>	<i>5725</i>	<i>6355</i>	<i>7605</i>	<i>6940</i>	<i>6460</i>	<i>6325</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.75</b>	<b>0.72</b>	<b>0.58</b>	<b>0.72</b>	<b>0.71</b>	<b>0.68</b>	<b>0.72</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.79</b>	<b>0.80</b>	<b>0.81</b>	<b>0.81</b>	<b>0.82</b>	<b>0.82</b>	<b>0.81</b>
<b>4. Entropy of the system</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>
Difference 4-3	0.02	0.01	0.00	0.00	-0.01	-0.01	0.00

**Changes in Entropy levels 1988-1997 according to the NHK's categories (Whole day)**

	System	7 TVN	(n-1) of 7	9 TVN	(n-1) of 9
1988	0.80	0.66	0.77	0.66	0.76
1991	0.77	0.71	0.72	N/A	N/A
1994	0.72	0.70	0.72	N/A	N/A
1997	0.81	0.72	0.81	N/A	N/A



### 3. 2. 2. Prime time only

The main difference between the results obtained with the CNTV's categories and NHK's lies at prime time. Whereas with the former the system's diversity either increased or stayed equal in respect to the whole day of broadcasts, when applying the NHK's categories prime time diversity fell behind the whole day. As said before, the explanation appears to be that some programme formats are not separated as in the CNTV's list. Particularly, "telenovelas" are not separated from "series" and "news" are united to "current affairs", categories which the CNTV splits away. "Conversation" posed particular problems: rather abundant in Chilean television due to their low cost (specially in the smaller channels), they are often rather medium-to-high-brow, although not so high-brow, urgently newsworthy or specialised enough as to be classified as "Arts", "News/Current affairs" or "Hobby/Personal interest" -they often went into the "Variety/show" bag due to the formal characteristics of the programmes themselves.

Nevertheless, the differences between prime time and the whole day figures are moderate: 0.72 in 1988 and 1991, 0.64 in 1994, and 0.79 in 1997 (a remarkably high one). During the whole day, the figures were 0.76, 0.77, 0.72 and 0.81 respectively. Meanwhile, the NHK's analysis of prime time determined an entropy index of 0.58 for the USA, 0.67 for Canada, 0.71 for the UK, 0.72 for Sweden, and 0.81 for Japan.

Comparing the channels, it is interesting to note that with NHK's classification the bigger channels look increasingly specialised during the years analysed (i.e., with increasingly lower internal entropy indexes) whereas the smaller ones seem to try to "hit the nail" with a wider variety of offerings. In this respect, the NHK's criterion is more helpful than CNTV's: in 1997, Rock & Pop, UCV and La Red had entropy indexes of 0.67, 0.67 and 0.67 respectively, while TVN and TVUC had 0.47 and 0.49, and the medium-sized Megavision and CHV were at the middle with 0.59 and 0.55. This is basically because of the tripartite formula followed by TVN, TVUC and Megavision of a home-made telenovela at 20:00, the main newscast at 21:00, and a strong programme from 22:00 onwards. With NHK's categories, this programme menu is accounted as less varied than those offered by the smaller broadcasters. In the 22:00 hours slot, TVUC has been very successful with variety shows, and with environmental or scientific documentaries. TVN has grown stronger in documentaries, current affair programmes and reality shows -more realistic than its conservative Catholic rival-

and films, some of which TVN itself has helped to produce as a way to foster Chile's tiny film industry.

Yet as it happens throughout the whole day, competition between similar broadcasters means that the n-1 values of TVN (as well as TVUC's, and increasingly the middle sized-channels as well) are too close to the system's diversity index, and sometimes slightly above. Broadcaster duplication -a very expensive exercise- coexists perhaps paradoxically with rather high levels of overall diversity. Again, it is the viewer who, at the end, is favoured.

PRIME TIME ONLY NHK CATEGORIES															
Year	Syst	2 R&P		4 RED		5 UCV		7 TVN		9 MEGA*		11 CHV@		13 UC	
		H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1	H	n-1
1997	<b>0.79</b>	0.67	0.77	0.61	0.75	0.67	0.72	0.47	0.80	0.59	0.80	0.55	0.80	0.49	0.80
1994	<b>0.64</b>	-	-	0.46	0.63	0.62	0.58	0.48	0.63	0.55	0.63	0.59	0.62	0.50	0.63
1991	<b>0.72</b>	-	-	0.52	0.70	0.46	0.70	0.60	0.73	0.44	0.75	0.53	0.68	0.59	0.73
1988	<b>0.72</b>	-	-	-	-	0.54	0.70	0.50	0.72	0.62	0.72	0.66	0.71	0.76	0.70

(\*) 9 was TVN's in 1988  
 (@) 11 was UCH until 1994

<b>July 1988</b>					
<b>Time slot: PRIME TIME ONLY</b>					
<b>NHK CATEGORIES</b>					
<b>1. P of minutes broadcast</b>					
	<b>5 UCV</b>	<b>7 TVN</b>	<b>9 TVN</b>	<b>11 CHV</b>	<b>13 UC</b>
1. TV narrative	0	0.34153	0.13707	0.15317	0.34682
2. Cinematic narrative	0.19866	0.20765	0.33644	0.08670	0.25722
3. Theatrical narrative	0	0	0	0	0
4. Documentary	0.04687	0	0.08411	0.05202	0.06069
5. News/Current affairs	0.09821	0.30601	0.09345	0.35549	0.12716
6. Educational/instructional	0	0	0	0	0
7. Hobby/personal interest	0	0	0	0.03468	0
8. Variety/show	0	0.13934	0	0.03179	0
9. Games	0	0	0	0	0
10. Sports	0.05357	0.00546	0.10903	0.03179	0.06936
11. Arts/music	0.04017	0	0.00623	0.03179	0.05202
12. Children	0.51785	0	0.23364	0.20809	0.67052
13. Religion	0.00446	0	0	0	0.00578
14. Minority	0	0	0	0	0
15. Others	0.04017	0	0	0.01445	0.05202
<i>Total minutes</i>	<i>2240</i>	<i>1830</i>	<i>1605</i>	<i>1730</i>	<i>1730</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.54</b>	<b>0.50</b>	<b>0.62</b>	<b>0.66</b>	<b>0.76</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.70</b>	<b>0.72</b>	<b>0.72</b>	<b>0.71</b>	<b>0.70</b>
<b>4. Entropy of the system</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>
Difference 4-3	0.02	0.00	0.00	0.01	0.02

<b>JULY 1991</b>						
<b>Time slot: PRIME TIME</b>						
<b>NHK CATEGORIES</b>						
<b>1. P of minutes broadcast</b>						
	<b>4 RED</b>	<b>5 UCV</b>	<b>7 TVN</b>	<b>9 MEGA</b>	<b>11 CHV</b>	<b>13 UC</b>
1. TV narrative	0.21428	0.26519	0.20535	0.44126	0.08994	0.34124
2. Cinematic narrative	0.27197	0.08287	0.32142	0.11461	0	0.18991
3. Theatrical narrative	0	0	0	0	0.05820	0
4. Documentary	0	0	0.03571	0.01719	0.20105	0.03560
5. News/Current affairs	0.08516	0.20441	0.28571	0.36676	0.24867	0.26706
6. Educational/instructional	0	0	0	0	0	0
7. Hobby/personal interest	0	0	0.03571	0	0.01587	0
8. Variety/show	0.28846	0	0.07142	0.04297	0.04761	0.10979
9. Games	0.08241	0	0	0	0	0
10. Sports	0.05769	0.26795	0.04464	0	0.12698	0.01780
11. Arts/music	0	0.09944	0	0	0.13227	0
12. Children	0	0	0	0	0.07936	0.03857
13. Religion	0	0.00552	0	0	0	0
14. Minority	0	0	0	0	0	0
15. Others	0	0.07458	0	0.01719	0	0
<i>Total minutes</i>	<i>1820</i>	<i>1810</i>	<i>1680</i>	<i>1745</i>	<i>1890</i>	<i>1685</i>
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.52</b>	<b>0.46</b>	<b>0.60</b>	<b>0.44</b>	<b>0.53</b>	<b>0.59</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.70</b>	<b>0.70</b>	<b>0.73</b>	<b>0.75</b>	<b>0.68</b>	<b>0.73</b>
<b>4. Entropy of the system</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>
Difference 4-3	0.02	0.02	-0.01	0.03	0.04	-0.01

**JULY 1994**  
**Time slot: PRIME TIME**  
**NHK CATEGORIES**

**1. P of minutes broadcast**

	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
1. TV narrative	0.39178	0.41823	0.35042	0.35658	0.27920	0.12834
2. Cinematic narrative	0.32876	0	0.25641	0.23255	0.10256	0.43582
3. Theatrical narrative	0	0	0	0	0	0
4. Documentary	0	0	0.05128	0	0	0.03208
5. News/Current affairs	0.08219	0.08042	0.32478	0.20155	0.27350	0.28342
6. Educational/instructional	0	0.02144	0	0	0	0
7. Hobby/personal interest	0	0.12868	0	0	0	0
8. Variety/show	0.19726	0.17694	0	0.10077	0.24216	0.12032
9. Games	0	0	0	0	0.05128	0
10. Sports	0	0.06434	0	0.10852	0.05128	0
11. Arts/music	0	0	0.01709	0	0	0
12. Children	0	0.09651	0	0	0	0
13. Religion	0	0.01340	0	0	0	0
14. Minority	0	0	0	0	0	0
15. Others	0	0	0	0	0	0
<i>Total minutes</i>	1825	1865	1755	1935	1755	1870
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.46</b>	<b>0.62</b>	<b>0.48</b>	<b>0.55</b>	<b>0.59</b>	<b>0.50</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.63</b>	<b>0.58</b>	<b>0.63</b>	<b>0.63</b>	<b>0.62</b>	<b>0.63</b>
<b>4. Entropy of the system</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>
Difference 4-3	0.01	0.06	0.01	0.01	0.02	0.01

**JULY 1997**  
**Time slot: PRIME TIME**  
**NHK CATEGORIES**

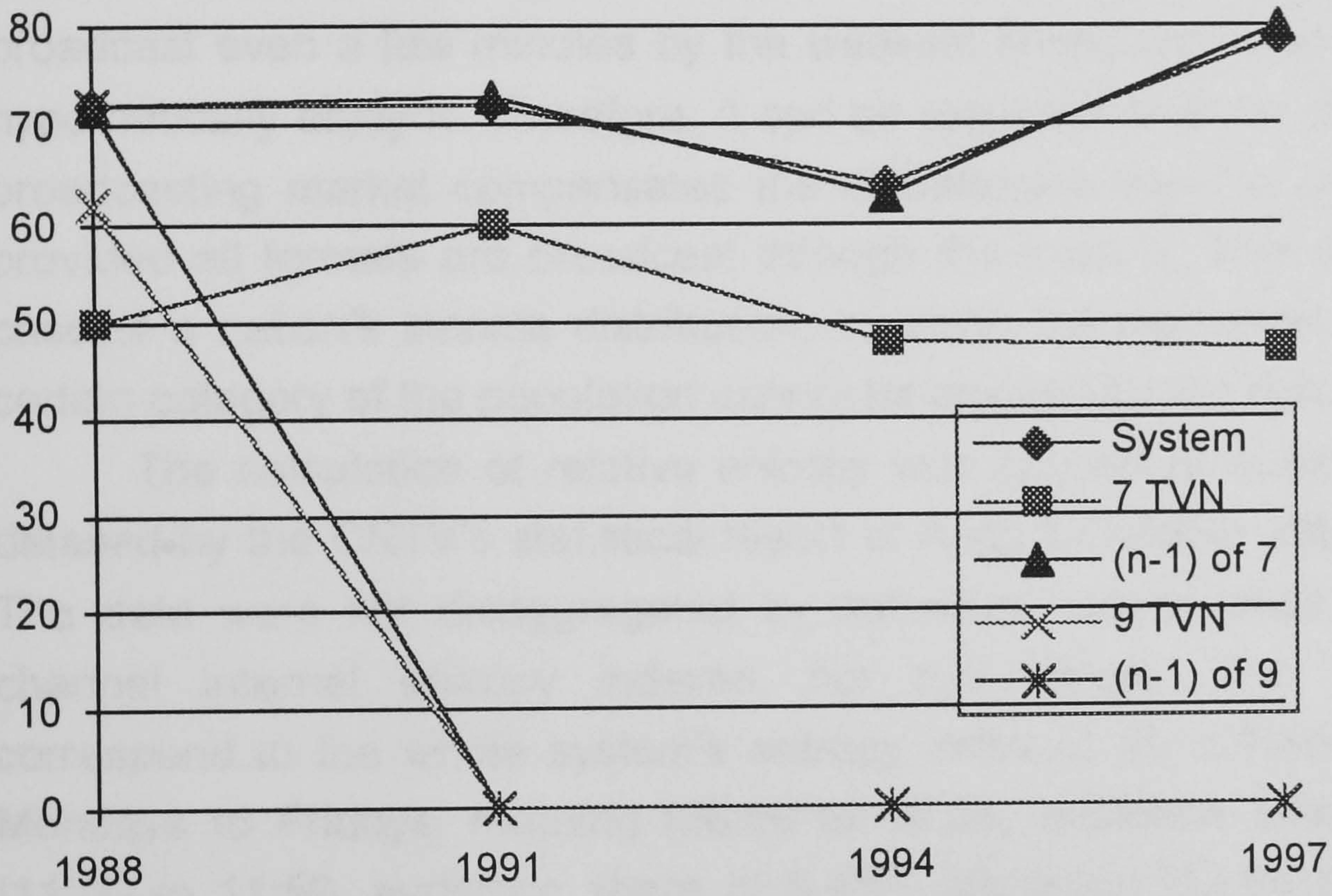
**1. P of minutes broadcast**

	2 R&P	4 RED	5 UCV	7 TVN	9 MEGA	11 CHV	13 UC
1. TV narrative	0.03552	0.03030	0	0.31428	0.16445	0.31062	0.26525
2. Cinematic narrative	0.11175	0.04545	0	0.4	0.30769	0.29427	0.12997
3. Theatrical narrative	0	0	0	0	0	0	0
4. Documentary	0	0.09090	0	0.08571	0	0	0
5. News/Current affairs	0.23901	0.16919	0.14634	0.2	0.29708	0.18801	0.25464
6. Educational/instructional	0	0	0	0	0	0	0
7. Hobby/personal interest	0.31330	0.01515	0.08130	0	0	0	0
8. Variety/show	0.12919	0.21212	0.06504	0	0.11140	0.06539	0.35013
9. Games	0.03875	0.39141	0	0	0	0	0
10. Sports	0.09689	0.04545	0.10569	0	0.03978	0.14168	0
11. Arts/music	0.03552	0	0.10840	0	0	0	0
12. Children	0	0	0.37669	0	0.07957	0	0
13. Religion	0	0	0.01897	0	0	0	0
14. Minority	0	0	0	0	0	0	0
15. Others	0	0	0.09756	0	0	0	0
<i>Total minutes</i>	1548	1980	1845	2100	1885	1835	1885
<b>2. ENTROPY PER CHANNEL (H)</b>	<b>0.67</b>	<b>0.61</b>	<b>0.67</b>	<b>0.47</b>	<b>0.59</b>	<b>0.55</b>	<b>0.49</b>
<b>3. ENTROPY OF N-1 CHANNELS</b>	<b>0.77</b>	<b>0.75</b>	<b>0.72</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>
<b>4. Entropy of the system</b>	<b>0.79</b>	<b>0.79</b>	<b>0.79</b>	<b>0.79</b>	<b>0.79</b>	<b>0.79</b>	<b>0.79</b>
Difference 4-3	0.02	0.04	0.07	-0.01	-0.02	-0.01	-0.02



**Changes in Entropy levels 1988-1997 according to the NHK's categories (Prime time only)**

	System	7 TVN	(n-1) of 7	9 TVN	(n-1) of 9
1988	0.72	0.50	0.72	0.62	0.72
1991	0.72	0.60	0.73	N/A	N/A
1994	0.64	0.48	0.63	N/A	N/A
1997	0.79	0.47	0.80	N/A	N/A



### 3. 3. Diversity of consumption

As Litman & Hasegawa point (1996), supply-side diversity can be contrasted to the results obtained from the demand-side, i.e., the distribution of viewers' consumption of programme formats. Unfortunately, the NHK project was unable to make the exercise due to lack of data. Yet this was possible in Chile because the CNTV's latest *Informes Estadísticos* include figures of audience shares distributed along the different programme categories.

Because of the public-good characteristics of broadcasting, a single unit of output can be shared by all consumers. Provided each programme format is broadcast even a few minutes by the weakest broadcaster, all the audience can hypothetically enjoy it. Therefore, it can be expected that the demand-side of the broadcasting market compensates the disbalances existing on the supply-side, provided all formats are broadcast through the system. This certainly is not the case of a nation's income distribution, in which the resources concentrated in a certain category of the population cannot be enjoyed by the rest.

The calculation of relative entropy was applied to audience share figures detailed by the CNTV's statistical report of August-October 1994 (CNTV, 1996d). The data were not disaggregated by individual broadcasters, so there are no channel internal entropy indexes, nor  $n-1$  values. The values calculated correspond to the whole system's entropy index at six different time slots, from Mondays to Fridays: morning (06:00 to 10:59, audience share of 5.5%), noon (11:00 to 11:59, audience share of 8.4%), afternoon (12:00 to 16:59, audience share of 17.4%), early evening (17:00 to 19:29, audience share of 19.9%), prime time (19:30 to 23:29, audience share of 32.0%), and night (23:30 to 05:59, audience share of 16.8%). Values for the whole day from Mondays to Sundays (audience share of 100%) were also included.

It should be noted that UCV is not included in the calculations, since this small broadcaster is not subscribed to the people meter methodology used for audience measurements<sup>1</sup>. Additionally, throughout the period studied Megavision did not broadcast in the morning slot, and diversity is considerably lower then.

The results indicate that Chilean audiences expose themselves to all programme types, despite the disbalances on the side of the broadcasters' offerings. Entropy indexes are very close to 1.00, with a surprisingly high 0.98 for both the whole day and prime-time. The maximum value 1.00 is obtained at the afternoon. In general, over-supplied formats (such as "miscellaneous") are not

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<sup>1</sup> The people meter covers exclusively the capital, Santiago, whereas UCV is based in the port of Valparaiso. See chapter 6.

watched in the same proportion, whereas some less-abundant formats (notably “current affairs & documentaries”, “telenovelas” and “news”) are the most popular. Therefore, viewers take full advantage of the range of programme choice offered to them by the system. So the particular dimension of public service and broadcasting quality referred to the audience’s ability to access to a wide range of programme types is accomplished. Since supply-side diversity does not change very much between 1988 and 1997, it can be expected that audience-side diversity remains high.

<b>RELATIVE ENTROPY OF CONSUMPTION PATTERNS</b>							
<b>Data: National Television Council, CNTV</b>							
<b>Period: August-October 1994</b>							
<b>Channels: 4 Red, 7 TVN, 9 Megavisión, 11 CHV, 13 TVUC (UCV excluded)</b>							
	<b>Percentage of audience share dedicated to each programme type</b>						
<b>Time slot (*)</b>	<b>WHOLE DAY</b>	<b>MORNING (**)</b>	<b>NOON</b>	<b>AFTER-NOON</b>	<b>EARLY EVENING</b>	<b>PRIME TIME</b>	<b>NIGHT</b>
Miscellaneous	8.2	37.3	12.5	7.2	10.3	10.5	13.5
Series	6.3	17.5	27.7	11.3	19.6	8.8	9.9
Feature film	9.5	0	6.3	4.8	0	11.2	9.7
<i>Telenovela</i>	13.4	0	3.6	14.7	23.1	12.2	6
Newscast	12.4	20.1	14.7	15.6	17.2	12.7	18.9
Sports	10	0	0	11.4	0	12.1	0
Video clip	3.6	5.2	3.2	0.6	2.2	0	1.2
Current Affairs	15.2	1.5	7.3	7.5	7	10.8	12.1
Debate	7.6	0	9.3	3	0	6.9	12.1
Educative	4.3	0	3.4	5.5	3.3	0.7	5.5
Religious	3.9	11.2	12.1	11.1	9.7	9.4	6.9
Cultural events	5.7	7.1	0	7.4	7.7	4.8	4.2
Other/continuity	3.8	11.3	12	11	9.6	9.3	6.9
<b>Relative Entropy</b>	<b>0.98</b>	<b>0.74</b>	<b>0.91</b>	<b>1.00</b>	<b>0.87</b>	<b>0.98</b>	<b>0.95</b>
Audience share of slot	100	5.5	8.4	17.4	19.9	32.0	16.8
(*) <i>Whole day from Monday to Sundays; the other time slots Mondays to Fridays only</i>							
(**) <i>Megavisión did not broadcast at the morning slot</i>							

These results seem even more remarkable since one broadcaster, UCV, is not included in the calculation. It is very plausible that including this university-owned channel could have increased the already high entropy levels obtained.

The calculation of viewers’ entropy level at the point of consumption seems a useful tool to enrich the analysis of broadcasting diversity. Data should be disaggregated by individual channels, so to assess the contribution of each broadcaster to viewer satisfaction. Fortunately, the CNTV is in a position to do so. Yet the Chilean market still presents important shortcomings. Firstly, recognised audience measurements are limited to Santiago, the capital. Secondly, some

broadcasters are left outside from these studies, either because it does not help them<sup>1</sup> or because their audiences are mostly or totally not from Santiago<sup>2</sup>.

#### **4. Conclusions**

Despite deregulation, the introduction of private operators, and the increase of terrestrial channels since 1988, this study reveals that diversity of programme types in Chilean broadcasting was almost the same in 1997. Therefore, there are neither the gains in diversity as predicted by the advocates of deregulation and privatisation, nor a lower degree of programme choice as expected by those who defended a more regulated system. This applies both at prime time and throughout the whole day, according both to NHK's and CNTV's programme categories.

There is a drop of diversity in 1994, possibly linked to exacerbated programme duplication enhanced by the increasingly troubled private broadcasters, who soon found that television was not the good business they expected. On the other hand, in 1997 the market seemed more consolidated along three groups of channels: the big ones (TVUC and TVN), those in the middle (Megavision and CHV), and the smaller UCV, La Red and Rock & Pop. This rather saturated scenario apparently allowed channel specialisation, while programme duplication persisted between similar-sized broadcasters. This may explain why overall diversity slightly increased in 1997 with respect to 1988, and why each channel's  $n-1$  values are so close to the system's.

An important difference with the NHK's study was that public broadcasters in Chile -TVN and, in a certain way, also the university owned TVUC and UCV- did not contribute to the system's overall diversity, as measured by their  $n-1$  values. This is because of programme duplication with similar-sized rivals, instead of offering a totally different schedule. This is consistent with the principles of broadcasting economics, which state that advertising-financed systems tend to programme homogeneity. Yet, the heterogeneous nature of broadcasters -state, university and privately owned- yields a wide range of programme choice after all.

In general, results obtained with the two sets of categories were equivalent except at prime time. This inconsistency is due to the subjective nature of defining

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<sup>1</sup> La Red dropped from the people meter system of audience measurement in 1996, and Rock & Pop was highly critical at the time of writing. The margin of error of that methodology -below 5%- was similar to the ratings obtained by the most successful programmes of these minor broadcasters.

<sup>2</sup> The case of UCV and minor regional channels, such as Telenorte or Nibaldo Mosciatti's outlet in Concepcion.

a list of programme formats. Using NHK's categories, prime time diversity was lower than during the whole day, while it was the same or even higher when using the CNTV's. This was because the Chilean list distinguished between those formats more frequently used in that particular broadcasting system, which are determined both by cultural preferences and by the broadcasters' budgets.

Chilean broadcasting shows diversity levels comparable to those found in the five industrialised countries studied by the NHK project. So in strict terms of programme diversity, the Chilean system shows a satisfactory level. Nevertheless, comparisons are dangerous since this is achieved with lower proportions of national production and with considerably lower budgets than in Japan, the USA, the UK, Canada and Sweden. Besides, the political, economical, and social realities are very different.

A final difference with NHK's study was that viewership diversity was also calculated for a single year (1994), using figures published by the CNTV. The results revealed that the demand-side compensates the disbalances existing on the supply-side of broadcasting, provided *all* formats are given some airtime. Because of the public-good characteristics of broadcasting, a single unit of output can be shared by all consumers. Entropy indexes are very close to 1.00, since viewers watch less of over-supplied formats and more of scarcer programme types they like, a trend that possibly persists after that date. So the particular dimension of public service and broadcasting quality referred to the audience's access to a wide range of programme types is accomplished. It is recommendable that future studies of diversity include viewers as well, and that data are disaggregated by individual channels to assess each one's performance on the demand-side. This can already be done by the CNTV, yet making clear that audience measurements in Chile currently exclude some broadcasters and is concentrated in Santiago.

The calculation of relative entropy is a valuable means to assess an important aspect of the public service dimensions of Chilean broadcasting and of TVN. Yet this method alone does not reveal all the aspects in which TVN is able to affect the system positively. Since programme diversity is obviously only one aspect of broadcasting quality, other indicators and considerations should also be considered. Nevertheless, the quantifiable analysis of the range of programme choice available to viewers stands as a pre-requisite of further qualitative evaluations of the broadcasting system.

## FINAL CONCLUSIONS

TVN is an hybrid synthesis of public service broadcasting and commercial television, presenting the advantages and disadvantages of both worlds. Consequently it is able to accomplish some important public service objectives, however limited by the fierce existing competition and the commercial drive that directs its activities. The underlying condition for the Chilean case is the relative legitimacy and probity of public institutions, including the rule of the law.

TVN has found that many important PSB activities are feasible -and even profitable- through the "non-discriminatory" legal framework enacted in 1992. The principle of non-discrimination, as examined in chapter 4, is based on exempting TVN from almost all obligations that might hamper its competitiveness in the market -with the notorious exception of the mandate to be objective and pluralist. Simultaneously all privileges, exceptions and public funding were removed to prevent TVN from competing unfairly in the market. An important degree of public service is assumed to result spontaneously from the corporate nature of TVN, and its competitive interaction with both private and university broadcasters (who also perform public service functions due to their own corporate nature). This was the "regulatory role" of Televisi—n Nacional envisaged by the government of Patricio Aylwin (1990-1994). Absolute market finance is assumed to ensure maximum autonomy from government and other vested interests.

The public service functions performed by TVN can be classified as political-social, economical, and corporate:

In political and social terms:

- social relevance and mass appeal;
- a pluralistic focus throughout the schedule and specially in news and current affairs (thus reinforcing the "public sphere");
- a "moderating role" throughout the whole television system;
- the inclusion of useful information in entertainment programmes;
- an unprecedented degree of political autonomy due to its pluralistic, irremovable, and powerful Directorate.

In economical terms:

- profitability and self-sustainability without compromising the fiscal accounts nor the channel's autonomy;
- prevention of private monopoly/oligopoly through competition;

- cross-subsidisation of some unprofitable PSB initiatives (such as some of the regional offices, or some unprofitable programmes such as *Tierra Adentro*).

In industrial and corporate terms:

- relatively high levels of varied internal production (according to Chilean standards);
- support to independent producers (by commissioning roughly a 10% of its schedule to independents), local free-lance talent, and national film-making (by co-producing and screening Chilean films);
- the Regional Network, as a reinforcer of regional identity and dynamizer of local markets;
- the International Signal, to promote national identity abroad and explore foreign markets; and
- de-politicisation of the staff due to the pluralistic representativeness of the Directorate.

These achievements are considerable, yet they are hard to perceive for the common viewer. Competition for advertising finance generate similar schedules between the main channels -the principle of lowest common denominator. Differences are subtle, and TVN justifies itself according to what Blumler & Hoffman-Riem (1992a) would call "qualitative priorities" -in this case, generated by TVN's corporate nature as a public organisation.

### **Confused mission**

But there are other important problems as well. Firstly, there has been some confusions about what is specific and distinctive in TVN. Its schedule is highly biased towards entertainment and fiction, yet not more than the other channels and not more than in the years of mixed funding. Public money before 1975 apparently paid for more education/cultural programmes, which were nonetheless rather secondary. Information programmes share the overall problems of post-dictatorial Chilean journalism and, like the other channels, is mostly concerned with accidents, sports, and spectacular events. Advertising finance and non restricted competition yields important degrees of programme duplication; the analysis of programme diversity between 1988 and 1997 revealed that similar-sized channels duplicated each other, whereas the whole system's diversity hardly increased. So TVN is often indistinguishable from TVUC and

Megavision, its direct competitors, unless more subtle qualitative factors are considered.

Furthermore, many public service functions are also performed by other broadcasters, notably by the university-owned TVUC: cross-subsidisation of socially valuable programmes, important levels of internal production, an international signal, universality of appeal. Cable channels nowadays offer the sort of high-brow "cultural" programmes that were strongly associated with PSB in the 1960s.

Nevertheless, after the model began to consolidate by the mid-1990s, some differences began to appear increasingly valuable. In the first place, TVN broadcasts more information and journalism than anybody else. Similarly, the topics it covers are more related to social issues and national reality than TVUC or Megavision, its most important competitors. The other channels, in contrast, have less predisposition to soil themselves with reality. This trend became increasingly evident since 1995. Additionally, the refusal of both TVUC and Megavision to screen the Ministry of Health's anti-AIDS campaign in 1993 and 1996 showed that a pluralist broadcaster was essential if even the mention of condoms could be banned from TV for religious or any other peculiar reason.

Similarly, in the last two years TVN's prime-time has also shown important degrees of experimentation, risk, and innovation. The bottom-line is always the widest possible audience, but with respect to the likely audience of the time slot and to competition. In contrast to its rivals, TVN has dared to explore new ways to present the Chilean reality and characters in attractive ways.

The problems faced by the smaller private broadcasters and the persistence of terrestrial television as the most watched medium has certainly helped TVN in this respect. Audiences largely prefer national productions, and the biggest terrestrial channels simply are the best endowed to satisfy them.

### **Advertising versus public service**

Another difficult area is the relationship between public service and advertising, although the latter is able to pay a considerable part of the bill. Authors such as Portales (1994) have rejected public funding for TVN because of the risks of government pressure and unfair competition in the television market, and called instead for a considerable expansion of the competitively-allocated pool of money for "non-commercially viable programmes" managed by the CNTV. That is perfectly compatible with the principle of "non-discrimination" underpinning the current legislation, but the approval of an increase of the CNTV's fund seems



unlikely because of the tight-fisted economic policy consistently followed by *all* the Chilean governments after 1975. Nor does advertising funding on its own guarantee independence from government: TVN was abusively manipulated by the military regime while it was almost completely financed by advertising. Both a consistent legal framework and a solid democracy are the other requisites to ensure political autonomy.

It must not be forgotten that TVN is self-financing not only because advertising has grown even faster than the already fast-growing economy itself, but also because it was already well-positioned in the advertising market long before Chilean television was deregulated. In contrast to its European counterparts, TVN is not facing yet stagnating advertising revenue -the country is developing rapidly-, nor has to switch from public finance to commercial funding from scratch. TVN was born in a context of mixed funding, and public funds were cut long before the television market was opened to new distribution technologies, private channels, and international operators. So it has been rather the new private and foreign entrants who had to fight to gain a space in a field already dominated by TVN and TVUC.

### **Political independence**

The issue of political independence is also sensitive. Although TVN today enjoys an unprecedented degree of autonomy from government, the Directorate is appointed following political criteria. Therefore it proceeds politically when taking major decisions, such as nominating the Executive Director. The last two of them, Carlos Hurtado and René Cortázar, were selected for their political profile and managerial skills and not for their experience in television, which was none. Similarly, the dismissal of Jorge Navarrete rather than demonstrating direct government interference suggests that political considerations (in the broad sense of the word) are far stronger than initially assumed. But as Garnham suggests (1990), PSB is necessarily a highly political -rather than *partisan*- subject. In general, current legislation is adequate to ensure that Directorate remains immune to government and partisan influences. But the cost of keeping every social sector satisfied (i.e. each member of the Directorate) can be an over-cautious, bland, non-controversial stand. Some journalists and professionals have complained about it, although at the same time they recognise that no other big broadcaster is more pluralistic than TVN.

The only really worrying point is the ability of the Minister of Finance to retain TVN's profits, a clause common to all state enterprises. After TVN payed its

debts in 1995 and was subsequently obliged by Company Law to put its profits at disposal of its owner, there is room not only for government blackmail but also for deliberate non-profitability exercised by TVN as a way to frustrate an annoying government. Both hypothetical scenarios are equally harmful. But if the relationship between La Moneda and TVN deteriorates in the future, they might well become a reality. Advertising income would no longer ensure TVN's political independence.

### **Accountability**

The issue of accountability is specially tricky in Chile because of the extremely competitive market, the "non-discriminatory" character of the law, and the tradition of strong political parties as a proxy of direct citizen involvement in the Chilean public sector. At present, TVN's main mechanism of accountability is very similar to that of a private company, except for its politically-representative Directorate of just seven members. They mainly produce the annual report, a brief document accompanied by a Balance Sheet and a Profit & Loss Account (certified by an external auditor) distributed by ordinary mail to opinion leaders, entrepreneurs, politicians, Congressmen, academics, and media managers<sup>1</sup>. Apart from being an *ex-post* instrument, the reader needs to understand accounting to make sense of the second half of the report. The first half is basically a nice collection of corporate achievements signed by the Directorate.

All broadcasting and corporate decisions are centrally taken by TVN's Directors and executives with no intervention from the public except for the nerve-breaking ratings and, occasionally, some qualitative audience surveys. Other criteria of decision are cost, competition (notably TVUC), and editorial priorities<sup>2</sup>. But it is basically a centralised, closed process. As in most political parties and almost everywhere on the public sector, TVN's decision-making layers are apparently sincere in their efforts to represent the interests of the public they are supposed to serve. Beneficiaries often do not question this approach, yet a few marginal criticisms (such as those uttered by the Communist Party) have emerged.

The CNTV, on the other hand, is obliged by the law to restrict the amount of violence and sex showed by the channels. Its studies and reports are quite comprehensive and are a good contribution to the transparency of the system, which nonetheless presents many obscure zones in which the CNTV cannot

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<sup>1</sup> Source: Public Relations Co-ordinator, Jaime Ahumada (15/1/1996).

<sup>2</sup> Interviews with Carlos Hurtado, Executive Director, 4/5/1995; and Bartolomé Dezerega, General Manager, 5/5/1995.

intervene. In the first place, ratings research -carried by private firms, and the basis of almost all programming decisions- excludes the poorest Chileans, 17.5% of the population. Besides, audience measurements are over-centralised in Santiago. The biggest broadcaster, TVUC, consistently refuses to disclose its financial information. Additionally, the "traditional" channels -including TVN- twisted the spirit of the current television law by ensuring perpetual franchises for themselves. It is extremely unlikely that the CNTV may refuse to renew a franchise to the rest, specially because the law does not contemplate any sort of qualitative requirements for granting or renewing a licence.

Both TVN and the CNTV could improve considerably their own transparency and accountability on behalf of PSB as a whole. The CNTV might concentrate on gathering and representing the concerns of viewers in a more systematic way rather than prosecuting the transgressions to the principle of "correct operation" defined by themselves. It may well become the core for a National Television Forum involving viewers, critics, and media analysis, on the lines recommended by Blumler & Hoffman-Riem (1992a). Recently, the CNTV has made some moves in this respect. Together with the Ministry of Education, it has been issuing frequent and regular reports on programming for children targeted to parents. The body is doing much efforts on behalf of broadcasting self-regulation, but many of its initiatives are limited by the current law, which is liberal in economics and restrictive in the side of contents.

TVN, on the other hand, faces the challenge of combining accountability and transparency with the need of both corporate discretion in a competitive environment and a feasible and efficient decision-making process. TVN can still improve enormously the format, contents, and distribution of its public reports, outlining more clearly its objectives and performance standards and making its figures more accessible.

Are other instruments required? Yes, but the problem is how to make them compatible with the principle of "non-discrimination" and corporate efficiency. The mechanism and criteria by which the Directorate is appointed should be revised. A better mechanism would require viewers being able to elect some of the seven Directors; or at least the involvement of more public bodies such as the CNTV and both chambers of Congress, as with the old law No.17,377 of 1970. This is far more representative than the President plus a Senate in which a significant number of members are non-elected (including general Pinochet himself since March 1998), however their personal merits.

Concerning the criteria used for appointing the Directors, in practice "pluralism" is still interpreted as partisan equilibrium. Perhaps that is unavoidable

if it is the President of the Republic together with the Senate who decide the matter. But the country is perfectly mature to incorporate other dimensions of "pluralism", such as regional identity, age, occupation, culture, ethnicity, or gender.

## Competition

A final area of concern is the degree of competition confronted by TVN. Undoubtedly there is a healthy dimension of competition, which obliges TVN (and its rivals) to raise their technical and qualitative standards in order to survive. Complacency is no longer the rule (Portales, 1987, 1994).

Yet there is a very destructive side of competition. Blumler & Hoffman-Riem (1992a) speak of the spectacularisation of news, banalisation of contents, superficiality of the debate. There is a point in which this certainly occurs: for instance, the current affairs programme *Informe Especial* attracts simultaneously both criticisms and praise. Similarly, in its eternal struggle against TVUC, public service as a whole has sometimes been hurt: apart from the chronic counter-programming that the two "big-ones" exercise against each other (reducing programme choice for viewers at the disputed time slot), it was impossible for these two leading channels to establish a joint international signal together. Negotiations had gone very well -both broadcasters were aware that economies of scale were a plus-, but finally were unable to sign the deal<sup>1</sup>. At present, Chile's two main networks struggle separately in the very difficult international market. Their chances and power of negotiation are considerably weaker.

Competition by TVN's regional network is also ambiguous for PSB purposes, although beneficial in many aspects. Undoubtedly these provincial subsidiaries are an important boost for developing the regional television market. This also incentivises the extension of rating measurements to regions, which can also help local media. But at the same time TVN's regional network has probably hurt the smaller and weaker local channels.

TVN alone cannot be blamed for this, since TVUC, Megavisión, La Red and CHV have extended from Santiago their coverage to almost the whole territory since 1990 onwards. Subsequently this led to the disappearance of the university channels in Valdivia and Chillán, as well as UCV's closure of channel 8 in La Serena and TVUC's channel 5 in Concepción; the economic crisis of the Northern Catholic University's Telenorte network, and indefinite delays for the starting of

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<sup>1</sup> Interview with Hector Navarrete, former Manager of the International Signal, 24/4/1995.

newly-franchised regional outlets (Portales, 1995:91). TVN hopes that its network of regional centres can complement local broadcasters, but the future for authentically provincial outlets is insecure unless they associate or merge with somebody like TVN. If that is the only viable path to follow, TVN's strategy is a reasonable one.

Finally, there is also an essentially unpredictable stream of competition related to the worldwide fate of national terrestrial television and the so called internationalisation of the markets. The former is largely related (but not exclusively) to technological innovation. As a developing nation, Chile is only a recipient of technology developed elsewhere and therefore there is a strong concern among the terrestrial channels (TVN included) for being displaced by new distribution gadgetry and operators. The quite open Chilean economy and the favourable environment for foreign investors further complicates the picture.

Nevertheless, at the time of writing the audiences largely preferred the national programmes and newscasts in which TVN and TVUC excel. Private terrestrial channels, cable TV, and DBS increasingly seemed less threatening. But on the other hand, there are concerns that advertising income will become insufficient to finance a channel the size of TVN. Yet the "non-discriminatory" approach of the Chilean law may be a competitive advantage for TVN, specially because it is still the second largest, richest, and more watched broadcaster in Chile.

## **Summary**

TVN effectively accomplishes a valid, yet "biased" version of public service broadcasting. It basically satisfies the requirements of universality of appeal, nation-wide reach, reinforcement of the public sphere and the national identity, support to the domestic audiovisual industry, and autonomy from vested interests (in relative terms). The principle of "non-discrimination" of the current law does not hamper TVN's competitiveness, but at the same time it is problematic because no public funding or exemptions sustain its mandate to be objective and pluralistic, and it is often hard to distinguish it from the other channels. Programme duplication makes TVN's schedule very similar to its most immediate competitors. Education/cultural programmes are today a tiny fraction of TVN's (and the whole system's) grid, whereas entertainment is the most dominant programme type. Besides, TVN has almost the same mechanisms of accountability as private corporations and in reality there is no room for viewer involvement except ratings. Finally, the Directorate is supposed to represent the nation, yet it is appointed

according to political criteria by the President and a Senate with almost 20% of non-elected members.

Nevertheless, in recent times TVN has managed to offer a more realistic and innovative schedule than its competitors. TVN is also stronger in news and current affairs programmes, specially at prime time. This situation was facilitated by audience and advertiser preference for the traditional terrestrial channels instead of the smaller private outlets. Similarly, cable and DBS look increasingly more like complements than rivals to the terrestrial channels, who offer more national programming.

The CNTV should play a more participative, dynamic, and active role to ensure better accountability in the system, although at present it is constrained by a law that is liberal in economics and restrictive in contents. There are still obscure zones in the areas of ratings research, financial information, and there are no qualitative criteria to renew or grant a franchise. "Traditional" channels have the absurd privilege of perpetual franchises. The CNTV's competitive fund for commercially non-viable programmes should also be substantially expanded, because the mechanism is a good idea. But it is unlikely to make any visible effect unless it reaches, say, 5% or 10% of the whole industry's revenues. The present level of 0.1% is simply symbolic. New and innovative mechanisms can also be explored, such as tax exemptions on behalf of national production and local talents. In any case, the benefits of the current model of PSB in Chile depend on the relative probity and effectiveness of its public institutions. And it took many years to develop those.

# APPENDIXES

## APPENDIX 1: CHRONOLOGY

- 1952 First experiments on television technology at the engineering departments of the Catholic University of Santiago (UC), the University of Chile, and the Catholic University of Valparaiso (UCV). Throughout the decade, their respective television projects would gradually consolidate.
- 1958 Outgoing President Carlos Ibanez issues decree No.7,039 authorising television broadcasts. It proposes a mixed, multichannel system similar to radio and prevents foreigners from operating TV channels. Franchises are granted by the President of the Republic. Two universities begin experimental broadcasts (UC and UCV), private operators are deterred due to high import duties on electronic hardware. Conservative president Jorge Alessandri is elected and refuses to grant franchises to private operators deploring TV as a cultural impoverishment and a luxury the country could not afford.
- 1961 In order to circumvent the *de facto* prohibition to private broadcasting, two different entrepreneurs engage on cable transmissions. The first one takes place in window shops of a shopping street in Santiago and lasts 20 days (Mercadotecnica & Gigante). The second experience, TV Radio Bolivar, takes place in Concepcion and lasts six months, until President Alessandri shuts it down.
- 1962 World Football cup is played in Chile. The three university broadcasters, operating in Santiago and the neighbouring port of Valparaiso, terminate their experimental period and consolidate as [early] massive media. TVUC becomes the leader.

Eugenio Tironi, General Manager of TVUC, claims that the university-commercial model of Chilean television is an optimum equilibrium between the "corruption" of the US' model of commercial television and the lack of choice and excessive state control of the European public service monopolies.

- 1963 A congressional attempt to allow private television, backed by radio entrepreneurs, fails due to strong lobbying from the university broadcasters. The existing channels are increasingly squeezed between insufficient university funding and rising costs, but manage to circumvent the formal prohibition to do advertising.

Eduardo Frei, the Christian Democrat (PDC) presidential candidate, announces an ambitious programme of social development and industrial modernisation in-between communism and the conservative right (known as "Revolution in Liberty"). Media and television are called to be an instrument of behalf of social change, development, and democracy. University channels therefore expect generous state support should the PDC wins the elections.



- 1964 Eduardo Frei is elected president with an overwhelming majority. Instead of reinforcing the university broadcasters, the new government freezes their territorial expansion, and keeps the status quo in television. Frei announces a “policy on television” that supposedly would lead to a strictly educational state-owned TV network in the near future, which would complement the formal educational system.
- 1966 Very soon after its start, the “experimental” Channel 3 of the Universidad del Norte at Antofagasta is denied governmental authorisation to continue broadcasting. As the PDC becomes more politically isolated, it increasingly concentrates in its own television project instead of the university channels.
- 1967 Nation-wide university reform as a consequence of the exacerbated and unsolved social conflicts. At the Catholic University, the new centre-left Chancellor incorporates TVUC to the socially-conscious reform movement until 1972. At the University of Chile, reciprocal hostility between the new PDC chancellor and the leftist Channel 9 (co-managed by its unions) is ultimately harmful for the broadcaster.
- 1968 Chilean television gets access to satellite world-wide broadcasts after the Longovilo Satellite Station is inaugurated.
- 1969 Television Nacional de Chile begins *de facto* regular transmissions. Its first Executive Director is a 21 year-old engineer: Jorge Navarrete. The increasingly isolated PDC, sandwiched between the frustrated left and the scared right, tries to rise its weakening support by a mass-appealing, non-ideological channel. The original idea of a purely educational service was thus dropped. Therefore, the government accelerated the legal recognition for its television project by way of a *fait accompli*.
- 1970 The first law of television, No.17,377, is promulgated by the outgoing PDC government just before the triumphant socialist candidate Salvador Allende takes office. The television system is envisaged as a public service to inform, educate and entertain Chileans, without attachment to any specific ideology. The only authorised operators are the universities and the state. A mixed system of funding, including heavily restricted advertising, is settled. In order to avoid Allende’s discretionary use of TVN, the broadcaster is given a politically-balanced Directorate. No clear corporate mission is defined by the law.

The supervisory body of the system, the CNTV, is created as a socially-representative body with an important academic presence presided by the Minister of Education.

- 1971 Eugenio Gonzalez replaces Jorge Navarrete as Director General, but is later replaced by the journalist Augusto Olivares, communications advisor of president Allende.

Television channels increasingly adopt confronting positions: TVUC and UCV-TV oppose the socialist government, TVN follows a relatively moderate pro-government stand, whereas the channel of the University of Chile becomes radically left-wing.

1973 Military *coup d'état* led by general Augusto Pinochet. During the attack to the presidential palace of La Moneda, TVN's director-general Augusto Olivares commits suicide soon before Allende.

TVN is militarily occupied, its personnel purged, and archive material is destroyed. The Directorate is cancelled and the Director General is turned into the maximum source of power inside the corporation, directly responding to the Executive. TVN's dependence is switched from the Ministry of Education to the more political one of General Secretariat of Government [political communications], according to Decree No.113.

Colonel Eduardo Sepulveda is appointed Director General, and later replaced by colonel Jaime Fuenzalida.

The regime appoints 'delegated rectors' in the universities, thus ensuring an indirect control over the university channels. The CNTV is also intervened and its members are replaced by military delegates.

1974 Colonel Hector Orozco becomes Director General of TVN, and is later replaced by Jaime del Valle, a civilian.

1975 According to the orthodox monetarist policy of the regime, decree No.298 cuts drastically public finance for the TV channels and are forced to self-financing. Sharp drop of "cultural/educational" and "information" programmes, while "entertainment" ones dominate the schedules.

1976 Lowest recorded levels of Chilean programmes in the television system: 16%. It takes some 15 years to reach a 50-50 equilibrium.

Hernan Garcia Barzelatto, another civilian, replaces Jaime del Valle as Director General of TVN.

1977 A government decree terminates the restrictions to television advertising time imposed by the law of 1970.

1978 Football World Cup in Argentina. Colour TV is introduced in Chile as a background of the military-led economic boom.

1980 Television overcomes printed media in terms of advertising revenues.

The regime promulgates a new Constitution allowing private television. Nevertheless, the regime does not want to lose its grip on the medium and

therefore delays the matter for a whole decade. The document also states at least ten further years of military rule.

1982 Colonel Hugo Morales replaces Hernan Garcia as Director General of TVN.

Financial crash and external debt crisis in Chile, the worst since the 1930s. Unemployment soars and civil unrest shakes the dictatorship. "The lost decade" starts for Latin America.

1984 The last year of profits in TVN under military rule. Osvaldo Rivera replaces colonel Morales as Director General.

First franchises to cable-TV are granted by the CNTV to the firm Intercom, related to the newspaper *EL Mercurio*, but they will not operate until 1987.

1985 The journalist Manfredo Mayol replaces Rivera as Director General of TVN.

TVN begins to use satellite to broadcast along the whole Chilean territory, thus giving the first step towards what later would be the International Signal. The microwave regional network is kept to a minimum until the revival of the regional centres in 1990.

The Chilean economy stabilizes. It will grow at an average of almost 7% for the next decade.

1986 Colonel Oscar Vargas replaces Mayol in TVN.

TVN's losses reach their highest peak partly due to the regime's propaganda campaigns targeted to arise public sympathies before the Pope's 1987 visit to Chile.

1987 Colonel Carlos Krumm replaces colonel Vargas as General Director of TVN.

TVN starts broadcasting in its idle 9 VHF frequency a supposedly cultural channel. A confused schedule, low ratings and the sale of the frequency terminates the experiment three years later.

Visit of pope John Paul II to Chile. First symptoms of political aperture in Chilean TV since 1973. TVN politically manipulates the event on behalf of the regime and frequently violates the broadcasting agreements with the Vatican.

Intercom begins to operate the country's first service of cable TV to a few high-income subscribers in Santiago.

1988 Presidential plebiscite. For the first time since 1973 the opposition gets direct access to television in the electoral strip. General Pinochet loses and

calls for general elections for 1989, following the Constitution promulgated by his regime.

- 1989 After losing the 1988 plebiscite, the regime dictates a new law of television, No.18,383, which replaces the old and altered law No.17,377 of 1970. It authorises private television, and subsequently TVN's frequencies 4 and 9 are put to sale. The law also reforms the CNTV and appoints its members until 1992. Unsurprisingly, between 1990 and 1992 the post-dictatorial TVN clashes frequently with the regulator.

Alejandro Briones replaces colonel Krumm as Director General of TVN. The corporation's losses reach its highest point since 1986 due to the government propaganda campaigns of 1988 and 1989. TVN is left in a complete internal chaos. Its VHF frequencies 4 and 9 are sold to private investors, later La Red and Megavision channels respectively. Nevertheless, the cash is received during the next administration.

The first open and competitive presidential elections since 1970 are held. The centre-left coalition *Concertacion* wins with its candidate Patricio Aylwin (PDC).

- 1990 New democratic government led by Patricio Aylwin (PDC), who sends to the Congress a draft for a new law of TVN and follows a policy of non-interference on the media.

For the second time in his life, Jorge Navarrete (PDC) is appointed General Director of TVN. He turns around the firm from virtual bankruptcy to profitability.

The extent of the chaos found in TVN motivates the Congress to make a special investigation, which determines abusive government manipulation before 1990 and recommends a new law to ensure TVN's full autonomy.

An extraordinary grant of US\$ 8 million (at 1994 rates) is authorised by the Congress to pay for part of TVN's enormous debts, which is added to the money from the sale of frequencies 4 and 9. The 'cultural channel', the second broadcast of TVN inaugurated in 1987, disappears as it is handed to its new owner Megavision.

TVN's network of regional centres is gradually revived.

TVN is reprimanded four times by the CNTV appointed by the previous regime for excessive violence, immorality, and offences to patriotic values. The judiciary cancels the fines imposed by the CNTV.

The first private channel, Megavision, starts broadcasting and soon becomes third after TVN and TVUC. Later the Mexican giant Televisa buys the 49% of Megavision.

1991 After its almost disappearance in the 1980s, TVN's regional network of production facilities begin its re-expansion with three production centres in Concepcion, Temuco, and Punta Arenas; plus other three small offices in Copiapo, Valparaiso, and Talca.

Under the name of 'Project Icarus', the commercial exploitation of TVN's international satellite broadcast is launched in neighbouring countries: the signal is scrambled and sold to cable operators. The venture would later become an autonomous subsidiary firm.

La Red, Chile's second private broadcaster, starts operating in May through the VHF frequency 4. The new channel defines a populist profile of easy entertainment and little in-house production. The formula, although logical, fails to attract the quite conservative Chilean viewers and advertisers. La Red begin to accumulate losses, and is sold and re-sold many times.

After a start quite below its "mega" expectations, Megavision associates in December with Televisa from Mexico, the world's largest Spanish-speaking broadcaster. Mexicans pay US\$ 7 million for a 49% stake in the Chilean outlet.

1992 New law of TVN, No.19.132: the corporation is turned into an autonomous public firm, totally self-financed with prohibition of any sort of fiscal support; no provisions concerning 'public service' are contemplated, except the mandate to be plural and objective along the schedule and specially in the programmes of information and political debate. A pluralistic and irremovable Directorate of seven members is established as the maximum source of power, and the job of Director General is re-baptised as Executive Director.

Law No.18,383 of the CNTV is reformed by law No.19.131 and finishes many authoritarian traits of the former version. New socially representative members are appointed.

Electronic people meters replace diaries as the method of TV audience measurements, which over-rated both TVN's and TVUC's viewership levels. Nevertheless, both channels retain their leadership.

For the first time in many years, TVUC is surpassed in ratings by TVN at the prime-time, including the newscast.

1993 After several cases of conflictive broadcasts, TVN's Directorate publishes the Editorial Policy to uniform its broadcasting criteria.

The production centres of the Regional Network of TVN are extended to nine of the twelve regions of the country after the creation of three new offices in Coquimbo, O'Higgins, and Aysen.

After paying US\$ 5.7 million, the Venezuelan holding Venevision gets a 49% stake at University of Chile's troubled channel 11 (SECC, 1994g:273). Later, this participation increases to 99%. The CNTV authorises the singular move, in which the University still appeared as the franchisee. The "new" broadcaster is re-baptised as Chilevision (CHV). Some MPs warn unsuccessfully about the risks of foreign penetration.

Presidential elections are held in December. The PDC candidate Eduardo Frei wins, but his team resents TVN's news coverage of the campaign.

- 1994 Eduardo Frei Ruiz-Tagle becomes president of the republic on March 11th. Following the law, he appoints TVN's chair of the Directorate, the PDC lawyer Luis Ortiz Quiroga, who replaces the PDC engineer Jorge Donoso, more sympathetic to Navarrete.

TVN celebrates its 25th anniversary and achieves the highest operating profits of its life at the end of the year (equivalent to US\$ 7.06 million). The the last debts accumulated from the military administration are paid.

After praising his brilliant performance in terms of ratings and revenues, TVN's Directorate fires Jorge Navarrete (PDC) alleging lack of guarantees to pluralism and lack of a more strategic corporate perspective for the future. Concerns of government intervention arise, but are soon forgotten after Navarrete is replaced by a moderate centre-right entrepreneur with no experience in television, Carlos Hurtado, who focuses less in cost-controls and more in a long-term, strategic view.

The International Signal S.A. (SISA) legally becomes a subsidiary firm of TVN, and the satellite broadcast is digitalised. A deal with TVUC to exploit the venture jointly fails in the last minute, and the Catholic channel launches its own rival service.

After a re-structuration, a 49.5% of the second private channel, La Red, is bought by Can West Global Communications of Canada. The rest is owned by COPESA, the big newspaper conglomerate second to the *El Mercurio* group.

Cable TV penetration reaches an 11.4%, with 67 channels operating throughout the whole territory by 20 different firms. A 30% is of penetration is projected for the year 2000.

- 1995 Carlos Hurtado cannot stand what he feels as excessive interference of the Directorate and resigns after less than a year in TVN. The PDC economist Rene Cortazar, formerly Labour Minister of president Aylwin, is appointed Executive Director.

Rock & Pop, a youth-oriented terrestrial channel, begins operations in VHF frequency 2. Operators rise to seven in the capital: Channel 2, La Red (channel 4), UCV-TV (channel 5), TVN (channel 7), Megavisión (channel 9), Chilevisión (channel 11), and TVUC (channel 13). TVUC and TVN, followed by Megavisión, retain their leadership.

- 1996 The whole audio-visual industry falls into a temporary recession, due to a drop of the advertising spending. Only TVUC is able to generate profits, while TVN manages not to fall in red. The cost is the sack of some 100 employees at TVUC and 70 at TVN, nearly 10% of their respective workforce. TVUC shuts down its oversized office in Concepción, and TVN remains as the only national broadcaster that does not transmit centrally from Santiago.

A group of Senators qualifies Chilean TV as banal, vulgar, and tasteless. Despite the controversy, there is no attempt to substantially improve or alter any aspect of the current system, yet the CNTV manages to double its insignificant fund for "programmes of special interest" from Ch\$ 70 million (US\$ 170,000) to Ch\$ 140 million. The figure is still a mere 0.11% of the industry's yearly revenues.

A row about media pluralism arises because of TVUC's and Megavisión's rejection to air a series of spots by the Ministry of Health recommending condoms to prevent AIDS. Both channels argue that the campaign contradicted their owners' Catholic values. (The same problem occurred in 1992) President Frei -a devout Catholic himself- deplores their "hypocrisy", although agrees with the broadcasters' claim to freely decide their own editorial line. TVN and the smaller channels broadcast the spots. TVUC and Megavisión produce their own spots, promoting monogamy and abstinence instead.

Cable penetration reaches 28,1% of households. Nevertheless, excessive competition, churn, and payment evasion result in severe financial problems and corporate mergers. Two companies -VTR Cablexpress and Metropolis Intercom- end up controlling 95% of subscription market.

DirecTV, a subsidiary of the transnational firm Galaxy associated with VTR Cablexpress, starts digitalised home satellite broadcasts. More than a hundred of audio and TV channels are offered, some of them premium pay-per-view. Nevertheless, the gadget takes off slower than expected because of the similarity to the standard cable package, as well as to the high cost of hardware and subscription.

- 1997 TVUC and TVN still retain the highest viewership figures and are the only channels able to generate substantial profits.

The CNTV confirms that national programmes in terrestrial TV have risen to the astounding level of 77.78% at prime time (Mondays to Fridays), and to

54.52% as a general average. The reasons are the increasing audience preference for local material, and competition from the mostly foreign-originated cable channels.

Megavision's attempt to produce its own prime-time telenovela flops at the second try, when *Santiago City* is unable to reach double-digit ratings figures after a promising start with *Rosabella* in the first semester of the year. Because of this, the private network suffers a financial crisis.

Due to a deal agreed with the Ministry of Finance -entitled to retain TVN's profits at discretion-, TVN produces and broadcasts at prime time many high-quality programmes: the award-winning *El Show de los Libros*, which depicts dramatisations of contemporary literature works; current affairs/documentaries such as *Los Patiperros* about the everyday struggles of Chileans living abroad, and *El Mirador* and *Revolver*, both of which depict the unusual sides of reality, with the former stressing on the environment and the latter stressing on urban perspectives. The wildlife documentary series *Chile Tierra de Contrastes* is one of the first co-productions with foreign public broadcasters (in this case, New Zealand's). TVN also has moderate success with a risky and expensive serious drama series based on Chilean characters and reality, *Brigada Escorpion*, prepared with the assistance of the police force. Most of these programmes are produced by independents, as a part of TVN's policy to support this subsector of the industry.

While TVN defines a reality-oriented profile, TVUC stays firm and profitable in entertainment and shows, such as the incredibly popular *Viva el Lunes*, with consistent ratings of 40 points (something unheard of after the 1980s), the family oriented, semi-educative zoological contest game *Maravillozoo*, and *Sabado Gigante*, one of the oldest programmes in the world (nowadays produced in Miami). TVUC is also stronger than TVN in children's programming with its highly didactic *El Mundo del Profesor Rossa*, and after bringing in its TVN counterpart *Cachureos*. The Catholic broadcaster, always conservative and reluctant to disclose its corporate information -including income statements-, also stays as the only channel providing tele-education through *Teleduc*, the Chilean version of Britain's Open University.

In order to have a consistent set of criteria and values and after an exhaustive process of internal consultation, TVN publishes its *Orientaciones Programaticas* (Programming Guidelines), partly based on the BBC's editorial policy. Nevertheless, many journalists find the *Orientaciones* restrict their work and feel that TVN has lost its daring, denouncing -and conflictive- profile of the early 1990s. On the other hand, TVN radically improves its internal transparency -above private sector levels- by making obligatory to all its employees and executives to declare any interest in any other firm: a few quit from TVN, others abandon their



external interests, and others are placed in posts of lower responsibility to avoid temptations.

## APPENDIX 2: INTERVIEWS

### Introduction

The most important source of primary information for this thesis were interviews to industry insiders, academics, analysts, and regulators. This appendix identifies the interviewees and discusses the criteria used to conduct the interviews and select the relevant persons.

As a case study of contemporary public service broadcasting in Chile, this thesis relies on different methodologies because “most case study researchers recommend using multiple sources of data, thus affording triangulation of the phenomenon under study” (Rubin, 1984, quoted by Wimmer & Dominick, 1994:156). As discussed in Chapter 1, this thesis assumes the perspective of a decision-maker, either as a broadcasting manager, analyst, or a regulator. Therefore, the material presented throughout this work is intended to facilitate the understanding of the decision making process involved with Chilean public service television.

A main difficulty faced was to make sense of frequently inconsistent and heterogeneous sets of data, generated by different entities. However, managers and regulators operate daily in this environment, taking decisions on the basis of essentially the same kind of data available for this work. It is an uncertain process (see Collins et al., 1988), in which creativity, instinct, competition, and passions are often above “objective” data. This is not only because television is a creative industry, but also because political considerations are inherent to public service television (see Garnham, 1993a, Hoffman-Reim 1992a, Scannell, 1989, 1990). For example, the personality of TVN’s executive director and its relationship with the president of the republic is as important as the impersonal legal framework that defines each one’s powers.

Many managers’ and politicians’ opinions and statements were available through newspaper interviews, commentaries, and other publications, apart from speeches, debates, and conferences. In this respect, my post as lecturer and researcher on broadcasting management at the Catholic University’s School of Journalism was extremely helpful for a permanent and reliable contact with the industry (see section 1.1 below).

Interviews were held with the most relevant personalities related to decision making in respect to public service television in Chile. In general, “relevance” meant interviewing TVN’s key managers (see organisational diagram further down), but not always. It also included authorities of the National Television Council (CNTV), specialists, and other broadcasters. In other cases, TVN’s middle management, professionals, and workers were also interviewed, when they were able to provide insights of how decisions were taken. This certainly included all sorts of responsible criticisms. This meant that many interviews were carried under condition of anonymity and, therefore, cannot be identified.

A first round of interviews was carried between March and May 1995, while I resided in Britain. The second round was carried throughout 1997, after returning to Chile. Only a few changes took place between both periods, neither of which affects the material gathered. Some executives were interrogated more than once (see below).

## **1. Methodology used**

The methodology used was in-depth, semi-structured interviews partially based on a set of predefined questions, often leaving considerable room for spontaneous expansion of the responses and counter-questioning. Due to the peculiarities of the field studied, important degrees of flexibility were required to formulate appropriate questions and -more importantly- to obtain relevant answers (see Wimmer & Dominick, 1994).

Except for eight cases, interviews were all recorded and transcribed. Non-recording was due either to technical problems (four cases) or requests for confidentiality. In these circumstances, written notes were taken simultaneously. No significant loss of data resulted from these arrangements. There were also a considerable number of telephone calls to different interviewees to clarify data, information, or previous answers, which are not accounted.

The main advantage of this approach lies in the richness and depth of data generated. Due to the complexities of the decision-making process, the relatively reduced number of decision-makers, and the lack of previous research in this area, this was the best approach for this type of study (*ibid.*). Nevertheless, and apart from the well-known problems of the labour-intensive nature of intensive interviews, three problems were specially relevant in this case: bias when selecting the interviewees, interviewer bias, and interviewee bias. All of them were tackled as best as possible, but the high degrees of discretion needed -also called "good judgement"- may distort the results obtained.

### **1.1. Bias when selecting the interviewees**

The main criteria to select the main interviews was to follow TVN's organisational chart (see further down) and to interview each department's highest authority. Only the technical department was not considered. In some cases, someone else could generate better material for this thesis, be more accessible, or have a particularly interesting perspective. Examples of this were Juan Carlos Altamirano, vice manager of programming; David Belmar, vice manager of Studies & Evaluation; Valerio Fuenzalida, Chair of Qualitative Studies (see list of interviewees below). The secretary general Enrique Aimone was very helpful by providing at request background information about the persons inside TVN who were specially acquainted and interested on public service broadcasting. Sometimes, a closer relationship allowed permanent contact with an interviewee (*ibid.*).

A selection of relevant interviews from outside of TVN was also necessary. Choice was determined by relevance to the topic, legislation, evolution, and market situation. The most obvious to contact were the CNTV and the government's Secretariat of Communications and Culture SECC (see list of interviewees below). Additionally, Jorge Navarrete -no longer executive director of TVN at the time of writing- was too influential to be ignored, as well as his controversial news director Patricia Politzer. Concerning other broadcasters, TVUC was selected because of its sustained leadership throughout the years, as well as its status as a non-profit (yet profitable) university channel. Because of my post at the Catholic University, the frequent contact with Chilean broadcasters and analysts often replaced formal, structured interviews with other TVN outsiders.

The most important of these contacts -seminars related to the topic which I organised- are quoted in the bibliography.

Special care was taken when interviewing some executives, middle-managers, lower employees, and TVN outsiders who had criticisms against TVN's situation or operation, almost always under condition of anonymity -what journalists call "my sources inside". These contacts were made through informal means, were based on trust, and were specially vulnerable to bias. Supportive evidence was asked for whenever possible, but sometimes that was simply impossible. Therefore, only the strongest cases were included in this work, when triangulation of data confirmed that they were well-based. When applicable, all accusations or grievances were openly discussed with the relevant executive, and clarified as far as possible. This was the case with the claims of partisan manipulations at the news department during 1993, indirect government influence after 1994, or the executive director's controls on what goes on the screen.

The sequence of interviews was also an important factor, because it determined how and which questions were formulated. There is no fixed rules for this, but I deliberately left some very influential interviewees relatively later so to ensure that questions were based on the greatest amount of previous information as possible. This was the case with TVN's executive director Rene Cortazar, his predecessor Jorge Navarrete, the president of the directorate Luis Ortiz, and the chair of the CNTV Pilar Armanet. In other cases, an earlier contact was sought. This was the case of Jorge Fernandez, Secretary General of TVUC; Valerio Fuenzalida, chair of qualitative studies of TVN; and some sections of the interviews with TVN's executive directors and president of the directorate.

### **1.2. Interviewer bias**

A second problem of intensive interviews is interviewer's bias. It is caused by the interviewer's behaviour and appearance, the type of questions posed, or the sequence and pace in which the dialogue takes place. Additionally, the setting is also influential (see Wimmer & Dominick, *ibid.*). All of these issues were dealt with whenever possible. Generally, a set of objectives were formulated in advance for each interview, from which a set of questions emerged. This was possible only up to a certain degree. As expected with this methodology, a great deal of data emerged throughout spontaneous dialogue and was not conceivable in advance.

All interviews were customised, i.e., prepared separately for each interviewee. A few questions were common for all ("Does TVN provide public service broadcasting?", "If so, how?", "What is public service broadcasting?", "What is your department's contribution to public service broadcasting?", "How do you know/measure it?"), but each person was asked about his/her particular area of influence or knowledge.

### **1.3. Interviewee bias**

A third methodological problem with this study's intensive interviews was interviewee's bias. An important problem with executives is that criticising their performance or their firm's is specially visible and risky for their own careers -the old adagio of "the higher you get, the higher the fall". A manager's mistake can lead to unbearable "loss of face", or even legal prosecution.

On the other hand, television is an industry where high doses of political power, money, and visibility are involved, so malicious and misleading comments can seriously distort or conceal relevant facts. This was specially relevant in TVN, because political struggle was often as important as not-cushioned market competition. In some very specific cases, it was rather evident that the respondent simply could not say the truth because it would uncover his/her position. Fortunately, there are not too many sleazy stories to reveal in this work. In order to minimise that risk, interviewed executives were confronted to the criticisms gathered from other sources, and their responses were dealt with great care.

## **2. Access, problems, and other considerations**

In general, interviews were granted without major problems apart from the expected time delays due to the executives' very busy timetables. No request for an interview was denied, and in only one case the interviewee did not authorise two specific answers to be printed. Fortunately, other sources confirmed that person's account, so the topic was included in this work.

Except for one case, all interviews were held in quiet, comfortable places where a confidential dialogue could take place if necessary. The exception was not particularly significant.

All the interviewees had an open and tolerant disposition, allowing a deep and thoughtful discussion. Nobody asked for the questions in advance nor placed special limitations as a pre-requisite to grant an interview. Even though time was always a problem, all interviewees, including the busiest ones, were extremely generous in this respect -almost all interviews were much longer than originally agreed.

The only important limitation was the request of confidentiality by some persons who had critical views of TVN or its executives. But, as any journalist can tell, some very good stories rise from "well-informed sources". Fortunately, there was time enough to check them.

## **3. List of Interviewees and their posts**

The following list ranks all interviewees in alphabetical order by name, followed by their post and a short resume. Those who were frequently contacted are also indicated. The bulk of interviews are obviously concentrated on TVN, so a corporate diagram of TVN was drawn at the end in order to facilitate the identification of each interviewee's position within the organisation. Those areas covered by the interviews are highlighted in grey.

### **1. AIMONE, ENRIQUE.**

SECRETARY GENERAL, TVN, 1992-

Lawyer. The secretary general assists the Executive Director on matters related to TVN's public image. He was involved with the discussions that led to the current television legislation. Frequently contacted. Formally interviewed on 15/10/1997, 4/11/1997, 7/3/1995, 8/5/1995.

### **2. AHUMADA, JAIME.**

PUBLIC RELATIONS OFFICER, TVN, 1994-1997

Public Relations specialist. The position is the second in rank at the Department of Corporate Communications. Frequently contacted. Formally interviewed on 2/10/1997.

3. ALTAMIRANO, JUAN CARLOS.

VICE MANAGER OF PROGRAMMING, TVN, 1990-

Filmmaker. This post deals with the independent producers, an important area of public service accomplished by TVN. Altamirano was another of the personalities involved with the democratic governments' communications strategy and television policy. Interviewed on 18/11/1997.

4. ARMANET, PILAR

CHAIR, CNTV, 1994-

Lawyer. The National Television Council is Chile's television regulator and watchdog. Interviewed on 25/11/1997.

5. BELMAR, DAVID

EVALUATION AND STUDIES VICE MANAGER, TVN, 1994-

Public administrator. At his post, he is in charge of the financial aspects of TVN's production. Interviewed on 13/11/1997.

6. CATALAN, CARLOS.

CHAIR OF QUALITATIVE STUDIES, CNTV, 1992-

Sociologist. Media consultant, academic, and current assistant to the Minister of Information. A widely quoted author, together with TVN's figures such as Jorge Navarrete, Valerio Fuenzalida, Diego Portales, and others, he was involved with the design of the communications policy of the democratic governments. Frequently contacted. Formally interviewed on 1/12/1997.

7. CORTAZAR, RENE.

EXECUTIVE DIRECTOR, TVN, 1995-

Economist. Current Executive Director since 1995, after the resignation of Carlos Hurtado. Successful Minister of Labour for president Patricio Aylwin (1990-1994), expert on labour relations, and a skilful negotiator, he did not have previous broadcasting experience. Interviewed on 22/12/1997.

8. DEZEREGA, BARTOLOME

GENERAL MANAGER, TVN, 1990-1996

Engineer. The General Manager is the highest executive figure related to the administrative aspects of TVN, i.e., what does not go into the screen. One of the founders of TVN in the 1960s, Dezerega was responsible of its technical aspects. Interviewed on 5/5/1995.

9. ESPAÑA, SERGIO

CHAIR OF STUDIES, SECRETARIAT COMMUNICATIONS & CULTURE.

Journalist. A technical department of SECC, the executive arm of the government's communications policy. The department of studies' reports and analysis enjoy high reputation and are an unavoidable source for studying the

Chilean media today. Frequently contacted. Formally interviewed on 21/3/1995 and 10/10/1997.

10. FERNANDEZ, JORGE.

SECRETARY GENERAL, TVUC, 1980s-

Lawyer. A highly influential figure within Chile's most powerful broadcaster, he is a close assistant to TVUC's legendary CEO Eleodoro Rodriguez and supervises the news department. Fernandez was mayor of the city of Vina del Mar and a high officer at the Information Directorate DINACOS (turned into SECC after 1990) during the military regime. Interviewed on 29/10/1997.

11. FOXLEY, ANA MARIA.

CHAIR OF CULTURE, SECRETARIAT COMMUNICATIONS & CULTURE.

Journalist. A technical department of SECC, the executive arm of the executive power's communications policy. The Culture Department supports the decentralised cultural initiatives of the government -i.e., spread across different ministries, boroughs, and autonomous bodies such as the CNTV- through the gathering and analysis of relevant information on cultural issues. Interviewed on 18/12/1997.

12. FUENZALIDA VALERIO

CHAIR OF QUALITATIVE STUDIES, TVN, 1991-

Theologian and Philosopher. He is one of Chile's most respected and prolific media experts, specialised on audiences' active reception of television. From his post at TVN, he has been able to conduct important reception studies. He was of the personalities who influenced the communications strategy of the post-dictatorial democratic governments. Frequently contacted. Formally interviewed on 7/3/1995 and 4/11/1997.

13. GONZALEZ, ANA

CHAIR OF PERSONNEL WELFARE, TVN

Social Worker. Chair of Personnel Welfare, the department in charge of employees' contracts, wages, and benefits. Interviewed on 27/3/1995.

14. HALPERN, PABLO

DIRECTOR, SECRETARIAT COMMUNICATIONS & CULTURE, 1994-

Media analyst. SECC is the body in charge of the government's communications. After the dictatorship, this department ceased to be the Executive's censoring and propaganda arm and was turned into a technical organisation. Interviewed on 9/3/1995.

15. HURTADO, CARLOS

EXECUTIVE DIRECTOR, TVN, 1994-1995

Entrepreneur. Resigned within one year -he could not tolerate the directorate's extensive powers. A successful Minister of Public Works for president Aylwin and a prestigious manager, he did not have previous broadcasting experience. Interviewed on 4/5/1995.

16. MARIN, CARLOS.  
DIRECTOR, DEPARTMENT OF STUDIES, CNTV  
Philosopher. The excellent reports this department publishes are indispensable for any study on Chilean television. Frequently contacted. Formally interviewed on 5/11/1997.
17. MUNOZ, GUILLERMO.  
EDITOR AND JOURNALIST, TVN, 1986-  
Journalist. Co-founder of the famous current affairs programme "Informe Especial" in the 1980s. Its daring, sometimes sensationalistic, style sometimes put TVN at odds with both democratic governments after 1990. The last incident -a chapter about the corruption of the Suharto's regime - embarrassed president Frei when officially visiting Indonesia in 1994. Munoz was editor of the successful show "De Pe a Pa" when interviewed on 4/11/1997.
18. NAVARRETE, JORGE.  
EXECUTIVE DIRECTOR, TVN, 1990-1994 and 1969-1971  
EXECUTIVE DIRECTOR, VTR CABLEXPRESS, 1995-1996  
Economist. Navarrete is a key character of Chilean contemporary broadcasting arrangements, including the 1992 legislation -some even say he is a local version of BBC's John Reith. In 1969 he was TVN's first Executive Director at the age of 21. After a successful career in the insurance industry, he returned to TVN's top immediately after the dictatorship. The network was saved from disaster and public television survived. At odds with president Eduardo Frei (elected in 1993), he was sacked despite being his party fellow. Navarrete then became CEO of one of the two largest cable companies, VTR Cablexpress, from where he retired as he realised the troubles to which this sector was heading. Interviewed on 28/7/1997.
19. NAVARRETE, HECTOR  
MANAGER OF THE INTERNATIONAL SIGNAL, TVN (until 1995)  
Lawyer. Not related to Jorge Navarrete above. A specialist on broadcasting legislation, he was responsible of the newly-created department of international broadcasts until 1995. Interviewed on 11/4/1995.
20. ORTIZ, LUIS.  
PRESIDENT OF THE DIRECTORATE, TVN, 1994-  
Lawyer. Current president of the Directorate, the governing body of TVN. Appointed by newly-elected president of the republic Eduardo Frei in 1994, he presided the sacking of the charismatic Executive Director Jorge Navarrete. Interviewed on 28/11/1997
21. POLITZER, PATRICIA.  
NEWS DIRECTOR, TVN, 1990-1994  
Journalist. Responsible for all news programmes during the crucial years of 1990-1994. Her daring and controversial mandate helped TVN's news recover credibility and ratings. At the same time, accusations of pro-left bias rose and resentment from almost all established powers grew. She was sacked some



months after Jorge Navarrete, yet later she was called back to host an interview programme at TVN. Interviewed on 20/12/1997.

22. PORTALES, DIEGO

REGIONAL NETWORK MANAGER, TVN, 1990-

Economist. TVN's regional broadcasting is another important public-service accomplishment. Portales himself is a highly respected author on Latin American television economics, and was one of the personalities who influenced the post-Pinochet communications and broadcasting policy. Interviewed on 30/3/1995 and 14/11/1997

23. POZO, HERNAN.

SECRETARY GENERAL, CNTV, 1994-

Lawyer. Mostly in charge of overseeing the legal aspects of broadcasting regulation. Interviewed on 5/11/1997.

24. RUITORT, GABRIELA

COMMERCIAL MANAGER, TVN, 1990-1996

Business administrator. The Commercial Manager is a powerful position within TVN, despite not having direct responsibility with what goes on in the screen. Interviewed on 24/4/1995.

25. VARGAS, JUAN AGUSTIN.

MANAGER OF THE INTERNATIONAL SIGNAL (SISA), TVN, 1996-

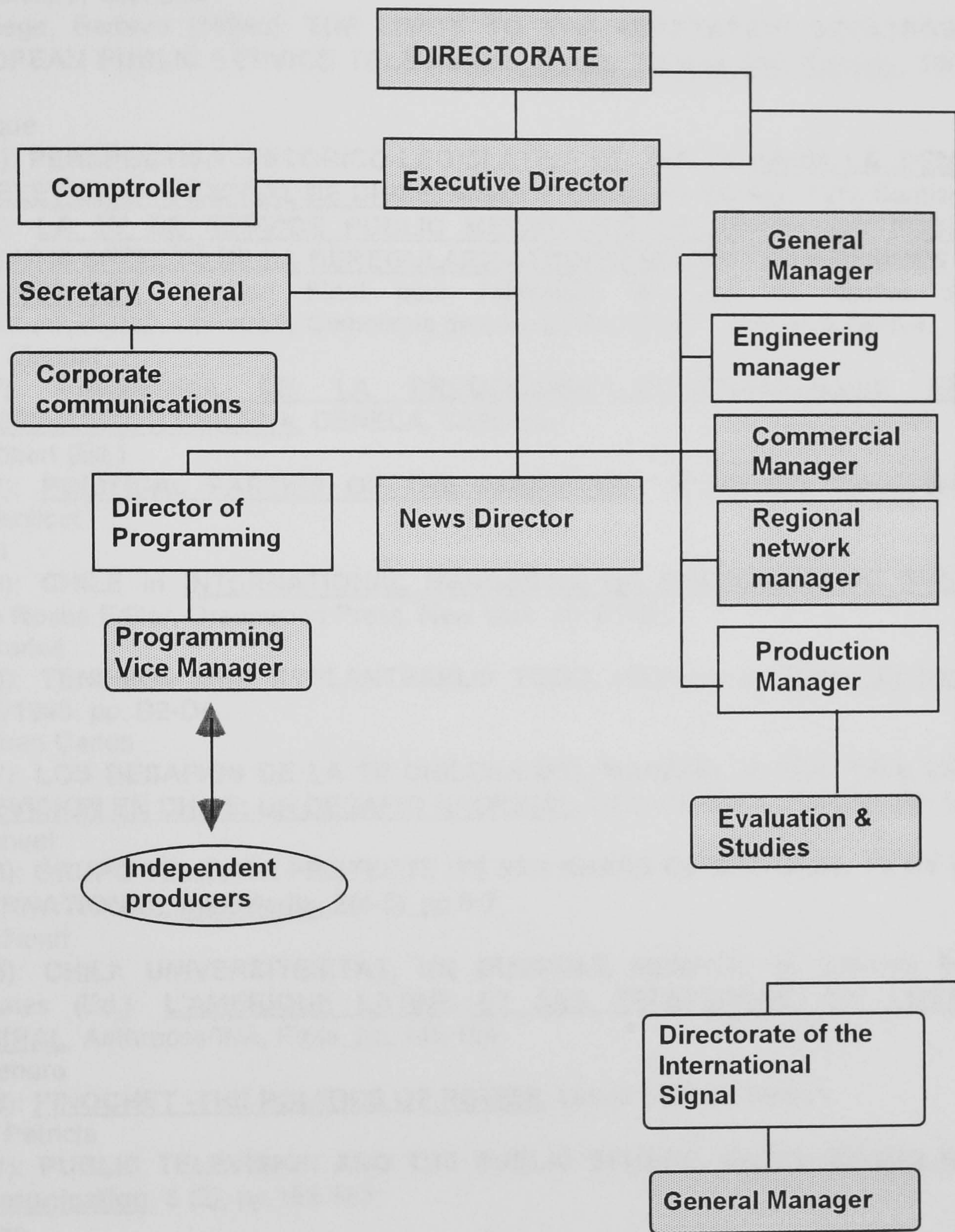
SISA is another important public service aspect of TVN together with the support to independent production and the regional network. Most of Vargas' prestigious career was at TVUC, from where he emigrated to become Executive Director of the main private broadcaster Megavision (1992-1994). While initially more sceptical about TVN than most of its executives, he soon left commercial television to become assistant to the executive director Carlos Hurtado (1994-1995). Interviewed on 10/4/1995 and 18/11/1997.

26. VIDAL, AMANDA.

CHAIR OF CORPORATE COMMUNICATIONS, TVN, 1990-

Journalist. Frequently contacted. Formally interviewed on 20/3/1995.

# CORPORATE STRUCTURE OF TELEVISION NACIONAL DE CHILE



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## LAWS AND REGULATIONS

- **CONSTITUCION POLITICA DE LA REPUBLICA DE CHILE (ACTUALIZADA), LEYES ANOTADAS Y ACORDADAS (EDICION ESPECIAL)**, *Texto actualizado de la Constitución Política de 1980 que recoge las reformas introducidas mediante las leyes Nos. 19,005 y 19,097, publicadas en el Diario Oficial del 1 de abril y del 2 de noviembre de 1991.*

Edited by Mario Verdugo Marinkovic, Neville Blanc Renard, Emilio Pfeffer & Bernardo Pinto Giraud; Diario Oficial de la República de Chile, Santiago, 1992.

- **DECRETO LEY No.7,039:** (28/10/1958) Authorizes universities to broadcast television.
- **DECRETO LEY No.50:** (1973) Military Junta appoints "*rectores delegados*" in universities.
- **DECRETO LEY Nos.111 & 112:** (1973) Powers granted to "*rectores delegados*".
- **DECRETO LEY No.113:** (1973) Reforms TVN & CNTV.
- **DECRETO LEY No.298:** (1975) Cuts public funding for television.
- **LEY No.17,377:** (24/10/1970) First law of television
- **LEY No.18,168:** (2/10/1982) *Ley General de Telecomunicaciones*
- **LEY No.18,838:** (29/09/1989) Replaces law No.17,377.
- **LEY No.19,302:** (10/3/1994) Reforms Law N°18,186 *Ley General de Telecomunicaciones*
- **LEY No.19,131:** (30/03/1992) Reforms law No.18,383.
- **LEY No.19,132:** (30/03/1992) Reforms Television Nacional de Chile.