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# The Deregulation of Television and Policies for New Media Development:

A Comparative Study of the United Kingdom, France, Luxembourg and the broadcasting policy of the European Community during 1981–86

by

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## ABSTRACT

This study describes and assesses the problems associated with the development of the new broadcasting media in the United Kingdom, France and Luxembourg in 1981-1986. It also examines the implications associated with the new broadcasting media in both the audiovisual landscape and the public policies concerning broadcasting. It describes and analyses the audiovisual policy initiated by the Commission of the European Community.

This study believes that the impact of the the new broadcasting media on the audiovisual environment has been mostly indirect because of their very slow development. In all three countries, the development of the new broadcasting media has taken on an industrial dimension in terms of assisting the restructuring of their mature economies. The strongest impression to emerge from this project is a profound confusion and uncertainty about the media developments. A situation including an increased number of actors, involved both in conventional and new broadcasting media adversely influenced the latter's development.

Even though the United Kingdom and France followed a different policy path, the outcome was the same: small growth. While France followed a state-led policy, the United Kingdom favoured private initiative and the market forces. This project also stresses that although economic pressures and challenges have been a driving force for policy adjustment, technology and markets do not themselves dictate specific and institutional arrangements. Additionally, it describes the state policy on broadcasting in Luxembourg and the anxiety of its politicians to maintain the Grand Duchy's traditional role as the location for international broadcasting. Finally, the European Community's broadcasting policy is discussed in terms of another attempt to harmonise diversified national legislations for the satellite age of television and 1992's Single Market.

To the memory of my father

# ABBREVIATIONS

AFP     Agence France Presse
A2      Antenne Deux
BAe     British Aerospace
BLIC    Bureau de Liaison des Industries Cinématographiques
BBC     British Broadcasting Corporation
BRU     Broadcasting Research Unit
BT      British Telecom
BTI     British Telecom International
C+      Canal Plus
C4      Channel Four
COE     Council of Europe
CLT     Compagnie Luxembourgeoise de Télédiffusion
CNET    Centre National des Etudes des Télécommunications
CNES    Centre National des Etudes Spatiales
CCIR    International Radio Consulatative Committee
DBP     Deutche Bundespost
DTI     Department of Trade and Industry
DGT     Direction   Générale   des   Télécommunications
        (rebaptised in January 1988 as France Télécom)
EBU     European Broadcasting Union
EC      European Community (Communities)
FAST    Forecasting and Assessment for Science and Technology
FR3     France Regions 3
FRG     Federal Republic of Germany
HA      Haute Autorité
HDTV    High Definition Television
HO      Home Office
IBA     Independent Broadcasting Authority
ILR     Independent Local Radio
INA     Institut National de l' Audiovisuel
ITC     Independent  Television Commission
ITV     Independent Television
MEDIA   Measures  to  Encourage  the  Development  of  the
        Audiovisual Industry
MITI    Ministry of International Trade and Industry
NMM     New Media Markets
NHK     Nippon Hoso Kyokai
OBA     Open Broadcasting Authority
OFTEL   Office of Telecommunications
ORTF    Office de la Radiodiffusion Télévision Française
PAF     Paysage Audiovisuel Français
PSB     Public Service Broadcasting
PTT     Postes et Télécommunications
Rates   of exchange used  on £ sterling in 1985
        1£= 3DM, 10 FF, $1,80, 0,65 ECU
RCA     Radio Corporation of America

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RF        Radio France
RFO       Radio Télévision Française d' Outre Mer
RTL       Radio Télévision Luxembourg
SLEC      Société Locale de l' Exploitation Commerciale
SFP       Société Française de Production
SFT       Société Française de Télédistribution
SOFIRAD   Société  de  Finacement  des  Industries
          Cinématographiques et Audiovisuelles
TF1       Télévision Française
TDF       Télédistribution Française
UK        United Kingdom
US        United States of America
VCR       Video Cassette Recorder
VDU       Video Display Unit
ZDF       Zweites Deutches Fernsehen
WARC      World Administrative Radio Conference
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## GENERAL INTRODUCTION

Recent developments in broadcasting technology have significantly changed the potential for television transmission. Satellite-to-cable television and the universality of the TV set have created the prospect of a world market for both hardware equipment and programmes. Within this context, the United Kingdom, France and Luxembourg - as well as the EC through its Commission- have tried, despite various problems, to formulate their respective television policies. Although national particularities have sometimes been less evident with respect to the development and regulation of the new media, the political debate has remained nationally distinctive. Moreover, the new media developments have not only been related to legislative and regulatory provisions but also to political ideology and institutional politics. Consequently, Tunstall's conclusion in 1977 that the 'media are politics, business and technology' seems to fit perfectly a decade later, in the new media scene. Their relationship appears to be symbiotic and pragmatic.

We clearly live in an era of television change. Currently, people try to adjust their TV sets in a new audiovisual landscape. This study is about television policy, the development of cable and satellite television and its impact on terrestrial television and vice versa. All three countries examined must adapt their broadcasting structures to the new European environment.

At this level, the EC, and its Commission in particular, has finally proposed an audiovisual policy for the whole European television landscape after much discussion and many draft reports and consultative documents over a period of years (1982-88). This policy has been achieved by coordinating and harmonising national broadcasting activities in the 12 member states, sweeping away obstacles impeding freedom of broadcasting across them. The basic idea of the policy comes from the Commission's Green Paper, Television Without Frontiers, and the final Directive, which are based on the principle that all broadcasts should comply with the law applicable in the state in which they originate. To this end, the Commission has defined a framework that reconciles the required free movement of goods and services with the need to maintain a number of laws and other standards, including a degree of

cultural quality in programme content.

In May 1979, Margaret Thatcher was elected in the UK to lead a Conservative Government that was very critical of growing state intervention in the economy. In May 1981, the French elected Francois Mitterrand and the first Socialist Government in the history of the Fifth Republic. Both Governments were asked to bring back the prosperity of the past but their economic policies were opposed. Their broadcasting policies were somewhat similar to their general economic ones. In the UK, the Conservatives sought to open broadcasting up to market forces, attempting to expose previously regulated institutions to competition from potentially powerful new media services. They pushed forward a privatised communications system that would lead to the traditional broadcasters' disappearance of the monopoly. In France, the Socialists mixed three lines of action. On one hand they wanted to defend - but also reinforce - the public service threatened by increasing pressure from private groups and professional unions; on the other, they wanted to privatise. Moreover, new technology led the Socialists to engage in an ambitious programme of 'cabling' the country, but with much state involvement in addition to a private element. The outcome was highly unsatisfactory. However, terrestrial frequencies, where people were used to a public monopoly, were deregulated, adding three more channels.

Luxembourg, with its reputation as an international broadcaster, was in a difficult situation since liberalising television, on both terrestrial frequencies and through satellite broadcasting, was threatening its comparative advantage as a source of international and private television. Regardless of its smallness, it played an important role in the 'satellite saga' of the 1980s.

This study describes and assesses the problems of new broadcasting media development in the above-mentioned countries, examining their impact on the public service broadcasters and state broadcasting policies. It is divided into five parts. The first deals with contemporary analyses of policy-making, exploring ways of fitting communications into the fields of policy studies and sociology. The introduction defines the project's outline.

The second part examines the three countries' policies on terrestrial television and, in a separate section, the EC Commission's audiovisual policy. Surprisingly, the UK

adopted a policy of reinforcing the public broadcasting service, whereas France deregulated its system haphazardly by introducing low-quality TV channels. Luxembourg's realisation of its lack of control over its single broadcaster is also analysed.

The third part covers the policies adopted for, and the politics associated with, developing the new broadcasting media. It concludes that 1981-86 was a period of depression and discouragement for governments and players who realised that developing new media industries was going to be a long process.

In the fourth part, the industrial dimension of television, especially the new media, is examined, for both hardware and the associated consumer electronics and programme production. In both cases, it seems that there is little room left to compete with Japanese or US firms in hardware and software (programmes).

Finally, part five sums up the whole project and concludes by drawing some lessons for future developments in the sector.

# PART ONE: TOWARDS A COMMUNICATIONS POLICY THEORY - IN SEARCH OF A CONCEPT

## INTRODUCTION

One of this project's central themes is to investigate why the new media in the UK and France, and to a lesser extent in Luxembourg, have had an indirect impact on conventional (or terrestrial or over-the-air) broadcasting. It also explains how the new media have challenged the old and what their political, economic or regulatory impact has been.

This study argues that the new media's impact on conventional television was indirect because of their slow development. However, their entry has made traditional broadcasters to respond to this potential threat by adopting more competitive policies. This readjustment of traditional broadcasters seems to have given them an advantage rather than to newcomers. The situation is reminiscent of the introduction of other technologies such as television or VCRs. The VCRs lead to another major theme of this study: focusing on policy-makers' perceptions concerning the potential and capability of new technologies.

Technology became tremendously credible in the late 1970s and early 1980s - not only in the UK and France but almost everywhere. Converging technologies and their significance for the economic and industrial development of a country on one hand necessitated adapting a communications policy, transferring the focus of broadcasting policy. As McQuail (1987a; 1-4) pointed out, policy-makers had treated broadcasting as something special or different, leading it away from the study of other communications systems and phenomena and, finally, leaving it outside the public policy sphere. He also noted that until recently, broadcasting predominantly meant dissemination off the air for reception under the norms laid down by society, whereas cable and point-to-point communication were generally for private use, being subject only to technological and non-content regulation. This change, already under way, was accelerated by concrete proposals for new, integrated, hybrid networks to provide all kinds of communication services.

Broadcasting in general, and television in particular, have

always been under the government's shadow; the political
context in which they function makes heavy use of such
terms as 'public interest', 'freedom of broadcasting',
etc. McQuail (1987a; 5-6) also points out that
broadcasting policy has, until recently, been considered a
national domestic affair, a social policy matter. In
contrast, telecommunications have been the exclusive
domain of industrial and economic policies. Converging
technologies have changed this broadcasting policy content.
Television has once again taken on industrial and economic
significance as it did in the first stages of its
development. It would not be an over-simplification to say
that policy-makers viewed the development of cable and
satellite television and the associated electronics
hardware as a boost for their mature, uncompetitive
industries. They therefore initially paid greater attention
to technology and the electronics hardware industry (the
medium), rather than to the content and the programmes (the
message). Because both medium and message are
interdependent, the latter, especially its programming
production dimension, also seemed important because both
are essential to the development of cable and satellite
channels.

The policy-makers went from having active policies for
hardware and passive ones for programming to a balance
between the two. New actors, mainly from the private
sector, have entered the market while the traditional
policy actor's role has changed. For example, the previous
public service broadcasters do not feel as powerful today;
they have adopted a more commercial attitude to compete
with the new, potentially threatening entrants. They no
longer influence policy decisions as they did before. The
relationship between different levels of government has
changed. New bodies, including the Haute Autorité or its
successor the Conseil Supérieur de l' Audiovisuel in France
have been created to oversee the new environment. Other
bodies with limited power, such as the Department of Trade
and Industry (DTI) in the UK, have increased their
influence, while previously influential bodies such as the
UK Home Office, have lost their power.

Governments have clearly seen broadcasting as an
opportunity in the face of economic constraints and
uncompetitive industries. This situation has not only led
to new players but also to the sectorisation of policy-
making. Decision-making is now fragmented because of the
reallocation of power between various actors, especially

within the administrative machine. Nevertheless, the market for policy ideas has not widened: rather, incremental confusion has been imposed on the field.

The strongest impression to emerge from this study, is **profound confusion, uncertainty** and **insecurity** surrounding a complexity of actors and issues. This project examines whether this fragmentation resulted from government policies or something else. It also considers how the large number of actors involved in both old and new media has adversely influenced the new media's development. Financial constraints and government confusion about policy formulation and the policy-lines adopted at both the political/administrative and technical levels have aggravated the problem. Executing policies with respect to developing new media has been a central problem. Confusion arose because governments had to adopt policies in an era of increasing commercialisation. There was pressure to abandon the public service principles while, concurrently, technology changed rapidly. It is therefore difficult to trace a policy that relied heavily on technology.

Although satellite technology has increased, commercialisation of the services it offers has faltered. Optimism and pessimism have alternated, colouring the perception of satellite television's prospects. Technology and the pressure for a quick response to gain a competitive advantage and national prestige have constituted a tremendous and highly complex policy agenda. Because technological options are complicated (cable or DBS), the order is difficult (tree or star), and the adopted policy (state- or market-led) difficult to execute.

The UK and France followed different policies for developing their new media. France has moved optimistically, but somewhat incoherently, in all directions at the same time to modernise the country, as promised by the Socialists. The UK, on the other hand, has followed a persistent line towards privatisation, with a broad but uncommitted support among interested parties in the private sector. In both cases, however, the results were negative. Although economic pressures and challenges have been a driving force for policy adjustment, technology and markets do not dictate specific political and institutional arrangements by themselves.

It is more striking to attempt to explain how Socialist-governed France went rapidly commercial while Conservative-

governed Britain hesitated. This project takes the view that politics played the most important part in this outcome --in conjunction with the general external supranational environment -- considering that although the government remains an influential actor and the policy process remains the same, the government (or state action) is not only within a 'state-society' relationship, but also a 'state-international environment' context. Diffusion of policy ideas (such as deregulation and privatisation) has crossed national boundaries, especially within communications. During the 1980s in western Europe, there has been a tendency to open up the territory of new media, such as cable and satellite, to commercial forces rather than to dismantle the structures of public service broadcasting which have survived and, to a large extent, adapted themselves to the new environment. This study adopts a European dimension to find a balanced, rather than British-biased, perspective on the media. Looking at the Community level however, there is a gap between aspiring to European unity and pursuing self-interested goals. Broadcasting, as we shall see later, presents a suitable example of national versus international.

That European unity is no longer a matter for ideologues, but one for international competitiveness, is equally important. Communications in general, and broadcasting in particular, illustrate the European states' need to compete in world communications technology markets where a unified European market is seen as a necessary condition for economies of scale. Although we cannot presently see concrete results, an impetus has been given to the forces of commercialisation and a favourable place to multimedia, multinational actors, such as Murdoch, Maxwell, Berlusconi, Hersant and Bertelsmann. This has already resulted in commercialisation of new territories and the rise of a market model over the previous public trustee. Although a kind of 're-regulation' has been introduced in many cases, scepticism abounds on the effectiveness of the new regulations, their institutional structures, and how politicians can apply these rules. Although the new media revolution has failed to have a great effect on consumer policy, it has had a large impact on terrestrial broadcasting policy in the 1980s, causing a restructuring of the broadcasting system through existing, rather than new, technology.

To discover the factors that influence television policy, one has to go beyond the conventional view of media studies

that tend to see media as a cultural affair. This project looks at television policy primarily as a response to economic and industrial needs. But such a view is incomplete. Television policy is also a product of governments, but governments are political creatures, so television policy must be seen within the political process. As a result, this thesis covers the political and economic dimension of television management. It takes the view that political and economic variables have a definitive impact on the character and direction of television policy. The former, of course, involves asking how we can conceptualise a range of political variables and factors that influence television policy.

Consequently, we need a specific theory to help us understand the general determinants of state action. We look first at the interaction of interests, institutions and ideas in the policy process before addressing the critical role played by institutions in performing government policy. This section is devoted to the contemporary analyses of various political models and tries to find ways of fitting media sociology and policy studies into these frameworks.

## 1.1.0 COMMUNICATIONS POLICY AND POLITICS: IN SEARCH OF DEFINITIONS

'Policy' can refer to a set of explanations and intentions, to a series of actions and their consequences, or to all of these together (Kerr:1973; 73). The same problem occurs when one tries to define 'policy analysis'. As Wildavsky (1979; 15) points out, there can be no single definition of policy analysis. Indeed, there are many, such as 'the output of policy-making', ' a pattern of responses', 'a cluster of decision-making' and 'a structure or confluence of values behavior' (Kerr: 1976; 351). Hofferbert (1974; 23) adds that policy is made in a variety of different contexts, each producing different policies. Downs and Rocke (1981; 281-88) see policy as a medicine, more clinical than theoretical, and more inductive than deductive. In this study, policy analysis is defined as a general description of the subject matter under scrutiny. This avoids an unnecessary review of what policy is (and could be), as well as trivial repetition of the literature (1).

It is difficult to conceptualise policy, even as a term,

because it usually involves a wide range of issues, actors and aspects. An open-ended definition leaves the scope wide but also has the advantage of seeing a programme or policy as a means to an end. Although this could be seen as a simplification, it avoids even more serious simplifications of trying to combine the mechanisms of decision-making, evaluation and supervision that eventually involve us in a continuous discussion of analysis of policy and policy for analysis (Hamm and Hill: 1984; 1-7, Ortega and Romero: 1977; 6-9). With communications policy, the whole matter becomes more complicated: on one hand, we are dealing with a total communication process (Halloran :1986; 45), and on the other, a national communications policy as a set of principles and norms established to guide the behaviour of a communications system within a country (Unesco: 1974; 3).

Halloran (1986; 47) also points out that the term 'communications policy' has not been widely used. Such policy tended to be latent and fragmented, rather than overt and articulated. Mahle and Richter (1974; 9), quoting Rogele, agree with Halloran when he points out that the development of communications policy into a separate field or concept resulted from social problems arising out of increasingly complex communications. It is also true that the concept of communications policy is still in its infancy and has as many variations as policy has definitions (2).

Communications policy nowadays has not only been necessary for governments, but also subject to greater policy change than other area. Considerable progress in communications systems and technology has made many countries reconsider their views on using, developing and allocating communication resources. Moreover, converging technologies and their significance for a country's economic and industrial development made it necessary to adopt communications policy. A growing number of countries see the need for widening the scope of their decisions and integrating different sectors to extend the clarity that policy brings to the whole communications system (Dias: 1979; 3).

In theory, there are many descriptions of the policy process; in practice, according to Richardson and Jordan (1983: 251), two main features dominate. This difference in government approach to solving a problem is often characterised in terms of the incrementalist (or deductive) and rationalist debate. The incrementalist approach a

conflict over values, analysis at the margins, mutual adjustments, consultation, agreements, bargaining and successive limited comparisons, low coercion, 'managerial' change, and so on. Rationalism is central authority, high coercion, ability, limited conflict over values, wide search for optionS, clear objectives, a possibility of radical change and so on.

Even though Etzioni (1976) has invented a 'mixed scanned', i.e. medium approach between the two opposites, most policy analysts use these terms to clarify the opposites in their analyses. This study takes a similar approach. I adopt what Rose (1973; 74-76) notes: that understanding the policy process does not require the invention of a new repertoire of concepts or taxonomies, but that it can begin by integrating the existing stock of knowledge, albeit from a perspective that emphasises government action. If this is correct, there is a new problem concerning the relationship of a government to the other actors of policy-making, leading us to politics. Castoriadis (1984; 1-15, 1987; 3-53) insists that politics is not a technique, rather that it belongs to the domain he calls praxis. It is the activity that does not distinguish between ends and means but, instead, posits an internal relationship between what is intended, and what has already been intended. This helps clarify the politics underlying the French Socialist's policy of going ahead with the new terrestrial channels instead of insisting on the previous cabling programme. Here Hall (1986; 4) points out that politics enters the policy process in many ways: interest groups press for congenial policies, politicians and civil servants jockey for influence over the outcome, and political problems occur during policy implementation. Politics could therefore be seen as an interaction between the government's approach to problem-solving and the relationship between government and other actors or political factors in the policy process. Because the policy process is subject to political influence, taking a position on the determinants of broadcasting policy is implicitly to endorse a particular understanding of politics. Therefore, any theory claiming to explain communications or broadcasting policies must be grounded in a broader view of the general determinants of state action.

Implementing a policy is not easy and critiquing an implemented policy is equally difficult. May and Wildavsky (1978; 13) note that past policies become an important-sometimes the most important part of the environment to

which the future must adapt. Moreover, Hogwood and Peters (1982; 226-8) suggest that most 'new' policies in contemporary western political systems in fact replace old ones. New policies are not written on a _tabula rasa_, but rather on a well-occupied, or even crowded, tablet of existing laws, organisations and clients. Therefore most policy-making is actually policy-succession: replacing an existing policy or programme with another. This policy succession is recognised in broadcasting policies, especially regarding the introduction and absorption of new media and communications technologies. Even though the Plan Câble is viewed as a programme from France's Socialist Administration, the plan and its perception are quite similar to the proposals of the Nora-Minc report, commissioned by the previous Conservative Government. Similarly, Channel Four was envisioned by the Labour Government in Britain, although it only became a reality under the Conservatives.

Implementation is an important phase in the policy process. The problem of modern society, according to Crozier (1982; 5), is its complexity, reshaping the patterns of social control, and the relations of power. We suffer, he points out, more from confusion than oppression. Our actions no longer produce results. That is why there is no point choosing objectives that may be good but are impossible to achieve. Communications require joint action by those involved in the social, economic, political, cultural and foreign affairs of a country (Dias et al.: 1979; 25). This leads directly to a lack of coordination, which is one of the problems discussed in this study. Coordination at the administrative political level is essential, according to Hood (1976; 6). The conflict of authority, he notes, could weaken control, making compartmentalism unavoidable. However, as we shall see later, the external parameter is important in decision-making and in policy implementation because, as Hyder (1984; 24) points out, international obligations may specifically constrain implementation.

The environment - mainly the administrative-organisational context - is increasingly important for implementation. Deregulation does not necessarily reduce, still less remove, the difficulties of implementing policies. Rather, it alters a set of instruments available for implementing other policies, perhaps making inter-organisational relations in a given field even more difficult. For instance, deregulation has changed the relationships between the Cable Authority and Oftel in the UK, and the

rest of the broadcasting authorities in general. Additionally, deregulation is itself a long-term government policy within a wider field of application.

This study's critique of government choices is, to some extent, related to evaluating adopted policy. For example, 'retrospective' analysis usually comes too late. Evaluation can be done through controlled experimentation or retrospective evaluation, but there are many possible techniques which could be followed (Wildavsky: 1978; 5-7, Jenkins: 1978; 226-230). This study evaluates a policy on the basis of the relationship between an official statement's initial goal and the final outcome. Finally, evaluation and implementation have sometimes been seen as an alternative because they overlap, but they are not identical. Both are related to political influence in the policy arena, as this study shows. The final section examines the interaction of interests, institutions and ideas, looking again at a view of political action that particularly stresses the critical role played by institutions, the dissemination of ideology into policy and the determination of polity.

## 1.1.1 COMMUNICATIONS POLICY, SOCIAL SCIENCES AND THE SIGNIFICANCE OF SOCIOLOGY

Harold Laswell, in 1951, regarded policy science as closely associated with communications policy (3). However, it is also closely linked to social science. Therefore, one of the field's main characteristics is its multidisciplinary approach (Laswell: 1951, Brewer: 1974, de Leon: 1981, 1984) (4). Sociological theory is given priority in this study because policy issues mature within a societal context, determining the nature of political actors, decision-making structures and processes, as well as policy outcome. In similar societies, we expect to find similar policies for the same issues across political systems and varied policies across issues within the same system (Kitschell: 1986).

The multidisciplinary character of policy analysis permits anybody from any discipline to be involved in the field (5). Economists, lawyers, sociologists and political scientists have contributed and interpreted policy science and/or analysis. Laswell urged the application of social sciences to policy questions; the term 'policy science' was clearly carefully chosen to encompass all the

disciplines pertinent to a particular subject or issue area, as a means of coping with the complexity of problems (de Leon: 1984; 589). Practice supports this argument since the conditions of complexity and uncertainty require a true multidisciplinary approach, with each discipline's contributions epistemologically integrated into the study as a whole. At this point, Dror (1971; ix) distinguishes himself by arguing that policy analysis is a 'new discipline'. I endorse Wildavsky's view (1979; 15)that policy analysis is an applied subfield whose content cannot be determined by disciplinary boundaries, but by whatever appears appropriate to the circumstances and nature of the problem. This is because the problems concerning policy analysis are simply too complex to permit solution by a single discipline's biases (de Leon:1981, Weiss: 1977).

Communications policy is multidimensional by nature because it covers various faces of a society's thinking, actions, values and needs in a given time and space. The influence of economics in policy analysis, and particularly in communications policy, has greatly contributed to policy-making (Stigler:1971, Littlechild:1979, Hirschman: 1970). As Rowland(1986:173-75) notes, lawyers have played an important role in broadcasting and common-carrier policy studies in the US. Their research however, either conducted or commissioned, tends to be guided by prior interests of contending private parties and the rules of prestructured administrative practice (6). Their perspective lacks ideological appreciation, inevitably leading their research into an ahistorical, and sometimes asocietal, dimension.

A similar argument could be used against the economics literature involved in communications policy-making. But the help provided by the economic factors has not yet improved policy-making; a serious 'policy-making gap' remains between most government practices and the enormous challenges their societies face. In his recent book, Dror (1983; 301) puts it vividly: '...contemporary policy-making is not good enough to deal with the increasingly complex, difficult, and critical problems that are being generated by the constantly accelerating technological and social revolution'. The economists - and in our case the communications economists, by using more 'hard data' than other social scientists - have been able to fold information into general economic notions about matters such as market theory, efficiency, elasticity and public-versus-private goods (Rowland:1986; 173). Their models and suggestions lack 'sociological imagination', however. They

are also only partial because they adopt an administrative and economist rationale without relating it to the general societal context (7).

I have given preference to the environment embracing the policy process. The need for, as Jenkins puts it (1978;24-29), 'an ecological approach to policy' is adequate. This demands a perspective that not only considers actors and their preferences, but also the historical and social framework in which they function (discussed later). This is provided by a synthesis between the multidisciplinary character of communications policy and sociology. A sociological perspective provides us with a framework for understanding the logic of policy arenas so that models based on either 'economic' or 'organisation man' are sometimes proven insufficient to explain the paradoxes in the policy process. Different styles of rationality emerge in particular administrations, depending on the policy arena, and different areas of state activity correlate with different organisational structures of policy-making (Offe: 1984, Therborn:1978, Kitschelt: 1986).

Sociological theory, moreover, helps communications policy students explain meaning located elsewhere (8). Sociology - especially media sociology - has either directly or indirectly engaged itself in the relationship between broadcasting, the state, and policy-making issues. Studies like those by McQuail (1987a), Carey (1978), Tunstall (1970, 1983, 1986), Robinson (1980), Rowland (1986), Wright (1986), Golding and Murdoch (1977), Golding and Elliot (1979), Halloran (1986) and King (1976), provide us with a macro-perspective on media matters by addressing broadcasting and policy within society and the social process (Middleton: 1980). The broadness of sociological theory can concurrently accommodate a variety of theories from other fields (Kinlach: 1977;35-6).

Because communications policy is an exceptionally interdisciplinary field, it needs sociological guidance. The involvement of sociology in communications and policy matters is not new. For example, the Chicago School of Sociology worked, in the early 1920s, on communications policy topics that sound modern today (Wright:1986, Rowland:1986, Carrey:1975). Modern media sociology has encompassed various approaches, such as the media effects approach (Blumler and Gurrevitch: 1977), Marxist tradition (Golding and Murdoch: 1977, Garnham: 1979), and individual case studies, such as those of Robinson (1969), Gerbner

(1977), and Brown (1970). Policy matters have also been researched in depth by media sociologists such as Tunstall (1977, 1983, 1986), Weddel (1968), Boyd-Barret (1980), Schiller (1969) and Burns (1977). Sociological analyses, however, have generally been thwarted by a fragmented approach, leaving little room to develop a sociological communications policy theory (9).

There were two main problems with sociology: the general, stereotyped accusation that such a theory would oversimplify social structure; and the tendency, or arrogance, of sociology to see the other social sciences as derivatives of sociology, or its colonial dependents (Dowie and Hughes:1985; 7-9). The problem was less acute with early social scientists, when the disciplines of economics, law, political science and sociology were not an issue (14). It could be argued that apart from converging technologies, communications policy represents a convergence between grand theoretical disciplines. This is definitely not the issue here, but as Bottomore (1972; 315-20) informs us, the contribution of descriptive sociology to social policy during formulation and introduction, and the clinical role of applied sociology, has been widely recognised - especially after World War II (Castels:1981). As Garnham (1983; 314-15) argues, "in order to avoid the traps of asocial and ahistorical theories that move toward idealism at the expense of concrete analysis, media studies must re-establish its links with the mainland of social science" and - I would add - of sociological theory. Its role must be to assist policy analysis by placing it within a broader social process. As Pod (1977; 131-33) notes, in developed societies, an integrated communications system serves many processes. Thus, broadcasting cannot function in isolation from other media; it is only one of the many kinds of communication that a society needs.


## 1.1.2   FROM COMMUNICATIONS AND TECHNOLOGY...

Because this study deals with the new broadcasting media, it has a certain view of technology in general, and technological change in particular.

Rowland (1986; 167) argues that one of the significant problems with historical research backdrops for contemporary policy research is that most communications policy literature has been associated with, if not dominated by, problems of technological change. It is

equally true that communications criticism has put technological change in terms of capital investment because often the technologies adopted are quite well established and it is a matter of choosing between the existing products of Research and Development (R&D). As Lyon (1988; 4-35) argues, a technological revolution does not necessarily add up to a social revolution, but the idea of an information society fits in neatly with the western myth of progress via technology. He also argues that much of technological revolution's popularity comes from the widespread belief that technology proceeds almost autonomously, and that its effects are beneficial until proven otherwise. There have been three main approaches to the relationship between technology and communications. The first looks at technology as an autonomous variable and is frequently labelled 'technology-abundance' literature; the second sees technology as a medium of the change about to occur; and the third views technology as an outcome of social and historical needs.

The 'technology of abundance' literature has mainly been adopted by administrative agency reports and argues that the new technologies would alter the structures of communications access, production and distribution. Their assumptions were influential in the practical political sphere in the late 1970s and early 1980s. These hypotheses were derived from the so-called 'technology push or pull' views (11) and have been closely related to what McQuail (1986) calls 'media-centred theory'. This approach tends to dominate most government policy towards technology, particularly those departments related to scientists and engineers. Its position is nothing more than the technological determinism thesis, which argues that new technologies are discovered by a particular internal process of R&D that, in turn, sets the conditions for social change and progress. R&D has been considered self-generating and new technologies belong to an independent, autonomous sphere (Williams: 1974; 11-16). Vogler (1981) argues that this technological perspective tends to disembody technology from its social context regarding by political factors as consequences, rather than catalysts, of technological change.

This approach is closely related to the American tradition, especially in the media field linked to the 'Toronto School'. It also reflects deregulatory ideas and breaking up the 'natural monopoly' concept within the communications domain. Starling (1983; 197) describes the argument quite

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simply: a constant and prolific merging of technology generates the breakthroughs in the communications industry. These technological breakthroughs are, in turn, blurring boundaries, i.e. the old industrial paradigm that assumed separate technologies and boundaries between telecommunications, computing and television no longer holds. As industrial boundaries blur, regulation becomes difficult, and often unnecessary. The government response to this interindustrial rivalry has been a move toward deregulation (see Table 1 and Parts 3 and 4).

In broadcasting, the argument is that new technology such as cable and DBS, will lead to a plethora of new channels. This proliferation will destroy or break up the monopoly status enjoyed by public broadcasters (see also Parts 2 and 3). It is true that IT's impact is to cause restructuring of social and global relations. Few economists would disagree that we shall see further accumulation in the IT sectors; centralisation in media and information and hardware and distribution interests; as well as a new class system centred upon stocks, flows and contributions to information (Locksley:1985; 81-3). It is also true that high-tech developments made scientists believe in progress through technology (Bunce: 1976; 2). Although this is contradicted by historical developments, it persists. Bell(1973) stresses 'intellectual technology' as the primary tool of post-industrial society. Rosembloom (1985;195-6) points out that broadcasting industries today display consequences of post-innovations in information technologies; the continuing technology advances will make new products and services possible, creating new situations.

de Sola Pool (1983b), however, does not share such a 'deterministic' view, giving technology a less autonomous status. Pool believes that the least accurate predictions were made by those prognosticators who focused solely on technology itself. On the other hand, those who placed technology in a context of market analysis, comparing cost and demand for a product's alternatives, such as telephone, were accurate. After all, technology not only has consequences, but its introduction is often a function of other factors. Compaine (1984; 8) adds that new technology depends upon customer needs and the existing offering in the marketplace. This constitutes a less deterministic view of technology, since it deems that new technologies become available as an element of change that is, in any case, about to occur. In other words, this thesis emphasises

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other causal factors in social change: technologies are symptoms of other changes. Any particular technology is, therefore, a by-product of social process that is otherwise determined (Williams: 1974; 13).

It is sometimes true that a product made possible by technology is not produced, first because it requires other technological development and, second, the elimination of either political or institutional barriers. It is also true that technological determinism as a theoretical framework in general, and as a tool for communications policy analysis in particular, has been proposed or adopted by scholars from the US and Japan - the two countries most advanced in communications technologies and industry. There is, therefore, an interrelationship between the development of material conditions in a society, the intellectual pursuit of knowledge and the political concern for the application of knowledge. This study has, to a certain extent, regarded technology as a direct product of its society. Technology must not be allowed to determine social needs (Halloran: 1986; 56). The study considers mass media an outcome of historical change and consequence of the industry's needs to respond to demands serving social needs (Williams:1974; 13-4). It adopts the view that cable and satellite have resulted from the needs of an 'industrial-military complex' that interlinks the needs of the military to communicate, the restructuring of the industrialised mature industries and the need of these societies to maintain dominant communication roots in the world (see also Part 4).

Winston (1986) argues that there is no information revolution and that information technology history reveals gradual, uncataclysmic, business-like progress, far from revolution. Although he overemphasises the continuities between old and new information technologies, his main point is to provide us with a framework, largely adopted in this study, in which technology is assumed to be a dependent variable of the sociopolitical forces, rather than an independent variable adopted by the technological deterministic school.

### 1.1.3 ...TO INFORMATION SOCIETY THEORIES

The influence of communication technologies on the shape of economy, on profits, productivity and industrial relations has led to the theory of information on post-industrial society. These theories, led mainly by Bell, focus on the

increased power of information professionals, and how this liberates workers from the drudgery of transnational industrial labour. In response to enormous growth in the communications sector and the social, as well as political, problems that have emerged, academic research has been determined to search for a new rationale, concepts and methods for analysing the pooling and planning of communications systems (Rahin and Edgar: 1983; 3-4).

For Bell (1973), an information society is characterised by a service economy, the shift from mechanical fabrication to processing and recycling; the pre-eminence of professional and technical groups who replace the financial capital and machine technology of the profit-oriented industrialist with their theoretical knowledge and 'intellectual technology' ('game' theory, systems analysis). Touraine (1971) is less optimistic, calling this a 'technocratic society', while Williams (1974) argues that the belief in technological power tends to distort our social understanding. Mass media are considered important to the information society, and vice versa, because they are expanding and becoming more efficient at producing and distributing information ( McQuail: 1987b)- McLuhan's the medium is the message.

Machlup (1962), Bell (1973) and Porat's (1976) analyses, however, provide a concept for a new paradigm of policy research and analysis. Porat (1976) argues that because communication ability is closely linked to the power and wealth of society, it is essential for public policy to deal effectively with emerging communication problems; therefore, we must give these issues high priority. Since the technological revolution is creating great potential for expansion and change in the communications infrastructure, communications policy should focus on the level of the infrastructure ( Edgar and Rahin: 1983; 4-7).

In 1978, Porat provided a very useful and attractive framework for policy analysis by arguing that the crucial communication factors do not belong to the cultural superstructure of society, but to the basic technological and economic foundations of the information society. However, he, like other information society theorists, was influenced by a technological determinism that naturally overestimated the role of new technology in economic and social change, concurrently minimising the significance of the cultural import of new technology. Nevertheless, with some alterations, especially on the role of technology in

policy-making, this approach could be used as a framework for policy analysis because it sees distinctions between communications media, such as television and telecoms, as outmoded.

## 1.1.4 COMMUNICATIONS THEORY AND POLICY ANALYSIS

The founders of policy studies, especially in the US, such as Laswell, Lerner and Lazarsfeld, also greatly influenced the first steps of American communication research (12) because they were principal actors in both fields. According to Rowland (1986; 165), key elements in each field were influenced by the behavioural, normative theory for a full generation. Although both fields have been distinguished in more self-conscious fields, communications theory and policy models have converged (Rowland:1986;166).

Communications research was established and developed mainly as a response to the perceived needs of the media industries (13). This kind of research has been associated with so-called administrative communications theory; a whole methodology has been formulated to study the media. It is not strange that this approach - widely called administrative research - has been developed in North America and is strongly related to the functionalist sociology. It was especially influential after the New Deal, when the use of radio, re-expansion of popular films, and the full circulation of popular commercial press stressed the need for co-operation (14) between state, business and academic community (Rowland: 1986;166-8, Halloran: 1986; 55-8). By and large, American communication studies have also been involved in the media effects debates (15). As Carey (1977; 408) notes, this communication research situation mirrors general patterns in social science (16).

In Europe, communications theory has been influenced by the Marxist tradition and its new bodies of thought, such as structuralism. It has adopted a more critical perspective on communications issues and is frequently called critical, or qualitative, research and analysis. These two approaches - with some variations - have been the main currents in communications theory (17). The debate between the two ideologies (18) has also reflected communication policy issues debated intensively in various international fora, especially in Unesco and the International Telecommunications Union (ITU) in the last 20 years. Debates such as the New World Information Order and/or the

decrease of imbalance between international communications are examples.

Nevertheless, there has been a lack of interest concerning policy action. In the early 1970s, Nordensteng (1972; 38) notes that television and mass communications, previously dominated by their technical characteristics and daily journalistic problems, were discussing the role of the media and communications institutions by emphasing greater social and political importance. Two years later, Pool (1974; 31-38) proclaimed the existence of a communications policy research field, but his description only narrowly appreciated the implications of change in its celebration of technological change and 'academic entrepreneurship'. A little later, Katz's report on British broadcasting (1977) centred on: (i) the nature of policy research and the BBC, (ii) the history of mass communication research, and (iii) the isolation of proposals from any infant social theory. In commenting on Katz's approach, Carey (1978;114-6) argues that formulating research priorities in terms of policy research is not likely to improve the research situation, which is grounded in institutional needs, rather than on theoretical dispute or persistent ideological dilemmas. He also notes that mass communications research history must include, as a parallel, a history of the changing world of mass communications, of these institution's purposes, the audiences that gather to them and the social structures they more or less shape. But these suggestions obscure, rather than clarify, the extent to which communications theory assists policy-making and analysis.

Balle and Rogers (1985; 293) point out that the Europeans, particularly through the critical approach, have correctly given much more emphasis to policy issues. Two main schools of European thought have come from France and Germany. As Flichy (1980b; 179-182) notes, French mass communication research for the last 12 years has focused largely upon semiological work, and only very recently on economic and political communications. Scholars like Souchon (1980), Flichy (1983, 1984), Attali and Stourdze (1977), Wolton and Missika (1983), Ledos et al. (1986), Miege (1986), Nora and Minc (1978) and Matterlart and his colleagues (1984, 1986) have only recently presented work that tries to interlink communications with policy issues and problems. Nevertheless, the French school has been more famous for its semiological research on content analysis, rather than for research on policy issues. Baudrillard (1972, 1978), for example, regards the audience as not being manipulated

by the media, arguing that the masses resist the media by their silence and their blind existence. The Germans, on the other hand, look at policy issues from a legal perspective. For example, Scherer (1986) and Kubler (1979) provide useful overviews concerning both broadcasting and telecommunications policy issues, but with a legal slant in their analyses.

McQuail (1986; 27) asks whether communications theory is adequate or offers guidance in future choices concerning the media. He notes that the existing theory seems to offer a choice between monolithic media (such as state-run) or a neutral arena in which power struggles are played out between more-or-less equal competitors. Finally, McQuail argues that although there are some deficiencies, the existing theory provides a framework regarding relations between media, society and their audience. Similarly, Rice and Williams (1984; 5-12) point out that much existing theory is still relevant to the study of new media, but that it must be modified to take their unique characteristics into account. I certainly agree that communications theory provides us with a framework for analysis in the policy domain. Nevertheless, it is difficult to know how, and to what extent, one can transfer theories/concepts from communications to the policy process without basic modifications. However, relying on analogy, one can draw on constructs or relationships that are already known, helping us understand difficult situations in the communications process and, most importantly, predict some future developments (Steinfield and Fulk: 1987; 479-82).

But this is not easy. Despite arguing that a policy is a movement towards liberalisation, denationalisation or privatisation of broadcasting, policy analysis cannot be solely based on these assumptions. The conceptual framework provided by communications theory, if transformed to policy analysis as it is, will generalise and lead to false positive findings, thereby losing the gains provided by communications analysis and research. On the other hand, assuming that the policy process operates identically whatever the policy area, findings from any other area could be equally generalised. I want to stress that communications theory provides us with a framework that facilitates our understanding of communications policy-making. Yet policy science provides us with a further understanding of public policy. To the extent that both fields of communications theory and policy science managed

to produce a conceptual interaction between them, communications policy studies were in position of providing with a reliable analysis. By relating one theory to another, in a parallel fashion, there is reciprocity between the two. Therefore, relying on only one field of thought may lead to one-sided explanations regarding the complex communications policy issues. It would be better to apply one field to another. This synergy could lead to valuable modifications in our original understanding of the theories of both fields.


## 1.1.5 COMMUNICATIONS RESEARCH AND POLICY

The debate between administrative and critical research has a long history, originating from the opposition between empiricism and rationalism concerning the purposes of social science and knowledge. I do not describe or analyse the arguments of one approach against the other, but attempt to see whether the findings of either 'stream' help policy and policy analysis, providing useful guides or suggestions for the policy-maker facing an uncertain future. An example is the potential of new media. Various research agencies, private and government, have submitted estimates. CIT Research reckons that BSB can expect 150,000 subscribers after 5 years of operation. BSB, on the other hand, expects that 5 million will be receiving its channels by 1997. SES estimates 6.8 million, 40 per cent higher than BSB estimates. Pan European Television Audience Research (PETAR) showed in 1987 that satellite channels had a 35 per cent share viewing in West Germany, 28 per cent in Britain and 27 per cent in Scandinavia in households able to receive them (<u>Cable and Satellite</u>: February 1988).

If the results do not correspond with reality, a completely false strategy could be set up. It is true that market-forecasting in any sphere is not exact. However, it is closely related to the so-called administrative (market/quantitative) research. The fact that there are such wide variations in predicting the likely penetration of satellite channels is symptomatic of a wider failure to grasp what current research, especially administrative research into television viewing, has to say about the prospects for new channels. Regardless of the great expense of such projects, the level of audience understanding remains too limited. For example, the above-noted PETAR research was conducted among cable subscribers who have already demonstrated a greater - than - average tendency

to want more choice. Therefore, it fails to take into account the many potential viewers who decide not to subscribe to cable when given the chance. Eighty-four per cent of households in the UK that come within reach of cable chose not to subscribe. In other words, satellite channels' share of their total potential audience is not 29 per cent, but rather less than 5 per cent. On the other hand, there has been little synthesis, integration or development of explanations in these research findings. Ironically, most studies have concluded that more data are needed. The policy-maker, therefore, is trapped in a methodological quagmire that permits him to see whatever is good for the planned business. In relying on administrative research, he has to proceed inductively, generating observations and depending on _post hoc_ explanations. Moreover, his policy-making becomes hypothesis-driven, typically drawing predictions from the findings of quantitive research and becoming fragmented (Carey: 1978; 408-10, Smythe and Dim: 1983; 117-120).

On the other hand, although critical communications research is, to some extent, more appropriate as a dominant mode of inquiry (since it is driven by the logic of theory), it is weak in many respects. It often fails to meet empirical criteria for causality, interference and explanation (Pool: 1983, Stevenson: 1983). Because it sometimes suffers from 'ecological fallacy' (Stevenson: 1983; 72-4), it avoids measurement and illustrates, rather than tests (Reel: 1984). In the example above, a critical communication researcher would ask about cable and satellite channels 'for whom and under what terms these new channels' - a question that often leaves no space for alternative answers. He would also ask whether the findings correspond to industry interests, rather than to those of the viewer.

It will be difficult if the policy-maker wants only one approach. The first is efficient, but without conceptual orientation; the second explanatory, but less manageable. In dealing with the complexities of the socioeconomic problems, he will attempt to find solutions from a range of complementary approaches. Not surprisingly, there has been a recent trend in the communications field to follow a middle path between these two approaches (see Blumler: 1977, Brown:1970, Tunstall:1983, Balle and Rogers:1985, Stevenson: 1983, Smythe and Dim: 1983, Curran et al.: 1982).

It is not strange that theorists from policy science, such as Lazarsfeld (1941), have asked for a compromise. Hirschmann(1976) asks whether adherence to any model might not constrain, rather than guide, especially when dealing with uncertainties that pervade public policy issues. If this is right, then the appropriate stance for judging an underlying communications policy theory is more modest. This means a gradual Kuhnian accession of workable approaches (Laswell and Kaplan: 1950; xxiii, Kuhn: 1972). When these two approaches enter the policy field, cooperation between them and constant understanding within the spirit of synergy that communications policy and theory can provide is needed. This mutual attraction must also attend to the relationship between communications policy and research because, as Crozier (1982, 4-36) argues, the problem of modern society is one of reshaping the pattern of social controls and relations of power.


## 1.1.6 THE VALUE OF A COMPARATIVE APPROACH

According to Edelstein (1982;12), a comparative study compares two or more nations with respect to common activity. This study is concerned with a comparison of the broadcasting system - and particularly television policy. Every western European government has some sort of problem with its broadcasting system that will keep communications scholars busy for decades.

The new communications revolution is important for the most modern, and particularly western, societies. Relationships between new technologies and societies give different values, cultures, political systems and legal institutional arrangements for developing and managing communications technologies (Dutton et al.: 1987; 3-6). Pool (1977; 130-1) notes that there is no 'state of the art' concerning the organisation of a broadcasting system. But comparative studies of television in various countries that deal with questions of monopoly, government or commercial control, taste, quality - and recently some regarding 'new media' and 'old media'- can provide us with cross-national approaches. They show how other countries organised their audiovisual sectors and responded to new challenges. For example, older comparative studies such as Pige (1962), Dizard (1966), Emery (1969), Unesco's studies, and recent ones by Head (1985), Negrine (1985), Kuhn (1985, 1986), Dyson and Humphreys (1987, 1988), Mattelart and his colleagues (1984, 1986), Balle and Rogers (1985), McQuail

and Siune (1986), Mac Cavitt (1981), etc.; provide suitable examples for comparative broadcasting studies.

The first justification for comparative policy is that the principal problems - here, broadcasting deregulation and new media's development - faced by one western government are often similar, if not identical, to those facing its neighbours. Think of collective concern arising from satellite broadcasting. These issues particularly affect the EC countries, as we shall see in Part 2. Dutton and his colleagues (1987; 5-9) note that past ways of distinguishing different nations' approaches to the new media appear overly simplistic and general. All too often, international differences are reduced to such dimensions as public versus private ownership of the media, or monopoly versus competition, without duly considering other distinctions that might be drawn between nations. Comparative studies of political communications systems, for example, indicate that the differences between nations are more complicated, varying in ways that are not commonly highlighted in discussions of American - versus - European approaches in communications.

The extent to which common problems result in a similar response is practically and theoretically important (Rose; 1973). Administrators may justify a comparative approach with the prospect of their government borrowing policies or learning lessons from another country. This is particularly true in the case of new communications technologies where one country examines the effects of a policy adopted in another and tries to trace its own policy path. Moreover, every study of public policy, however narrowly defined, involves either implicit or explicit comparison (Rose: 1973; 69, Laver; 1986; 7). Cross-national comparison undertaken consciously simply adds a new dimension to our comparative perspective, raising the possibility of much richer insights concerning the influence of <u>cultural milieu</u>, political competition and government structures on characteristics of public policy (Cyr and Leon; 1975). It helps avoid generalisations or provides additional limitations and constraints on policy-making.

Comparative analysis requires us to test our findings on more than one nation. This generalisation could also be its weakness (see below) because it requires deft handling of very complex, diverse information, but it can lead to more stimulating and incisive conclusions on specific and

general policy levels. Comparisons across space, according to Rose(1973; 69-70), may refute any proposition of international inevitability; comparisons across time emphasise the mutability of policies. But comparison is also valuable because any such study provides raw data for analysing a 'non-decision' - that is, why one of the countries did not decide to do what the other did. The literature on the empirical study of power has given considerable attention to the theoretical and methodological problems involved in studying what governments do not do.

An important difficulty in analysing television policy in western Europe results from a lack of systematic and reliable data. This also occurs in the general fields of policy. Richardson and Jordan (1983; 247-55) inform us that policy-making and implementation in Europe have become much more difficult over the past decade because of the complexity of modern societies. Grosier (1982), describing complexity, uses the clever analogy of the light switch: turning on a light is a simple act, but it is only made possible by the development of a large and complex structure that produces and distributes electricity. Nevertheless, it seems reasonable to suggest that there are identifiable trends in the European policy process that could have important consequences for the managerial capacity of government.

It is argued that comparative research is particularly difficult to conceptualise, organise and implement. The greater the number of countries, policies, or time periods considered, the less a single individual can know in detail (Cyr and Leon: 1975; 375-6). Furthermore, the broader the concept's frame of reference, the greater is likely to be the difficulty in applying its generalisations to anything in particular. A description of universals tells us little about a world that varies. Approaching comparative analysis in terms of straightforward examination of policies' differences and their outcomes does not begin to address the sorts of problems which may appear. Cyr and Leon (1975; 376) point out that it is often quite impossible to define whether different policy outcomes are due to variations in the specificities of policies themselves, in the general cultural milieux in which they operate, or some combination of these. They continue by pointing out that similar problems arise when structures of policies, rather than their outcomes, are studied. Richardson and Jordan's (1983; 247-8) 'policy-cycle' concept drives towards central

questions related to the effectiveness, approach and tactics of a government attempting to solve societal problems. Moreover, as Lowi (1964; 678) notes, any policy sector may itself exhibit more than one policy style. Whether focusing on policies or outcomes, comparative analysis faces an intellectual thicket.

We must therefore not be over-optimistic about the validity of our results; we must be open to new resources. As Laswell (1968; 5) points out, the comparative method's vitality will depend on whether the expansion of the stock of 'facts' accepted as relevant is accompanied by methodological changes that render facts indispensable to understanding and managing the policy process. Therefore, theoretical constructs must be matched with carefully collected data and evidence, both quantitative and qualitative. Finally, if comparative communications policy studies are to be extremely valuable in formulating our communications systems, future decision-makers need to recognise the limitations and generalisations of any analysis.


**1.2.0 SOME THEORETICAL EXPLANATIONS OF STATE ACTION AND THE MEDIA: IN SEARCH OF A FRAMEWORK**

The media and politics have a symbiotic relationship. In seeking to comprehend the complexities of the media and policy process, scholars from both fields have constructed a number of models to analyse the growing impact of electronic media on sociopolitical and economic life and, on the other hand, the role of the state and state action in modern society in general, and in the media in particular. This section describes a range of approaches or models of state action and the media.

The analogy and synergy previously described become useful for understanding politics and policy action because knowledge of the policy process can be applied to communications policy. As Havic (1983; 16-7) points out, communications issues tend to share common characteristics, such as low visibility or receiving little public attention. On the other hand, analysing communications issues in terms of the state directs our attention to a single, general problem: the interrelation between the governing institutions of a country and other aspects of that society. Following the widespread adoption of Keynesian economic management policies, the modern state

has become more closely involved in operating not only the economy, but other aspects of society as well. State intervention in the communications area ranges from facilitating industrial development through subsidies and tax concessions, to direct public ownership of certain industries or enterprises (see Part 4). The state has recently been the subject of considerable discussion, making theoretical analyses look more sophisticated although 'sometimes no less confusing' (Scace: 1980; 3-4). Political sociologists have become more interested in state and economy than socialisation and culture; they employ generally more critical and diverse approaches (King: 1986). A similar tendency has occurred in media studies with a trend towards examining the political economy of the media (see Garnham: 1979, Golding and Murdoch: 1977). Nevertheless, trying to explain state action has led to further fragmentation of the policy field. Various approaches, as in the case of communications theory, have been developed to analyse state action. This section is a modest attempt to develop a distinctly political perspective on communications policy and state action.

First, I outline some models for understanding state action in our modern democratic capitalist societies, showing different interpretations of the recent trends in communications, particularly broadcasting policy. Second, I attempt to transfer these interpretations of state action to the broader domain of communications. Third, rather than offering definitive conclusions on the best way of explaining the relationship between state and communications policy, I suggest a wider model that is open to various suggestions and alternatives.

Because I aim to suggest, I limit my critical assessment to a modest critique within each model. These models may not be wrong, but this does not necessarily mean that they are right. Baudrillard (1983) argues that the models now determine, rather than represent, reality and that stable positions of power or discourse can no longer be determined. The models chosen in this section do not necessarily represent all tendencies in policy theory, media sociology or, even less, in international relations. Although theoretical and empirical work on these approaches has so far been inclusive, recent research (Kitschet: 1986, Gurrevitch: 1978) notes the compatibility of different explanations rather than a simple-zero sum competition between them. I will attempt to explain the reasons for adopting a model for politics and polity that commences

with domestic society and extends outward to incorporate information about the external environment. I also consider the state as a primary unit of analysis and the basic unit for action. Thus, I think that the state also enjoys a 'relative autonomy' from both its internal and external-international environments. I therefore regard state action in terms of the state's performance with respect to these environments.

## 1.2.1 FUNCTIONALIST APPROACHES

Functionalist approaches usually start from the hypothesis that political life should be seen and understood as an organic whole. Similarly, they see the media as one of society's essential subsystems, contributing to society's internal integration by consistently responding to its demands and needs (McQuail: 1987b, Brown;1970). Schudson (1986; 44-5) notes that functionalism holds that audience experience of the media provides people with a sense of connection to the collective whole that few other institutions can rival today. This approach essentially depicts media as self-directing and self-generating within certain politically negotiated institutional rules.

At policy level, every part of the political arena is believed to be interrelated. Euston (1967; 53) notes that the operation of one part cannot be fully understood without referring to the way the whole policy process operates. The task is to determine the structures on both levels that contribute to maintaining the system. In terms of sociological functionalism, this is associated with two themes: that societies are increasingly complex and differentiated, so that social roles and institutions are progressively more specialised; and that the differentiation of society takes the form of modernising, the developing industrialised countries with liberal states. The conservative version of functionalist analysis regards the political system as a distinct area. In another version, state action requires a particular economic system (Gough: 1978; 4) or it is regarded as a 'pawn' of interests (Dahl: 1963; 50-1).

According to Hall(1986; 5-6), these theories need to account for the systematic variation of the policies of different nations: they explain too much. A state action, then, is a cluster of actors, institutions, decision-making processes and outcomes, as well as the causal relationship

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and interplay between them. Thus the power becomes situational, operating in specific circumstances over specific issues (Mosco:1988; 113); state action impartially reflects the preferences of competing interests. According to this approach, one could imagine the state overseeing a marketplace of competing interests, with no single interest capable of controlling decision-making.

Functionalist analysis responds to some of its main critics by transferring the concept of dysfunctionalism into policy analysis to explain contradictory policies in the complex environment of contemporary political analysis. Functionalism creates an extended state whose price is increased policy complexity and interdependence (La Potre: 1975; 4-5), but the functions performed by a system are vague. Some speak about 'accumulation' and 'legitimisation' functions, others note 'creative' and 'control' functions, and others argue that the state performs 'recruitment' or 'integration' functions (Kerret et al: 1962, Ham and Hill: 1984, Dunleavy and O'Leary: 1987, Hall: 1985, King: 1986).

The main weakness of functionalist analyses is that by having to build up such a broad range of structures to confront or accommodate almost everything, they 'explain nothing' (Hall: 1985,5). This could be seen in the developmentalist theories of the 1960s (see Lerner: 1958, Schramm: 1964, Pool: 1971, Rogers: 1963), which linked urbanisation, media growth and industrialisation with social progress. Moreover, the emphasis given by functionalism to the compatibility of subsystems is problematic when analysing dysfunctional or contradictory policies and structures. As Hall (1986; 7) argues, 'it is virtually impossible to derive structure from function in a systematic and non-arbitrary way. It may well be that the policy and economy are a system in some sense of the term, but if so, it is by virtue of the institutions that present individuals with a matrix of incentives which render them interdependent, and link their behavior to the nature of the system'. Structural functionalism only works by giving constant priority to structure rather than to function.

## 1.2.2 CULTURAL APPROACHES

Television policy differs between societies and nations because there are different cultural attitudes to what is, and what is not, proper matter for public concern. 'Culture', as a collective product of a particular society,

can also determine and explain state action. The behavior of politicians, policy-makers and administrators is strongly affected by the political culture in which they have been socialised and operated. Therefore, policy is a social activity whose form will be influenced by the time and place in which it is conducted. The cultural approach takes this truism as a starting point.

Gurrevitch and Blumler (1977; 262) note that apart from the procedures and mechanisms evolved by political and media institutions to govern the relationships between them, all political systems generate principles derived from the tenets of the political cultures which regulate the political role of the mass media. Taking the structure and regulations of broadcasting media in the US, UK and France, for example, these structures could be analysed in terms of competitiveness, public service ethos and statism, respectively. According to this approach, the political culture of a society formulates a system of empirical beliefs, symbols and values that, in the final analysis, define the conditions under which a political action takes place.

This political culture could also vary across classes, ethnic groups and generations within a nation, as well as across nations. The main point of this approach is to describe a policy-style corresponding to national cultural terms. The problem is that it underestimates the importance of economic rationale. It sounds wonderful to say that the BBC or ORTF were products of the public service ethos in the UK and the statist Rousseaunian aspirations in France, but in doing so one forgets the economic incentives behind this development. Similarly, the need to modernise their mature industries should be explained in terms of creating political culture demanding more choice and more freedom. One has to accept that deregulation and privatisation have resulted from a shift in values and attitudes that favours greater reliance on private markets. Clearly, if functionalist analyses explain too much, cultural approaches explain too little.

Furthermore, by assuming that decision-making is only associated with political culture as a whole, one must also assume that policy should be affected by a whole range of 'subcultures' because every institution and administration provides its own behaviour and culture. It is true that examples like the 'old boys' network are heavily related to this, but it would be abstract, and perhaps arbitrary, to

accept this and argue that, for example, British broadcasting was shaped by the broadcasters. If it is so, then 'broadcasting is too important to be left to broadcasters' would be void.

The cultural approach, however, provides a useful example concerning diversity within a state, on one hand, and the influence of a culture on policy on the other; culture is, after all, a direct product of its society. Nevertheless, when we attempt to analyse policy in terms of cultural norms, the context within which these cultural norms have been developed is forgotten.


## 1.2.3  POLITICAL ECONOMY APPROACH

Contrary to the cultural approach, the political economy approach adopts the view that the increasingly complex structure of advanced capitalist society makes it difficult, if not impossible, to separate policy production processes from the economic process (see Garnham:1979a, Hall: 1982, Golding and Murdoch: 1977, Williams: 1972). According to Mattelart and Stourdze (1985; 4-6), this relationship becomes more complex and stronger as the communications industry becomes dominant.

The political economy approach, related somewhat to orthodox Marxist tradition, is mainly represented in media theory by Garnham (1979a,b) and Golding and Murdoch (1977). It regards media as economic, rather than ideological, entities with two roles: directly as creators of surplus value through commodity production and exchange, and indirectly through advertising in creation of surplus value in other sectors of commodity-production. It assumes that analysing communications problems should start with studying ownership, management and economic structure, as well as the market forces in which media operate. It also takes the view that the dynamics of cultural production industries can mainly be understood in terms of economic determination. In doing so, this approach attempts to bring light to the real nature of communications policy problems in advanced capitalist societies (Edgar and Rahin: 1983; 4-6). Therefore, in terms of policy formation, structures of power and the economic system, as well as economic and circulation issues, determine state action.

The strength of this approach lies, in general, with its capacity for proposing empirically testable market

determinations, although evidence is circumstantial, numerous and complex (McQuail: 1987b;64-5). In terms of policy action and formation, it relies on an overly simplistic image of social structure that takes economic class into account but treats sectorial, territorial and cultural differences as politically insignificant (19).

Incidentally, Hughes (1981; 20-2) notes that this approach challenges the Poulantzarian 'relative autonomy' concept (see later). This approach leaves no possibility for the media to be anything except the servants of monopoly capitalism, leaving no room for programme production to reflect even the contradictions of capitalism(20). In terms of policy analysis, this approach often resorts to ad hoc categories, such as class factions or non-class actors, and comes out with results that all phenomena are ad infinitum in the sole direction of benefiting the dominant capitalist class. However, the fact that it draws our attention to power as a systemic (Mosco;1988; 117)- and consequently the media as expressions of power - calls the analyst to comprehend more than power's manifestation and policy's formation in situation and structure. On the other hand, it is necessary to expand the focus of analysis beyond the usual 'class-power relations', if we want to examine policy formulation and execution.


## 1.2.4 PUBLIC CHOICE APPROACH

This approach of polity is also known as rational choice theory, social choice theory or mathematical choice theory. Its principal unit of analysis is not whole systems, but individuals, usually understood as rational actors. Polity is a conception among individuals whose aims are access to power or scarce resources, where the means have been rationally calculated to achieve the ends (Dunleavy and O'Leary:1987; 55, Hall:1986; 8).

Some pluralists (Barry:1978, Hardin:1982), and even Marxists (Roemer: 1985), have used public choice methods to develop their arguments. However, a majority of public choice scholars espouse political values and policies normally associated with conservatism or market liberalism. Sometimes there is also a correlation between public choice and new right approaches(21). The early search for simple theories that can be tested against empirical data has driven many public choice theorists since the early works of Downs(1957) and Buchanan and Tullock (1962). Against the

clutter of political science or sociological analysis, sparse but rigorous frameworks offer far greater potential for explaining potential phenomena and for suggesting improvements. This approach's main position is to see the government as a piece of machinery, like the market where individuals (or resource-maximising agencies) can achieve their goals. Thus, policies are best explained in terms of the outcome of the game-like contest in which individuals, or institutions acting as individuals, compete for resources and the support of electors who are seeking to maximise their personal revenues (Hall: 1986; 8-9, Seldon: 1976; 45, Gray and Jenkins: 1985; 36-45). Politicians and administrators as self-interested, rational, maximising actors become as important in policy as economic variables. The appearance of dominant images or ideal types, such as politicians, results from this. Accordingly, one could say that Mrs Thatcher or President Mitterrand dominated and determined the broadcasting structure, rather than the economic situation, in their respective countries.

This approach can sparsely and simply explain behaviour. Hall (1986; 12) argues that 'a more accurate assessment of the merits of state intervention must begin not only from an institutional understanding of the dimensions of state intervention, but from a more explicitly institutionalist analysis of market behaviour itself. Even though this is done, the often rigid distinction between market-based and state-based styles of action can be called into question'. Wade(1979; 359-74) also states that any link between public-choice analysis and its prescription is apolitical. She also claims that even if public-choice analysis were valid, its very validity would make the reforms it suggests unlikely and impossible by forgetting history and ignoring political science literature. Recently, public choice has moved towards organisation theory, devoted to the discovery of laws applicable to the operation of all administrations. Significantly, by doing so, it adopts a perspective closer to bureaucratic politics than to the public-choice sphere.

## 1.2.5 GROUP AND INTEREST THEORIES

This approach's essential unit of analysis is neither the political system as a whole, nor the individuals within it, but social groups or classes who conflict within the polity. Policy, therefore, is best explained as a direct product of group - particularly higher - level groups - conflict and/or bargaining. Such groups have many roles and

their influence varies at different stages of the policy process with which they are involved. Power is the outcome of competing and struggling interests organised into groups. Macridis(1977; 322) notes that ideology, values, the state, the formal organisation of political decision-making and the content of decisions are determined by a parallelogram of group theories. This 'presumption of inertia' suggests that people lobby or protest to influence policy issues very close to their own interests and about which they already know a good deal. Therefore, the conscious choices by actors and groups that have common and identifiable goals and purposes is significant because some policies emerge from the formation of a winning coalition(22) among mobilised groups(23). Specifically, close examination of interest groups would be useful for policy.

Group theories became the model for pluralist analyses during the 1950s and 1960s, when they were used to attack state _monism_ and justify the idea that group interaction can produce a social equilibrium. Moreover, vigorous group conflict/bargaining must be expected in any complex society; pluralists are equally confident that competing groups' influence over policy-making is closely related to the democratic polity. Such a polity entertains the demands of all potential groups offered access to political power, while the prevalence of overlapping memberships among groups reduces the likelihood of sectarian conflict (Hall: 1986; 12-3, Gray and Jenkins: 1985; 38-40, Polsby: 1980; 56-67). This perspective views state-media relations (24) as a product of political bargaining among interest groups representing all segments of society (Mosco and Herman: 1980).

In this perspective, government policy takes more notice of intensely influential groups than those with weak preferences. Broadcasting structure is therefore influenced by lobbying and pressure of interest groups, rather than by the state; the bargaining process among interest groups leads to the formation of general state policies, including policies on mass communications (Krasnow and Longley: 1973). Thus, the state is a 'coding machine' - a passive vehicle through which input is processed. The state generally mirrors or responds to the balance of pressure groups in civil society (MacPherson: 1973). Policy is law-making, and law-making is the legislation of victories in pressure-group contests. A variation of this analysis could also be seen from a left-wing perspective by replacing

interest groups with social classes or class fractions and replacing their interests in the production mode.

This approach's strength is that it provides a framework for policy analysis which shows coalitions between or within groups in any polity. It allows us to investigate three factors as determinants of policy: the interests of these groups, their actual capacities, and the skills they can bring to coalitions. From a wide range of policy alternatives, the policy will be constrained by relative balance in class power. A problem arises when actors or groups appear to act against their interests. What is, for example, the consumer's say in the policy decision-making regarding the deregulation of broadcasting or in the famous 'more choice' policy signal? In cases like this, it could be argued that the consumer's real interests are not more often expressed by narrow consumer associations and/or broadcasters or other political unions behaviour.

Therefore, the concept of consensus is misleading, taking a subjective, rather than objective, view. It is rather a matter of conflicting interests and pressures among elites and between groups and/or classes. The latter leads us to wonder whether something is missing from the whole analysis. Such an analysis needs a more extensive and sometimes exhaustive range of data on the basis of interest and power as well as class interest and class power. Dahl(1961; 164) recognises that leaders do not merely respond to the preferences of constituencies but also shape these preferences. Thus, one could ask whether the consumers want more choice, or if it is their leaders who do, since information largely depends on people other than the consumers themselves. Such an analysis 'would involve a more complete investigation of the organisations, agencies and institutional structures that envelop social structures and the state'(Hall: 1986; 13).

In a modern complex society, institutions and organisations often mediate between power and its distribution (Allison: 1971; 4-23). Deregulation in action could be seen as a form of intervention that advances managerial efficiency by overcoming the fragmentation caused by dominant interests' capture of state agencies (Mosco: 1988; 117). One must therefore look at the organisational level to understand a policy. Accordingly, researchers need to be extremely cautious in going beyond actors' expressed preferences in analysing power relations (Polsby: 1980; 8). Hall( 1986; 13-4) points out that even a group's self-understanding and

interests can be shaped by its patterns of organisation and the organisation of its contenders.

Similarly, Lukes(1974; 23-4) argues that people's interests are shaped by socialisation, education and the mass media and that real interests can only be established by examining what they choose when relatively free of these constraints. Furthermore, according to this approach, policy-making must be a continuous, incremental process. As noted above, policy outcome could be found in coalitions of interests. However, this perspective does reveal whether these coalitions are between groups or their leaders. Snider (1987; 317) notes that without any theoretical specificity concerning the differential ability of states to transform resources into political strength, seemingly counterintuitive results are easily misinterpreted. Nevertheless, the class interests picture provided by this approach assists our understanding of various developments in the communications sector in general, and broadcasting in particular. This perspective particularly explains how policy-making and state action are affected by interests and coalitions of interests.


## 1.2.6  STATE-CENTRIC THEORIES

The 'state-centric' approach has recently become important in determining policy. Although it has two variations, left and right, both argue that public policy is not primarily a reaction to pressure from interested social groups. On the contrary, state preferences are at least as important as those of civil society in accounting for what the democratic state does and does not do. The state is not only frequently less subject to societal pressure than previously imagined, insofar as it regularly acts upon its preference, but it also becomes relatively autonomous when its preferences diverge from the demands of the most powerful groups in civil society and it imposes those preferences against societal resistance (Nordlinger: 1981, Hall: 1986, Saunders: 1981, Hill and Ham: 1984). The state's strength consists of its capacities to be autonomous and to act (Hoffmann: 1983; 23-8). The latter depends on the state's organisation and the balance between its scope and resources.

From a pluralist perspective, the state is regarded as a broker (Dunleavy and O'Leary: 1987; 86). Public policy is a part of the state apparatus. State administrations,

agencies, politicians, parties and governments have their own preferences. The state as a broker, as an intermediary, might be constrained by clients and other interests, but it is more autonomous than a cipher, a machine or mirror. It is rather more than a mirror, since it is self-seeking, neither mirroring society, nor neutrally following public interest. The state as a broker is therefore not a distinct organisation easily demarched from the rest of society. It is an autonomous actor, formulating independent preferences and objectives that cannot be reduced to an aggregate of private preferences or the interests of the dominant class.

This approach highlights variables such as the territorial and functional centralisation of the executive branch, the domination of the executive over the legislature, and the control of material and informational resources by the ability of policy instruments to change civil society. Krasner(1988; 43-56, 1984; 224-230), for example, notes that a conception of the 'national interest' led American policy-makers to develop a foreign economic policy independent of domestic pressure. He also points out that the central characteristic determining the state's ability to overcome domestic resistance is its strength in relation to its own society (Krasner: 1978; 55). The state is not neutral or passive, consisting of many formal and informal pressure group activities. This approach, indirectly related to the 'realism school' in international politics, provides a tool for understanding the policy process and corrects other approaches that underestimate the state's role.

This approach's main problem is that it disallows societal influences. Deutch (1963) and Heclo (1974) note that policy-making should be seen less as a struggle for power and more as a process of social learning. This view is related to the previously mentioned policy succession. It also explains that policy formation is a process of solving the puzzles generated by the often unintended consequences of past policy. The problem is that we are entrapped by 'conservatism of policy' because every policy is not only new, but merely reconstructed incorporating previous policies. As a result, we are bound to history. History doe not necessarily provide the same lessons to all. For example, the early privatisation of British electric telegraph and the privatisation and ensuing chaos of the early 'radio days' in the US, UK and France make one person avoid a similar policy, but to someone else, the multiplicity of outlets and freedom of choice provide

another lesson.

Similarly, theories about state capacities and existing capacities of the state to carry out a range of policies do not assure us of the state's effectiveness because success or failure of a policy depends largely upon appreciating that policy within its society. This approach cannot explain why new policy issues that are not legally codified produce certain patterns of policy formation; it does not explain why some policies are successful, others fail; it also cannot explain systematic changes of legal codifications of a policy issue over time.

I want to stress that a pure state-centric approach, although providing a promising line of enquiry, needs to be put within a societal framework or environment before it can explain the state's action and behaviour. The state affects, but is also affected by, its societal and international environment. Modern states do not appear to be as independent of societal influence as state-centric theories suggest.

## 1.2.7 STATE AUTONOMY-SOCIETY APPROACHES

A policy within the wider framework of state society-relations does not necessitate returning to pressure groups' influence models to explain state action. There are likely to be structural consistencies behind the persistence of distinctive national patterns of policy. In 'strong' states, particularly, intermediation between state and society may not be confined to pluralist and corporatist options. Rather, states may selectively recognise only some mobilised interests concerned with a policy issue. Segmented policy patterns result, co-opting a limited range of compatible interests into the policy process.

Marxist theory in general, and neo-Marxist theory in particular, have paid attention to the role of the state and its action in the reproduction of the capitalist system, as well as to the state's autonomy. Marx and Engels in both the 'Communist Manifesto' and 'The German Ideology' see the state with a measure of independent power, not necessarily linked to the interests of the dominant class, at least in the short term. They also see the state's role in building socialism. Lenin, in 'State and Revolution,' sees the state as a tool for imposing industrial and social

order and discipline. To a large extent, of course, these ideas about the state are also related to Rousseau's thoughts on the state as an educative tool in its new society.

Gramsci's (1971) decisive contribution to the Marxist view of the state was his emphasis on hegemonic forms of state power and 'popular political blocks', rather than seeing state institutions as a direct reflection of simple class or infrastucture interests. Similarly, neo-Marxists have also been interested in explaining why states could be said to pursue policies unrelated to capital gains. Miliband (1969) distinguishes between 'government' and 'state', emphasising that the government is not necessarily the most influential, although the most visible part, of the state. Despite the lack of compulsory connection between economic and state power in capitalist societies, there are several basic procedures to ensure that the state operates in the long-term collective interest of capital (Dearlove and Saunders: 1984; 45). Nevertheless, the state responds relatively independently to capitalist demands, allowing short-term concessions to the labour class. Poulantzas (1978) argues that the state is 'relatively autonomous', although interlocked to capital needs. The state's function is to unify capitalist interests and, if able to operate at a distance from them, to impose political solutions on often-conflicting business sectors.

Habermas (1976) explains the continued failure of state strategies in terms of 'legitimisation crisis'. Offe (1984) notes that the interventionist state develops its own institutional self-interest of one class. Jessop (1982) argues that the state is located within actual societies, not simply pure modes of production. Lefort (1986) and Castoriadis (1987) emphasise 'state autonomy' because examining the intrinsic dynamics, development and active interventionist role of the state in capitalist societies as well as its role in those societies claiming to have eliminated class relations is difficult. In other words, the recent neo-Marxist accounts provide a theoretical framework that sees state managers as 'relatively autonomous'(25) from the capitalist class by sometimes taking into account a broader perspective of the relation of state and society. Similarly, the concept of relative autonomy has been transferred to the media(26) as a part of an ongoing process, itself linked to class struggles, audience and the state (Downing: 1980; 150-60).

Nordlinger (1981; 11, 9, 27-38) notes three types of state and society: (i) autonomy exists when the state acts on its own preferences and these differ from society's; (ii) autonomy is obtained when state and societal preferences diverge and public officials act to bring about a change in societal preference; (iii) state autonomy describes a non-divergent situation of state and societal preferences. In the latter case, it is plausible to argue that state preferences influence societal preferences to produce convergence, and vice versa. Nordlinger's valuable analysis makes the case for the state's administrators/managers to be given a more prominent place in explaining state action by putting them within a societal framework. Cynics, however, point out that neo-Marxist approaches simply permit a Marxist to conduct a 'pluralist' analysis using Marxian terms. On the other hand, these analyses provide a framework of enquiry that can be extended to organisational variations among capitalist states. Most importantly, they provide us with a framework that integrally connects economy and policy. Forms of government policy-making depend primarily upon the nature of the economic system (King: 1986; 34). Communications technologies are seen as more of an economic possibility in their early development than as important because of the message's context.

Working within this framework, it is possible to explain historical continuities and cross-national variations in policy. At this point, Hall(1986; 13-4) provides another variation: the so-called 'institutional approach to state-society relations'. He argues that his model better explains policy by emphasising the institutional relationships -both formal and conventional - that bind the state's components together and structure its relations with society (27). This approach uses the concept of institution to refer to the formal rules, compliance procedures and standard operating practices that structure the relationships between individuals in various units of policy. As such, they have a more formal status than cultural norms, but this is not necessarily derived from legal (as opposed to conventional) standing. This model emphasises the relational character of institutions, using 'organisations' virtually as a synonym for 'institution'. Hall's approach is interesting because it asserts that - by adopting Weberian ways - organisation affects the degree of power that any one set of actors has over policy outcomes. This is extremely useful when trying to explain, for example, the problems of co-ordinating various units in new media policies. Secondly, Hall points out that

organisational position also influences an actor's definition of his own interests by establishing his institutional responsibilities and relationship to other actors (28). Such an analysis could be applied both inside and outside the state. The latter situates policy within society and is seen as more than a sum of countervailing pressure from groups. Moreover, it enables individuals to contribute to policy output. It also frees us from explaining and re-explaining and being involved in the general debate about incremental and rational policy by concentrating on output, rather than analysing policy-making in detail.

This approach is largely adopted in this study because it helps us to understand policy process and output. I also take into account, on one hand, the importance of the state action's 'relative autonomy' and, on the other, the fact that, regardless of state autonomy, all state policies will seek to contribute to capital accumulation in the end. The approaches described above forget to put the state-society relationship within the broader framework of the international environment. Individual states and societies have become increasingly interdependent economically, industrially and militarily. Broadcasting is no longer a purely national affair. Satellite broadcasting technologies and telecommunications are part of a global communications system, necessitating policy guidelines to enable the national system to work well within an international system, with fair and equitable distribution of the world's wealth of information knowledge and culture.

Political systems and policy processes are influenced more and more from abroad, meaning that old orthodoxies about boundaries of the state as a country need re-examining. Converging computing, telecommunications and television have brought international actors into the communications field and created a trend towards the globalisation of production and distribution. Satellite technology breaches aspects of national sovereignty with overlapping footprints, and because national telecommunications networks must now - more than ever - be internationally compatible, national policy decisions can have an immediate national impact.

Nowadays, governments compare their performance in fields like communications in terms of results achieved and methods used. Comparison, emulation and the use of foreign models or approaches have started recording history,

especially in communications policy. The 'complex interdependence,' named by Keohane and Nye (1977), between state-nations and societies generates distinctive political processes while underlining a set of behavioural norms, rules and policies covering many issues. Broadcasting regulation and deregulation movements have been set up and/or influenced by international agreements(see Part 2). The communications technology revolution continues the trend, bringing more and more activities within the international agreements framework.

Skocpol (1979) argues that the state is janus-faced, anchored in both a class-divided socioeconomic structure and an international system of states. The international arena, for Skocpol, is increasingly characterised by competition and co-operation among states, reflecting internal conflicts over national - versus - global solutions to problems. Apart from internal determinants, there are also external determinants of the state-society relations in which the state plays a part and is affected, and which also involve phenomena outside that state's boundaries. This obviously includes other states, but also encompasses global economic systems or international economic and political agencies/bodies. Such a distinction is not absolute. Very few - if any - phenomena can be identified as solely internal or solely external. However, this distinction gives a perspective of the state in an international context and its interaction with other sovereign states. The state does not act merely as a mediator between internal demands and external constraints and pressures, but as a shaper, capable of moulding its own preference between domestic and international policy determinants.

As well as being the primary unit of analysis, the state is generally also the foremost unit of action. Hoffmann (1960; 4) said long ago: 'One of the crucial features and paradoxes of politics today is that whereas internal politics are conditioned and affected by world problems more than ever before..., the policies of nations remain largely dictated by the domestic experience and by the nation's image of itself'. Broadcasting, as we shall see later in this study, is a suitable example of this. However, the environment - whether domestic, international or both - greatly constrains state action. The internationalisation of capital imposes structural imperatives on states limiting their action. This does not, however, contravene the 'relative autonomy' of the

state from both society and world economy. According to Hyder (1984; 4), the tentacles of international co-operation are deep and widespread, but its impact depends on the extent to which negotiated agreements are actually carried out. The lack of any established legal and political arrangements causes problems for implementing policies. The EC is an example because its specific business is to complement, supplement and even replace, individual policies of its member-states without being a political union.

In explaining state action of modern and complex states, this study, has adopted the 'relative autonomy' of the state-society approach that functions within an international environment. This is mainly why I chose to examine the EC's television policy. In this study, state policy is defined in terms of the performance of the state with respect to its own society and the international context.

## PART TWO: DEREGULATING 'TERRESTRIAL' TELEVISION

This part seeks to analyse, describe and interpret the restructuring of terrestrial television systems in Europe by considering and then comparing the broadcasting policies of the UK, France and Luxembourg as well as the EC. Analysis focusing on these systems' major changes (such as the growth in the number of TV outlets), the policy processes and the substance of legislation is emphasised. Of course, policy process and substance overlap because content cannot adequately be considered without referring to process, and vice versa. However, before analysing these developments, one needs to be aware of what West European governments have done in broadcasting media policy.

### 2.1.0  REGULATING BROADCASTING: AN AFFAIR OF THE STATE

The development of broadcasting across the world has been marked by a common theme: whether examining such developments in North America, Europe or Africa, one finds general concern over its power and, consequently, concerted efforts to 'oversee' its general developments and operations. Not surprisingly, this 'oversight' varies according to individual political and cultural traditions, but the underlying intention -- namely to protect the public interest -- is the common thread linking broadcasting history.

Regulatory activity has usually originated from various laws, established to control the development of wireless telegraphy in late 19th century. These laws were used as the basis on which the state could legally and legitimately extend its powers over radio initially, and television broadcasting later on. Broadcasting systems have, therefore, always existed within a framework established by the state, with varying degrees of participation from private, profit-making organisations. The broadcasting models that consequently developed in each state reflected individual political, economic and cultural considerations. Within Europe, broadcasting was considered a public service (ps) and was either run by public bodies or, at least, was subject to government licensing, programming and organisational requirements. As with radio, television broadcasting organisations have usually been encouraged to pursue some notion of 'the public interest'. But how is that interest is defined? And how can it be pursued in the day-to-day operations of the broadcasting systems? It is

the use of concepts associated with the ps such as 'public interest', 'information, education and entertainment' within specific organisational structures that cause significant differences of emphasis. However, some of the traditional justifications for the establishment of psb have been:

(a) <u>The monopoly concept</u>: borrowed from economics theory that states: 'a pure monopoly exists when there is one producer in the market. There are no direct competitors either in the popular or technical sense. However,the policies of a monopolist may be constrained by the indirect competition of all commodities for the consumers' dollar and of reasonably adequate substitute goods, and by the threat of competition if market entry is possible' (Ferguson: 1969; 253).

In traditional market theory, monopolies are the undesirable results of competition between suppliers of goods or services. According to McQuail and his colleagues, the European broadcasting monopolies are the planned results of political decisions. When a sector of the economy has been monopolised by market forces, it is no longer subject to consumers' control. When monopolised by political decisions, it may be indirectly maintained or abolished by consumers acting as voters (McQuail and Siune: 1986; 115-6). In Western Europe, the broadcasting systems have been adapted to quite different socio-economic and political conditions. They have had to serve a number of political purposes by not always similar means.

Nevertheless, the monopoly concept seems to have some common features. McQuail and Siune (1986; 117-21) point out some of them: (i) monopoly rights have been restricted to transmission only and do not cover the production or reception of the signal; (ii) a broadcasting monopoly means that only one institution is allowed to broadcast from a given territory; (iii) its basic financial form is the licence fee, that implying initially at least, a 'generic cohesion' between a monopoly of what was to be sent and of what was received was involved; and (iv) any broadcasting monopoly must have a geographical definition. Most European states established nation-wide monopolies, with one institution serving the whole nation. Some of them have subsequently started regional broadcasting. This is the original BBC model, followed by other countries such as France, Italy and Scandinavia. Of course, there have been exceptions to this situation, especially in countries

with linguistic and cultural differences, that made centralisation difficult. Thus, in Belgium and Switzerland, for example, each linguistic community enjoys its own broadcasting service. The monopoly concept also differs. The Laender-monopolies, which in turn have been 'added-up' to form a national television network, are responsible for broadcasting. To a certain extent, this differentiation depends on different evaluations and interpretations of what actually constitutes a broadcasting monopoly. As noted above, broadcasting monopoly for some could mean a free marketplace for opinions that form a pluralistic society; for others it is the only safeguard for universally received, balanced, quality programming. The establishment of broadcasting monopolies throughout Western Europe is more than a 'historical arrangement'.

(b) <u>The frequency rationale</u>: has been used to justify not only the government's regulation over broadcasting, but also to exclude private broadcasters from the sector. The argument is that broadcasting is based on techniques using electromagnetic airwaves. The waves were first used for wireless telegraphy. Wired telegraph and telephone systems were usually organised in national monopolies because this kind of electromagnetic communication could not work without traffic regulations. Therefore, broadcasting satisfied the requirements for 'natural monopolies'. Incidentally, radio was to replace the telephone and telegraph but with a fundamental difference: its lack of secrecy. In 1918, the US Secretary for the Navy said that radio was the profound conviction of every person in the US and abroad -- that it was a natural monopoly. This view correlated with the Navy's desire to keep that control of radio, established during the war, 'for all time' on the grounds that much would be lost if radio operation were left to rival companies. The US experience of radio in 1920s that also made control over radio desirable. The US, early radio days exhibited that without traffic regulations, the whole communication process would collapse. The Europeans, too, learned their lessons from the US experience. The UK was the first, with the BBC established in 1922; shortly after, its model was adopted by European countries such as Italy (1924), Sweden (1925), Ireland, Denmark, and Finland (1926).

(c) <u>The international context</u>: According to McQuail and his colleagues (1986; 121-2), every country's choice of broadcasting model was partly determined by the results of international conferences concerning the allocation and

reallocation of frequencies, whereby the number of channels available for each country was decided. With a limited number of channels available, an impressive majority of European countries reserved the channel(s) for a public institution/organisation. The only exception to this, as we shall see later, was Luxembourg. The necessity for national and international coordination in the broadcasting domain draws our attention to the previously noted theoretical framework of the state as a broker that can act relatively autonomously allocating, in broadcasting's case, limited resources.

(d) The variety of opinions rationale: The model of the public broadcaster enjoying monopolistic status has been justified by another non-technical and normative rationale. The time period played an important role because when public control over broadcasting was first argued broadcasting was feared to lead to the dissemination of subversive ideas (Hood: 1986; 68). For a variety of reasons, excluding private and commercial broadcasters was regarded as a means of safeguarding the recipient (Scherer: 1986). This was also considered a prerequisite for protecting freedom of information. For example, the First Amendment of the US Constitution guarantees this normative goal, also expressed in another way in the Beveridge Committee's report on independence of the BBC's output.

## 2.1.1 TOWARDS BROADCASTING DEREGULATION

The concept of broadcasting, with its dubious yoking of trusteeship and control, has been under attack from the two opposite directions of the Radical Right and Radical Left (Hood: 1986; 59) They represent a formidable, and possibly unstoppable, coalition (Curran: 1986; 90) by calling for a wider range of opinions to be allowed media access, for presently repressed, mediated or merely ignored views to be recognised, and for democratic control of broadcasting institutions. As Hood (1986; 60) notes, the development of the new technologies and the possibility of a proliferation of channels appears -- for some-- to present an unproblematic opportunity to end the paternalism of the public service institutions.

According to the Radical Right, free-market mechanism must be adopted in broadcasting. In economic terms, this mechanism is required to fulfil two potentially conflicting functions: to be as economically 'efficient' as possible in

terms of resource cost, and to produce what the consumers
want. Accordingly, because the freedom to publish is not
restricted by the state, we have free press. This freedom
ensures diverse choice, making the consumer dominant over
the press. Because publishers have to satisfy public demand
to stay in business, they need to respond to what the
people (the consumers) want. This free-market approach
supposedly renders the press accountable. If policy-makers
want to change the press structure, they have to change
people's way of thinking. By imposing changes through its
agencies, the state openly invites political censorship.
The Radical Right has largely applied the same argument to
broadcasting (Curran: 1986;91). Broadcasting is over-
regulated at the hands of the state. It is therefore
necessary to have more channels and fewer controls,
creating greater variety and greater consumer control
through rigorous competition. It thus assumes that the
market will provide appropriate means of public
communication to support a democratic polity, or that the
market can ensure the necessary freedom from state control
and coercion (Garnham: 1986; 29), and finally, use the new
technologies as a weapon against regulatory state bodies.

On the other hand, the Radical Left looks at technology as
a tool with societal dimensions. It criticises the
hegemonic nature of state power and argues that the state
cannot provide what society needs. Its answer is community-
based radio and television that will serve their local
community socially, culturally and politically. Community
radio and television provide a change  from vertical to
horizontal communication, rejecting communication's one-way
culture. They largely  base themselves upon Bertold
Brecht's proclamations about radio in the 1930s, when he
saw it as a potentially interactive medium. Garnham (1986;
29) notes that the Left has tended to fall back either on
idealist foundations or free communications without
organisational substance or material support.

To the Radical Right, broadcasting plays less of  social
role and more of an uninhibited part in market forces
within a economy (Hood: 1986; 67-8). Moreover, the
'natural monopoly' argument linked to the deregulatory
trend in telecommunications is increasingly less dominant
than before. The new version has not yet clearly shown
whether the concept of psb will also lose its strength.
The state, on the other hand, is losing its control over
the broadcasting media.

Nevertheless, optimism about the free-market mechanism is not justifiable, especially in broadcasting. Economists like Lankaster (1978) and Spence (1976) note that a free market with no entry restrictions often fails to satisfy the criteria of 'efficiency' and 'optimum diversity' simultaneously. This means that the market may fail to produce goods that contribute more to social welfare than the marginal social cost of their production because it may not be profitable to do so. These functions tend to conflict when there are significant economies of scale in producing some goods, or when their production is characterised by intangible, scarce resources with high-opportunity costs.

Similarly, Ehrenberg and Barwise (1983) argue that the difference between television and the press is that the former cannot cope financially with programmes that are watched by only tens or hundreds of thousands. For Ehrenberg and Barwise, there are four factors against narrowcasting TV -- whatever the delivery system: (i) in contrast with the printed press, television programmes are very costly to make; (ii) television is cheap to view, but only when its audience is measured in millions (by contrast, a book or magazine can be viable with sales of a few thousand); (iii) a television channel requires large and regular sources of programme supply (50 to 100 hours per channel per week) and elaborate delivery systems; and (iv) television is a very slow and inflexible medium for passing on information. Informative programmes must be basic and watchable to appeal to a large audience and pay their high production costs. The expert will probably read specialist books or magazines instead.

Looking backwards, the deregulatory movement goes beyond the 1970s (Tunstall: 1986a; 8-9). In the UK, US and France, deregulatory elements emerged in the early 1920s; after a long debate plus market failure, free-market approaches were replaced by the public companies system. However, the recent deregulatory trends began in the US during the Carter Administration, but are elaborated and publicised by the Republicans, becoming dominant during the two Reagan Administrations. The Reagan Administration's faith in regulation by the marketplace determined new conditions for the functioning of American television. For example, radio and TV stations have been freed from government-imposed limits on commercial time, from having to provide minimum amounts of news and public affairs programmes, and from having to provide educational programmes; also, programming

logs need not be kept for public inspection and annual financial reports are no longer required.

In western Europe, on the other hand, ps broadcasters are now having financial problems because television has reached saturation level and people do not easily accept increases in licence fees. Moreover, costs are too high because of expansion, i.e. by having two or more television channels. The changing nature of western society is ps broadcasters' final crisis factor. Increased leisure time and leisure interests and differing tastes and expectations have contributed to the fragmentation of the old-style mass audience (Kuhn 1985; 4-5). Moreover, the traditional ps broadcasters are restricted by their statutes and have often found it difficult to respond to this cultural and moral pluralism (Kuhn: 1986, Richeri: 1986).

On the other hand, the new channels -- whether terrestrial or satellite-to-cable -- are mostly supported by advertising. The advertising dynamics have generally been proven to: (i) negatively influence the content of programmes, making them 'non-controversial', 'medium-brow' and 'non-political' to create a 'buying mood'; (ii) create homogeneous, rather than diverse, opinions; (iii) exclude minority positions; and (iv) lead ultimately to an oligopolistic market situation that generates further homogeneity (Comley: 1976; 128-205). This is a vision of an 'intensively market and individualistic society' where ps institutions- including television- have little or no place. Italy, where the programming and quality of RAI's output have tended to move towards the lowest common denominator of public taste, is an example of this (Richeri: 1985; 31).

We are at the crossroads of television's future. Current trends show us moving towards a 'consumer-driven' market in broadcasting with a proliferation of both terrestrial and satellite-to-cable channels. This view is shared by the Delphi Inquiry (on behalf of the EC) which states that privatisation will increase the number of TV stations -- about five times by early 2000 (de Bens and Knoche: 1987). This situation faces governments with problems like whether or not new media channels should compete with the conventional ones, and how to control programming content.

I see the proliferation of new channels taking place on two levels. The first will be an increase of limited

terrestrial frequencies; these new channels will serve most, but not all, of a country's territory. They will be additional to existing public service (ps) networks, which will dominate audience share. On the second level, there will be international or pan-European channels where cable and satellite collaborate with, rather than compete for, an initially small audience. Although there will be DBS channels, it seems that they will be received via cable in the big cities only, as a cable network will also be used for telecommunications. In other areas, such as the countryside, direct reception seems to be the principal means for the new channels - even if not the only one.

## 2.1.2   PUBLIC TELEVISION MONOPOLIES:   A   'DEREGULATING' TYPOLOGY

As institutional models of regulation differ, so do deregulatory movements. Thus, when a regulatory model is predominantly organisation-oriented, deregulation follows suit. At least, this seems to be the case in Europe. Scherer (1986) gives us, in general terms, four types of policy in deregulating public monopolies: (i) denationalisation, which designates the transfer of public property from the government-owner to the private-owner, such as the privatisation of TF1 in France under the Chirac Government(1986-8); (ii) privatisation of tasks, which implies that one or more (but not all) of the tasks previously protected by a de jure monopoly is taken away from the public entity and transferred to private enterprise, such as the commissioning of programmes from independent producers by both BBC and ITV in the UK; (iii) demonopolisation, which characterises a policy that abolishes the de jure monopoly of the public institution with respect to some or all of its tasks by permitting competition, such as recently introducing commercial radio and television in France, or the BBC-IBA system in the UK (Murdoch (1986) also calls it liberalisation, i.e. introducing commercial competition into these sectors of activity, previously defined as public services or natural monopolies); and (iv) organisational privatisation that occurs when some or all of the regulatory constraints under which public - as opposed to private - enterprises have to operate are abolished. This can be achieved by transforming the public entity into a private company, but with the government as the sole or majority shareholder. As we shall see later, examples are the Sociétés Mixte or Sociétés Locales d' Exploitation Commerciale in the

development of cable in France.

The deregulation of broadcasting, however, has led to new formalised procedures, i.e. to the foundation of new regulatory bodies and new regulatory procedures to licence new broadcasters (mainly commercial) and oversee their behaviour. This sometimes leads to stricter rules which impose a reregulation, rather than a deregulation, of the broadcasting structure. A subsequent trend is 'commercialisation of the public sector, (Murdoch: 1986), which implies the transformation of the nature of the public enterprise by making commercial practices and market requirements the yardsticks against which their performance is measured. This procedure can take several forms but it is certain that deregulation has so far only rearranged the broadcasting sector.

Dyson and Humphreys (1988b) point out that deregulation clearly involves a complex set of components. First, it has been associated with the neoliberal strategy for modernisation of the economy by privatisation and promotion of an 'enterprise' culture. Second, deregulation reduces bureaucratic inefficiency and financial profligacy. Third, it responds to the imperatives of the increasing internationalisation of markets because it aims to open the national economy to the global market to benefit from inward investment and to shake up lethargic domestic actors. And fourth, as in France deregulation, has been motivated by partisan ends. These components have surely heavily influenced the deregulation debate, at least in Western Europe. These components have also been interlinked with the imperatives of restructuring the home economies and the convergence of technologies (see Part 4). But at this stage, deregulation has been mostly associated with politicisation and political ideology, rather than with market principles as it claims.

Deregulation does not eliminate -or even lessen - the political nature of decision-making; rather it shifts the political debate from control of regulation to control of markets (Tunstall; 1986b; 9-12). On the other hand, regulation or deregulation is political because it is 'a question of governing' (Elkin: 1985; 104-5). Bargaining and negotiation have been increasingly apparent in broadcasting deregulation because of the variety of actors, both domestic and international, in an area where only few used to play. Yet deregulation has also prompted multimedia diversification by permitting greater freedom of

commercial operations in broadcasting (Dyson and Humphreys: 1988a; 8-9) -- a situation that leads to further politicisation.

It has been increasingly difficult for governments in the 1980s to formulate broadcasting policy responses. One obvious reason is that governments seemed reluctant to loosen their control over broadcasting. Ironically, deregulation expresses a political contradiction for governing television. West European governments have also been under pressure to adapt their policies to the new marketplace (Dyson and Humphreys: 1988a; 8-9).

Nevertheless, terrestrial broadcasting will continue to be state regulated because of the need to allocate airwave frequencies; cable and satellite television seem to be regulated by 'international compromised regulations', mainly directed by the EC, as we shall see later in this study. Applying rules to a broadcasting marketplace implies a strong state to oversee then. This will finally lead to further politicisation of the field, despite claims to the contrary.

## 2.2.0 SOME ESSENTIAL FEATURES: UK, FRANCE AND LUXEMBOURG

This section presents some essential features of the studied countries' broadcasting systems. Each system may share similarities, such as the centralisation of the programming output, but each has its own distinct character. British broadcasting has been identified by the BBC's dominance - both domestically and internationally - as well as by the co-existence of two distinct monopolies: the BBC and commercial television. French broadcasting has been identified with tight government control over programming and news output, rather than with the distinctiveness of its particular components, such as the big television companies constantly manipulated by the state. Luxembourg broadcasting has been identified by a commercial company (not Luxembourg-owned) granted a monopoly status and its search for an international, rather than domestic, audience. Luxembourg television is an international broadcaster, mainly owned by French and Belgian interests, seeking a foreign audience for advertising revenue. Each part of this section will introduce the governments of these countries giving an idea of their general philosophy.

During the recent television age, the French looked at the British system to improve their own heavily politicised system. The British, if one credits the background discussions of the Annan Committee, were looking at the French system for lessons. Therefore, even though both systems have their own distinct characteristics, they seem to look to each other for new developments and lessons.

## 2.2.1 BRITISH BROADCASTING: DUOPOLY, THE BBC AND CHRONIC FINANCIAL PROBLEMS

1986 was British television's golden jubilee year, while in 1981, the BBC received its sixth Charter, extending it until December 31, 1996. Similarly, the Broadcasting Act of 1980 extended the Independent Broadcasting Authority's (IBA) term, and made it responsible the new Channel Four (C4).

British broadcasters have been fortunate in being allowed to work out their own purpose and method. They did not have the problems faced by their French and East European counterparts, or even the blatant commercialisation of US TV stations. The British system is characterised by its

duopoly, heavy regulation, the psb concept and the 'middle ground' representation, but also by a centralised general output, chronic financial problems and constant arguments concerning objectivity and independence of the broadcasting media. However, this broadcasting picture has been associated with <u>minimal legislation</u>, preferring indirect, somewhat 'undercurrent' action. The latter involved pronounced secrecy, privacy, informality and exclusiveness, having a few privileged participants, and was little concerned with public accountability (Dyson and Humphreys: 1988a; 255-6). This minimal legislation has no single authority to deal with the broadcasting media, meaning fragmentation of British media policy-making and a high degree of self-regulation.

Although the Home Office (HO) generally regulates broadcasting, under the provisions of the Wireless and Telegraphy Acts of 1949 and 1967, it is the Department of Trade and Industry (DTI) that allocates the frequencies and deals with the hardware aspect of broadcasting. The HO is mainly responsible for content and programming. Although this split is recent, the fragmentation of British broadcasting is not new at all, having started with the above -noted Acts. Although the Home Secretary was (and is) answerable to Parliament on broadcasting policy questions(1). The Broadcasting Authority acts as a buffer between the government, various interest groups and the broadcasters (HMSO: 1981; 34). It ensures both that broadcasters are independent and that programmes serve the public interest (2). These authorities have been the BBC and the IBA, which are assumed to pursue the ideal of psb, rather than simply responding to market desires (Negrine: 1985; 15). Although the regulators exercised self-restraint, 'in practice the reality of regulation was shaped by the broadcasting professionals' (Dyson and Humphreys: 1988a; 256). Burns (1977), in his excellent study on the BBC, shows how the professionals are self-regulating in their decisions about programmes. This of course relates to the famous concept of independence of British broadcasters, especially the BBC.

The concepts of independence and impartiality have been associated not only with the psb ethos, but also with 'centrist' political and 'neutral civil service' concepts that formulated pre-1979 British tradition. The concept of independence has also focused upon freedom from government interference(3). This approach is quite opposite to French, and most European, broadcasting where independence

was a dream for broadcasters under constantly rigid
government control. Nevertheless, this independence has
been a practice rather than a specific, expressed law
letter. This leads to another characteristic of the
British broadcasting: that 'law has provided a framework,
rather than a blueprint'(Dyson and Humphreys: 1988a; 257).
For example, apart from the independence practice, the
quality of programmes and general output has been left to
broadcasters.

The IBA oversees ITV and the Independent Local Radio (ILR)
(both made by commercial companies) and C4 (a wholly owned
subsidiary of the IBA). The Authority's powers are to issue
franchises to broadcast, run the transmitter framework,
regulate advertising and oversee programme output(4). It
is overseen by Members appointed by the Government. The
commercial television system (or IBA/ITV system) is
structured on 17 subordinate companies, now including TV-
am, and C4, each with its own Board of Directors and
separate senior officers. The IBA/ITV system is perhaps
better described as private, plural, regional, and federal
(Howell: 1986; 63). A common criticism is that this
structure is top-heavy. However, it has emerged as an
unusual hybrid of public and private regulation, which has
basically emulated the BBC's self-regulation system.

The BBC's ultimate legal existence is based upon a Royal
Charter, currently running from 1981 to 1996; it also has
a 'Licence and Agreement' that provides somewhat more legal
detail (5). Both these documents are remarkably brief (6);
this brevity reflects British law tradition. The BBC is run
by 12 Governors, but apart from the chairman, the members
are part-time (7). The BBC, and British broadcasting in
general, has been largely influenced by its first Director-
General (DG), John Reith, a man with an engineering
background, Calvinist ethic and bureaucratic instincts.
The BBC's reputation, status and prestige, both
domestically and internationally, have not been equalled.
A description of the BBC could also be public, central,
and national (Howell: 1986; 6). On the international
level, the Corporation has established a philosophy of
broadcasting with professional standards and world-wide
influence. To a certain extent, the BBC was fortunate in
remaining free of fascism, communism and commercial
advertising for more than 60 years -- unlike other, larger
nations (Tunstall: 1986a; 112). Domestically, the BBC is
regarded as the national channel, or the 'Voice of
Britain'. The IBA/ITV system has come to look more like a

second BBC.  The Corporation is a considerable publishing house for books, videos and records, employs about 30,000 people, and has been an important factor in the British education with its quality educational programmes.  Its external services are broadcast in 36 languages; some are quite popular abroad.  Nevertheless, the BBC's destiny, and its finances, depend upon the political will and power of the government of the day.

Finance has been a chronic problem for British broadcasting policy-makers.  The IBA/ITV system has, like the BBC, depended on a sole source of income. Although both systems have been criticised, sometimes strongly, there has been a kind of symbiosis and retrospective adaptation between them.  Nowadays, as in the 1920s, financial control has been one of the major issues. The BBC's monopoly trial broke up in early 1950s because of simultaneous pressure from the advertising lobby and the Tory backbenchers.  The duopoly that replaced the system has, ironically, been under fire, mainly  from the same actors who proposed it. The BBC, however, has continued to expand and adapt itself to new environments. In 1964, it launched its second channel, and in 1967 opened its local radio stations (8). In the 1980s, the BBC operates four nation-wide networks of which the fourth, Radio One, was added  to win the young audience that used to tune in to the pirate stations in the 1960s.

On the other hand, ITV runs a single network organised on a regional basis.  C4  arose from pressures on Thatcher's Government for a second commercial channel.  During the 1950s, BBC TV ratings plummeted to 30 per cent  of the total audience, compared to the newcomers' 70 per cent. Afterwards, with the second channel, it took about half of the audience, thus justifying the licence fee. Competition between the BBC  and the IBA/ITV system has pushed up the costs but also created more jobs and accelerated the removal of finicky restrictions on political discussion. It has also stimulated the BBC to improve standards of performance in programme variety but resulted in five major companies dominating  the network's production (9).

The BBC depends financially on licence fees, and  ITV on Net Advertising Revenue After Levy (NARAL).  Both sources depend on changes in national economy and there is relatively little scope for reducing costs in the short term.  Tunstall (1983; 37-8) notes that the government influences revenue in both cases,  controlling BBC licence

increases, IBA/ITV's future and ITV's advertising. In times of inflation, these points are increasingly salient. The BBC TV licence fee was increased only twice in the 1950s and three times in the 1960s, but no less than five times in the 1970s. There were licence fee increases in 1977, 1978, 1979, 1981, more than doubling the colour licence fee in just four years (10). This inevitably made British television economics even more politically charged. The pattern goes like this: BBC programme costs increase, the Corporation pressures for an increased licence fee, incorporating inflation. Then the ITV's follows a similar pattern (in terms of increase in IBA rental, Treasury levy and in turn increase of charges for commercials). 'One year the headlines proclaim ITV affluence, and BBC poverty but next year the headlines say the reverse' (Tunstall: 1983; 38).

Both systems are big, bureaucratic organisations. The BBC especially constitutes a central administration and a single system of formal grades and promotion procedures or, according to Burns(1977), a 'cultural bureaucracy' with acute hierarchical complexity. However, it is not only the bulk of its administration that is based in London, but also its production output. According to the BBC TV booklet (1985), the main centres of production are in London (3534 hours out of 5026), Birmingham (470 hours per year), Manchester (562) and Bristol (193) (11). The IBA roughly duplicates the engineering side of the BBC but lacks the BBC's major programme production activity. ITV is a federal system of 15 regional companies, among which the networking companies make most of the prime-time programming. Five companies have dominated since 1968. There are the 10 lesser companies (12) but ITN, TV-am and C4 are also important. With Independent Television publications (TV Times), 20 entities comprise the Independent Television System (Briggs and Spicer: 1986). The system is largely centralised in the so-called 'London-Birmingham' axis, demonstrating that three of the five networking companies are based in London and Birmingham; about two-thirds of the network's production comes from them, and over half of the networked programmes (including news) were produced in London.

Within this regulatory environment, British broadcasting policy has had some constant characteristics. Apart from minimalist legislation, there has been hostility towards a media ministry or a single set of strategic national media goals (Tunstall: 1983;238). According to Seymour-Ure(1987;

269-70), Britain has made policies that are uncoordinated, partial, indirect and, in terms of a public political agenda, largely invisible. Throughout the history of British broadcasting, governments have made policy about all aspects of media, not holistic or in part (C4), such as finance, the development and applications of the new technologies, contents and audience. But what is more striking is the governments' careful attempt to achieve their goals through regulating structure and organisation, finance and technology. As Seymour-Ure(1987; 271) puts it, the governments 'tend to regulate the framework for media content and, at worst, to define·its boundaries or a few exclusions'.

The setting-up of periodic <u>commissions</u> or <u>committees</u> on press and broadcasting is another British characteristic. The Committees on broadcasting used to have a mean life of about two or three years; since World War II, all have dealt with the future of British broadcasting. The members of these committees were mainly part-time amateurs, However, their main recommendations were usually adopted, although initially the government of the day was expected follow a different policy to that recommended by the committee. The Peacock Committee was the next major enquiry, after the Annan Committee, to look at the future of British broadcasting. The lack of a single department indicates the fragmentation of British media policy in general, and broadcasting policy in particular. The latter is also reflected in the number of different departments dealing with broadcasting. Apart from the HO and DTI -- which often conflicted there are many other public and statutory bodies (Tunstall: 1983; 244).

Finally, British broadcasting policy has generally been regarded as an 'active' policy area (Seymour-Ure: 1987;278, Kuhn: 1985; 8-9). However, one could say that broadcasting policy was more 'reactive' to developments and pressures from various lobbies, especially advertisers. Surprisingly, the Conservatives have been rather active while the Labour party seemed to organise or 'correct' mistakes associated with Tory 'innovations'. Mrs Thatcher was committed not only to restructuring British broadcasting, but also British economy and society. Thus, before we look at the Conservatives' broadcasting policies, it would be useful to know their general philosophy.

Their position combined a political critique of growing state intervention, based on the theories of 'political

overload', with an economic critique of Keynesianism, founded on monetarist conceptions of the economy (Hall:1986, Krieger:1986, Moran:1985). It inherited a difficult situation: a declining industry controlled by state trade unions and weak product competition. Within this environment, the Conservatives argued that the British state had grown too large and demanded a reduction in state activity by rationalising the public sector and emphasising the more effective private sector.

To fund a welfare state that the country could not afford, past governments had raised taxes. The Conservatives asked for a reduction of public expenditure that would allow tax reductions. Moreover, they felt some of the traditional state activities should be returned to the private sector, starting a denationalisation of nationalised industries and encouraging private activity and ownership. This logic was inspired by the monetarist economic theory, on one hand, and government willingness to reduce the political and industrial power of the trade unions on the other. The Conservatives' whole attitude was based upon: (i) rationalising the industry, (ii) stabilising state finances, and (iii) re-ordering market mechanisms by shifting the balance of power away from trade unions in particular. According to Budge and McKay(1988; 14-5), Conservative policy can be distinguished by two periods: from 1979 to 1983, characterised by <u>intensified monetarism</u> during which public expenditure had to be carefully controlled; and from 1983 to 1987, characterised by <u>privatisation</u> and <u>deregulation</u>, when monetary targets were rarely met.

## 2.2.2. FRENCH TELEVISION: CENTRALISATION, STATE CONTROL AND LACK OF MARKET STRENGTH

The French media have been regarded as one of the most disciplined in Europe (Raboy: 1983, Montaldo: 1974). The state, apart from making and enforcing laws and regulating the autonomy of the press, involves itself in the production and distribution of information through the state-controlled Agence France-Presse (AFP) and Havas, the important advertising agency in the country. Some of French broadcasting's essential features have been tight government control, centralisation, Parisian dominance and a lack of market rules on broadcasting.

Radio and television were, until very recently, arms of the state because it controlled and managed the essentials of audiovisual activity. Since the Liberation, French broadcasting associated with politics. President de Gaulle was considered one of the instigators of tight state control over news output. As will be described later, French television had a 'double personality' because it had to be the 'voice of France' -- a public service objectively presenting events -- but in effect, it was seen as a means of propaganda serving government interests. This led to the weakening of television's credibility - especially during the events of May 1968 - as an information medium. French governments in particular, have always been involved in developing public utilities and industries directly affecting national life. It was inevitable that the broadcast media would be brought under state control. Radio, in its early days, was not established under provisions of the 1881 Press Bill but under the laws on transmissions monopoly (1837). Thus, radio was under PTT's responsibility (1926). Some private radio stations were tolerated, and they were very popular. From the Liberation until 1982, the monopoly was strictly enforced, but some commercial stations transmitted from outside French borders (Monaco, Saar, Luxembourg). They were at least partly controlled by the French state, which was the controlling shareholder in the equity of each of these companies (Tarle: 1979; 44-5).

The public monopoly character comes from two traditions: the common technical grounds of limited radio frequencies and the French concept of the state as a federation of complex interests of classes, rather than as a referee between them (Flichy: 1984; 231). This partly explains why broadcasting was so rapidly transformed into a subordinate system of partisan ends. This situation has created an ethos of broadcasting affairs closely associated with the politics of the day. Thus, the only conflict centred on the impartiality of news output. This situation was, to a certain extent, related to the Jacobin centralist and statist traditions of French society. Consequently, every government has wanted either to impose or influence the structure of French broadcasting.

French broadcasting history has changed with governments and, of course, politics. A cabinet decree in 1945 placed Radiodiffusion - Television Française (RTF) under the Ministry of Information's direct control (13). During the Fourth Republic (1944-58), about 16 attempts were made to

introduce legislation on broadcasting but the chaotic political situation of the time meant that broadcasting remained under executive control (Raboy: 1983). The RTF held a monopoly on broadcasting transmission, distribution and programming (Bombardier: 1975; 31). It was quite natural, in such a period of rebuilding a stagnant economy, for broadcasting to be under state control to defend the regime from the threat posed by its opponents, especially the Communists and Gaullists (14). But broadcasting continued to rely on political power throughout the Fifth Republic (1958).

During the Fifth Republic, a powerful de Gaulle easily realised broadcasting's potential as a political weapon that could be used for partisan purposes (15) (Boudon: 1986; 45). The Fifth Republic, moreover, coincided with the establishment of television as a mass medium in the country (16). Needless to say, state control over broadcasting media was maintained, despite attempts by the commercial lobby to introduce some form of commercial television (17). Additionally, de Gaulle used to appoint political sympathisers to key managerial and editorial posts at RTF, which became practice for his successors. In 1964, a new broadcasting statute set up the Office Radiodiffusion Télévision Française (ORTF), modelled on the BBC Charter, but it was honoured more in 'breach than in observance'. The events of May 1968 again raised the issue of control over news programmes and information(18), causing massive strikes and protests by journalists. These events simply showed that television had lost all of its credibility in matters of information (Flichy: 1984, Miquel: 1984). De Gaulle's successor, Georges Pompidou undertook to liberalise ORTF in 1969. He abolished the Ministry of Information and affirmed political autonomy over the news output, creating two 'autonomous' units within ORTF, each handled by one sympathiser to the government news director. The Bill of 1972 confirmed the basic principles of ORTF's unity but gave full power to a 'Président Directeur-Général' appointed by the government. The Ministry of Information was re-established, but its power was more theoretical than practical.

Giscard d' Estaing came to power in 1974, bringing a new law to change the country's broadcasting structure. This reform aimed to 'éclater' (break-up) ORTF's monopoly, introduce competition between the television channels, promote a kind of liberalisation in news programmes, and open up broadcasting to market forces. But both sorts of

liberalisation were, once again, mere rhetoric. The government intervened directly in the nomination of each channel's news director, who were surrounded by political sympathisers. However, the result was a relative multiplicity and liberalisation of information(19). The 'éclatément de l' Office', as it has widely been called, could be responsible for providing a 'base line' for 1982's developments, as we shall see later. ORTF was split up into seven 'sociétés' and 'établissements': Télévision Française(TF1), Antenne 2 (A2), France Régions(FR3)(20), Radio France(RF), Société Francaise de Production (SFP), Institut National de l' Audiovisuel (INA) and Télédiffusion Française (TDF).

President d' Estaing justified the changes rather rhetorically by invoking the need to adapt to evolving public expectations and technological changes rather than by making profound and real changes. The liberalisation option was largely expressed by measures such as introducing TV advertising or tightening control over news (Martin: 1981). This reorganisation was, however, mainly for administrative reasons, because ORTF was facing severe financial problems, trade union challenges and a critical parliamentary report drafted by a close associate of the President. Despite ORTF's 'éclatement', the monopoly was maintained. Indeed, when state broadcasting was threatened by the 'radios libres' (21), additional legislation was introduced to support the monopoly. On the other hand, the 'éclatement' multiplied the decision-making centres but increased the levels of bureaucracy in an already top-heavy system, further strengthening its centralising tendencies. Moreover, the administrative fusion severely undermined the unions by separating the 'intellectual' workers of programming companies from the 'technical' workers of the production companies.

During an era when state monopoly was not questioned, the political debate focused on how the state services should be managed. As in the UK, financing was a dominant issue. The controversy centred on whether, and later to what extent, television should carry commercial advertisements. In 1968, after an acrimonious parliamentary debate, advertising was introduced to supplement income from the licence fee(22). Advertising not only boosted ORTF's finances but accentuated the argument for introducing a commercial channel. While an overall ceiling on 25 per cent of total revenue was more-or-less preserved following 1974's reorganisation, the two main networks (TF1 and A2)

relied on advertising for more than half of their respective revenues(Kuhn 1985; 49-50). In 1983, advertising which was previously banned due to the powerful of the regional press lobby, was finally allowed on FR3.

Demands for decentralisation of decision-making in all spheres of activity, following the ésprit de l'autogèstion of May 1968, spilled over into the broadcasting debate. Regional diversity in television production and programming was demanded. Most political scientists have viewed France as the most centralised of all western democracies. French broadcasting, therefore, followed the 'hypercentralised attitude' of the state, whereas before World War II, radio was organised in two types on a regional basis: private radio stations (organised 'à l' Americaine') and PTT radio stations (Flichy: 1984; 234). During these years, the idea of large services like transport, electricity or gas were very popular, especially because of the service's concept of equality and universality. Moreover, the desire to suppress regional inequalities led to the introduction of the network concept (23). Consequently, the system was further centralised and the news output associated with administrative problems inevitably politicised.

Since the Liberation, governments, political leaders and parties have wished to change this situation, trying to satisfy society's demands within the broadcasting field. For the first time in the Fifth Republic, the left wing gained a complete political advantage. Both the executive and legislative branches were in Socialist hands. People did not talk about a 'new government' but of a 'new regime', describing 1981 as a 'Year of Change'. In effect, the Socialist Government had, in some way, a frenetic desire to make changes. The Socialists embarked on their programme determinedly and euphorically, but the early expansionist prime pumping and rearranging phase was finally followed by the virage (U-turn) in policy (Machin and Wright: 1986; 5-6). In effect, their policies are described in two periods: from 1981 to March 1983, when the government followed 'standard socialist policies' (Cohen: 1988; 198), infused by a nationalisation programme to rationalise the economy. This policy quickly led to sharp deterioration of the current account and a weakening of the franc. By June 1982, it was clear that the programme could no longer continue. In March 1983, after the franc's third devaluation, Prime Minister Mauroy launched a new policy that began the second period, identified by a turnaround to conservative policies and the replacement of Mauroy by

Fabius. The 'rupture' with capitalism was now perceived as unattainable. The major policy shift consisted of the deindexation of real wages from productivity. Policies also changed as the Socialists discovered market discipline and attempted to restore firms' confidence in profit-tax reductions and other advantages, while unemployment compensation and social security were put in order (Cohen: 1988, Hall: 1986). In the end, the language of the Left, and particularly of the Socialists, also changed: the state was no longer regarded so uncritically. In the next chapters we shall see how much broadcasting policy was influenced by this new attitude.

## 2.2.3 LUXEMBOURG AND THE COMMERCIAL MONOPOLY OF THE CLT

Compagnie Luxembourgeoise de Télédiffusion (CLT) -better known as Radio Télé-Luxembourg or RTL (from now on CLT) - has metaphorically been Europe's main 'offshore' TV broadcaster, beaming commercial television and radio services into neighbouring countries and making its advertising revenue on the basis of foreign audiences. As Europe moves towards more commercial television outlets, CLT has attempted to capitalise on the opportunity by expanding to a major programming role. On the other hand, the smallness of the country and the need of CLT's tax revenues have made Luxembourg governments follow a minimalist policy on broadcasting so as not to upset CLT and its foreign shareholders.

The Grand-Duchy of Luxembourg, having a number of broadcasting frequencies recognised by international conventions at its disposal, preferred to concede its public service to a private company: the Compagnie Luxembourgoise de Radiodiffusion, set up on May 31, 1931. In 1954, the company, now CLT, first operated as a high-powered radio station, adding television in 1955, and thus becoming a very profitable company. With powerful long- and medium-wave, as well as FM, transmitters, CLT's radio programmes in French, Dutch, German and English were clearly designed for foreign audiences. The television service (Télé-Luxembourg) was inaugurated in 1955; since then it has been broadcasting a TV programme in French covering Luxembourg, France and the 'Belgian Province of Luxembourg'. The service was renamed to RTL-television in 1962 (Pige 1962).

Radio Luxembourg was founded under a law passed on December

19, 1929, which conferred on the Ministry of PTT the right to licence and supervise broadcasting stations. Thus, CLT became a uniquely positioned company in European broadcasting, i.e. a 'private' station became a respectable national spokesman but with strong links outside Luxembourg. Indeed, in its early days, CLT was heavily criticised for illegally using usurped frequencies for commercial operations. In 1962, however, it was accepted by the EBU members and Luxembourg was among the signatory countries of the European Agreement for the Prevention of Broadcasts Transmitted from Stations Outside National Territories to outlaw such unauthorised commercial stations.

The 1929 law required a majority of Luxembourgers for the administrative council and station staff and that the equipment be purchased, as far as possible, within the country, as advised by technical and programme council's meetings. Therefore, the state Commissioner's main task was to ascertain that the operating conditions (cahiers des charges) were respected. Following the general legal framework, the government granted a licence to CLT in September 1930. Over the years, these licences, together with the corresponding operating conditions, were extended and whenever the company wanted either to make use of new frequencies or to introduce new services like television, new agreements were drafted and new operating conditions established. In 1986, nine of these conditions were applied to CLT's operations, but all were copied from the 1930 agreements (Hirsh: 1986a; 192-3). The present licence expires in 1995. In effect, the CLT's monopoly is only mentioned on the licence and not on any legislative text, making it a de facto, rather than de jure, status. Moreover, this situation of granting the country's broadcasting monopoly to a company dominated by foreign capital, whose main target has been an international, rather than domestic, audience has made some influential people question this monopoly. It is true that CLT also caters for Luxembourg viewers, specified clearly in the licences. However, in a country with just 500,000 inhabitants, it does not make sense for a company to occupy itself with the domestic audience.

Regardless of its minimalistic policy towards CLT, the government retains some important rights, particularly over 75 per cent of the company shares that can only change hands with government approval. The government can veto a change of ownership that could threaten the political

neutrality of the station's political output, or in the case of a competitor trying to acquire a stake. These modifications were introduced in the 1973 licence after an attempt from the French state-run company, SOFIRAD, to take over the CSF shares in CLT. French financial and industrial interests (Havas, Paribas, CSF) that founded the CLT primarily intended to escape the nationalisation of broadcasting that emerged at about the same time in France by using Luxembourg as a neutral base for international broadcasting. Today, CLT is controlled by Belgian (mainly the Group Bruxelles-Lambert of Albert Frère) and French interests. Luxembourg's ownership of less than one per cent is neglible; this will be a major issue in the politics surrounding Luxembourg broadcasting in the 1980s.

The company is dominated by a holding company, Audiofina, which owns 54.5 per cent of the equity. Among Audiofina's shareholders are Group Bruxelles-Lambert (38 per cent), Electrafina (a joint venture between Bruxelles-Lambert and Societe Generale de Belgique (15 per cent), and the French Agence Havas (30 per cent). Other French shareholders are the Compagnie de Compters (or Schlumberger) (12.6 per cent), the 1982 nationalised bank, Paribas (10.3 per cent); the publishing group, Hachette (8.2 per cent) (but sold it to Moet in 1986), and the financial company, Edmond de Rothschild (7.7 per cent - but its affiliates hold about 15 per cent). Broadcasting in this country has been totally advertising-supported - a pioneer of that kind in Europe. To do this, the government followed a minimalist approach and put no quantitative or qualitative limitations on advertising, apart from some widely banned sectors such as tobacco, pharmaceuticals, or general regulations to protect children. CLT's 1984 advertising revenue was FF1444 million and its net profit FF160 million (£16 million). CLT had to pay a considerable licence fee to the state. CLT has been one of the largest tax-payers in this country contributing about 5-7 per cent of Luxembourg's annual revenue. Thus, it is understandable that the government is unwilling to upset the company by imposing stricter legislation.

With the advent of satellite television and the deregulatory mood over terrestrial frequencies in Europe, CLT started seriously reconsidering its future and fortune in the new European audiovisual landscape. These anxieties were shared by the government, since the future of Luxembourg as a place for international broadcasting started looking dubious it is necessary for the country to

restructure its economy and find new markets and investments. The Werner and Santer governments have held office during the period under examination. They were mainly coalitions with other parties, the first having a conservative approach, the second a social-democrat, right of centre perspective. Both governments' broadcasting policies, however, fell largely within Luxembourg's minimalist tradition, but Santer's was more committed to new satellite broadcasting projects.

## 2.3.0 BRITISH TELEVISION IN THE 1980s

When the Conservative Government came into power, its main aim was to 'roll back' the boundaries of the state and restore market competition. Regarding the communications field, it underlined a movement towards a 'privatised' communications system -- a radical broadcasting policy in which broadcasting would be controlled by market forces rather than the state. Thus, the consumer would dominate, and broadcasting would be rationalised within a competitive environment where market forces would determine its structure. Although this radicalism was not applied in real terms, it was contained in the terms of references set out for committees and consultants. It seemed that in the longer run, British television's future structure would probably be more affected by government dictates than by the power of technologies -especially cable and satellite.

During 1981-86, the questions concerning British broadcasting focused once again upon its future, this time looking at the 1990s and the BBC's financial problems. The central theme was whether or not the BBC should take advertising and, if so, to what extent introducing the market principle to a previously well protected field would reshape the whole structure of British broadcasting.

British broadcasters enjoy a strong vertical duopoly, assisted by an 'alliance' of public and commercial interests. This duopoly came under attack from the Peacock Committee, which recommended that the government take measures to deregulate the so-called 'comfortable duopoly'. This committee was set up to find ways of solving the financial problems of the BBC. Its approach appeared to be narrowly economic by contrast with its equivalent in France, which was heavily political. This latest broadcasting inquiry was significant in that it sketched out the new British audiovisual landscape and has been used as a point of reference in subsequent reports. The Peacock Committee tried to find ways of combining the concept of public service with the forces of a competitive market, the latter being under consumer control. It understood broadcasting, and especially television, in terms of publishing books. Nevertheless, it did not recommend abolishing the BBC's licence fee, nor taking advertising, but put the licence fee on the index price - which can hardly solve the Corporation's chronic financial problems.

During the 1981-86 period, Channel Four, long-discussed and anticipated but also quite original, progressive and pioneer-like in its way of working for both British and European television, began. C4 is devoted to minority and cultural programming and has been quite successful in relative terms, signifying, perhaps, a reinterpretation of psb. The Conservatives decided to place it under the auspices of the IBA (and not the Open Broadcasting Authority, as recommended by the Annan Committee). In doing so, they followed their market philosophy but took some precautions. However, C4's success has posed its own problems. Both the Peacock Committee and the White Paper were forced to consider whether C4 should sell its own advertising time, be removed from the IBA's umbrella and be 'privatised', largely indicating how contentious the 1980s policy -- that C4 complements ITV -- is. Another major issue has been the incremental transformation of British television into a 24-hour, round-the-clock, service. Both the BBC and ITV adopted new ways of managing finances and management procedures in the late 1980s. The traditional broadcasters have 'readjusted their sets' by restructuring themselves, which must be considered a success of the Conservative Government since it has made these broadcasters think about future competition.

Moreover, since mid-1986, particularly during the post-Peacock era, the Conservatives seem to have dedicated themselves to breaking up the vertical duopoly by attacking it from inside and out. This has been done from outside by forming a new channel, auctioning the ITV franchises, 'privatising' C4 and making BBC adopt pay-TV practices and asking it to be more 'attractive'. From inside, a quota for independent productions has been imposed, weakening the unions' powers. Although independent production can offer creativity and new practices within the BBC and ITV, Mrs Thatcher considers it a way of weakening the 'last bastion of restrictive trade union practices'. The Conservative Government's whole policy on terrestrial television seems to be somewhat incremental, incoherent and step-by-step, with the ultimate goal of deregulating or introducing competition among television channels.

At the political administrative level, there has not been a single coordinator for the whole sector, such as a department or ministry of communications and the media, indicating a compromise between several powerful

departments. As as result, management of the television sector has been confused allowing Mrs Thatcher to be, directly involved in the media. Finally, during 1981-86, the IBA has as faced a period with few ups and many downs. Until 1982, it regulated only one channel, then it had a second (Channel 4). In 1985, it supervised DBS, but since then, the IBA has been faced with the prospect of its own abolition. The 1988 White Paper proposes IBA's merger with the Cable Authority and the setting up of an Independent Television Commission with less power and responsibility.

Both commercial and public television have effectively fallen in line with a _de facto_ deregulatory process. This has made them look for ways of being more effective, as well as attractive, in a potentially competitive television landscape.

## 2.3.1 INCREASING THE OUTLETS: FROM CHANNEL FOUR TO ROUND-THE-CLOCK TELEVISION

During 1981-86, British television went through a 'quiet' revolution in contrast to its French counterpart, whose changes were heavily political. Two major changes took place: the launch of C4, and the incremental transformation of British television, particularly commercial TV, to a 24-hour service (since the end of 1986).

(i) **The Channel Four Television Company** was formally established on December 10, 1980, as a subsidiary of the IBA. It was incorporated as a private company limited by shares and came into operation on January 1, 1981, with Jeremy Isaacs as Chief Executive. He played an important role, with others, in establishing C4's character (Blanchad: 1982; 9).

C4's primary mission was to contain a suitable proportion of programmes to appeal to tastes and interests not generally catered for by ITV, and to promote suitable educational, innovative and experimental programmes (Wakshlog: 1982). C4 was to complement to ITV without being controlled by ITV companies. However, many of these ideas depended on ITV companies, which were to be the main source of programmes and collectors of C4's advertising revenue. The IBA's main role is to approve C4's schedule and ensure a variety of primarily minority-interest programmes that complement ITV's output. With the publication of the 1988 White Paper, C4 is facing the most critical problem of its fascinating history: whether to 'go independent' and

start selling its own advertising or remain as it is. What will C4 be offering its viewers in the future?

Discussion for a fourth channel goes back two decades to the 1962 Pilkington Committee. Since then, concern has centred around who should run the channel, were it given the go-ahead (24). Before defeat in 1979, the Labour Government published a White Paper (July 1978) (25) stating that the Open Broadcasting Authority (OBA) should be independently financed through advertising and that more programmes should be commissioned from independent production. When the Conservative Government came into power, it stopped any OBA developments; the Queen's Speech announced that C4 would be under the IBA and the Broadcasting Bill of 1980 finally confirmed this. William Whitelaw, the new Home Secretary, played an important role in C4's fate. He wanted its revenue to come from spot advertising but would also allow block advertising and sponsorship (26). However, some regulations regarding C4's output were obscure. Because the Government wanted this channel to be successful in financial terms, without relying on public funds, it reduced the percentage of levy on ITV companies' profits (Guardian: 15 October 1980).

C4's funding was structured to help it survive in the broadcasting market as a minority channel (27). It has been funded by the existing ITV companies through a system of subscriptions (28). In return, all C4 airtime is sold by the ITV companies on their own regions (29). It has, at times, come under pressure from its subscribers, i.e. the ITV companies (Negrine: ibid). Critics claim that this arrangement gives the ITV companies total control of television advertising because if C4 were allowed to sell its own advertising, according to one of the 1988 White Paper's new options, 'the network would almost certainly increase its revenue while providing competition from the ITV monopoly' (Goldstein-Jackson: 1988).

Unlike the ITV system, C4 acts as a commissioning agent, not a production company. It airs the work of independent producers (35 per cent); the major ITV companies (up to 40 per cent), regional ITV companies (up to 20 per cent), ITN (15 per cent) and from overseas. Wales has its version of C4, a Welsh-speaking service (SC4). For some, C4 is a 'closed shop' because it requires the independents to follow union agreements, and sometimes imposes (or dictates) the terms of the contract (30). Nevertheless, C4 has boosted the independent production sector and its

experience has been adopted by the government as a policy for the major networks.

C4 faces the complex problem of broadcasting for 'tastes and interests not generally catered for' and relying on a commercial system that targets a mass audience but only provides 8 per cent of its own audience. This is stable, but not large. C4 has tried daily not only to reach a 10 per cent target, but also to keep its 8 per cent (31). C4's profile suggests that because its programmes will never have the mass appeal of ITV, specific audiences should be targeted. C4 should go more for popular programming, such as Cheers, Family Ties and the Cosby Show. These programmes achieve very high ratings in the US and elsewhere, and have performed well on C4. C4 planned a more conventional pattern, aiming to draw audiences right through the early evening, but going against its aim to complement ITV. Perhaps the provisions of the White Paper will allow C4 to go ahead with these projects. C4 is not really a minority channel (32). Viewers are becoming accustomed to some of the specialist programming that would be destroyed if C4 had to compete for revenue. Present C4 programme policy, and the ratings resulting from it, constitute a balancing act more delicate than that of any other channel. ITV provides one-third of C4's schedule, but acquired programming is increasing and now stands at 45 per cent. C4 is also cost-effective, especially regarding shooting costs that were much cheaper than the BBC's (33).

In its seventh year, C4 saw the 1988 White Paper (pp 24-26) set out three constitutional models for a new C4 : (i) as a profit-making, private-sector company licensed by the new Independent Television Association (ITC) in the same way as services on ITV; (ii) as a non-profit, ITC subsidiary, free to raise funds as it used to and with minimum income guaranteed by the ITC to avoid erosion of the channel's remit; and (iii) as a partner to a more commercial Channel 5, able to plan complementary schedules to strengthen their competitive position vis-a-vis the other channels.

It is arguable whether a commercial company would take the risk for a non-commercial venture. Besides, television differs from the newspaper market. A privatised C4 does not seem the best solution for improving the station and securing its long-term future as an innovator. C4 appears to be an innovator because it has a flexibility provided by the IBA/ITV relationship. Any change in C4 may considerably alter its own programming philosophy. This is unfortunate

because C4 perhaps represents the 'last reinterpretation of the public service role of broadcasting' (Curran and Seaton: 1985; 238-9). In this version, the freedom of creative individuals to risk making the programmes they want to make is seen as a guarantor of public good.

The channel's first years gave it a strong domestic and international image. In the post-Peacock, 1988 White Paper era, there has been a belief that C4 would never be the same again. At this point, Docherty et al. (1988; 176) conclude: the worst thing about a channel dedicated to challenging and transforming conventional television is if it succumbs to complacency. The public, and the broadcasting industry, consider that Channel Four has an important contribution to make to British culture and society. It would be disastrous then if the channel settled into the rhythms of the past five years. Staying one step ahead or, more precisely, one step slightly ahead and to the side, is a major task, and only the channel's tenth anniversary will tell us if it succeeded.

(ii) **Increased broadcasting hours** has been another issue, starting from <u>Breakfast-TV</u> in 1982, <u>Daytime</u>, then <u>Late Night</u> and, finally, 24-hour television service in late 1986 and the beginning of 1987. The **round-the-clock television** issue is, on the surface, simply continuing competition between the BBC and ITV. The real issue, however, must be seen as preparing conventional broadcasters for potential competition with a proliferation of new channels beaming from the UK or Europe. This is also a means of testing the potential market's reactions, while searching for ways to absorb independent production into programme output. The BBC started first with the <u>Breakfast-Time</u> programme in 1982; ITV followed in February 1983, after awarding the morning franchise to the TV-am company, which saw managerial turmoil and superstar dismissals in its first years. They usually transmit every weekday, between 6.25 and 10:00 am, but TV-am also broadcasts at weekends. Their programmes are live, offering a magazine programme: a fast-moving blend of news, current affairs, interviews, and a wide range of topics including sports, cooking, consumer issues, etc., all rather informally presented.

Daytime television followed. The BBC introduced a lunchtime service in 1972 with <u>At One</u>. There were regular afternoon programmes in 1974, but these were abandoned in 1979 for financial reasons. When the IBA awarded the breakfast TV franchise to TV-am, the BBC's DG, Alastair

Milne, allocated £3 million to hastily set up breakfast TV first. When ITV started talking publicly about a fully networked venture into daytime TV, Milne launched BBC's daytime service first. In February 1986, it was decided that there should be a major midday news programme, on-the-hour bulletins and a forum for viewers' reaction to television. In its first year, daytime television centred around soap operas such as Neighbours, Sons and Daughters and some documentaries (Laughton: 1987).

On the other hand, ITV companies claimed that their advertisers were seeking marketing opportunities in the daytime audience and began regular daytime transmissions. When regular broadcasts were imposed, daytime TV claimed that in winter 1986, 7 to 8 million watched TV in the middle of the day. In late afternoon, ITV's Australian soap operas were attracting about 5 million viewers (Guardian: 5 January 1987). In the beginning, Yorkshire Television announced firm plans to broadcast in the early hours. Then Thames TV and LWT began broadcasting regular programmes during the night (Through the Night on Thames-TV and Night Network on LWT). The smaller ITV companies were somewhat reluctant because of programme costs and potentially low regional late-night advertising. Thus, night time programmes were concentrated in London and the South-East. The IBA, however, seemed determined to push the companies into this 24-hour pattern, suggesting that those without the resources might consider taking other companies' programmes or collaborating on a partial network service (34).

These three new aspects of so-called round-the-clock television, previously limited to the US and Italy, have been regarded as something that could withstand the challenges of satellite-to-cable channels without duplicating what the new television retailers will offer. Their target has been a potential audience of 25 million viewers (Guardian: 5 January 1987). Following the Peacock recommendation, the 1988 White Paper proposes a subscription and encrypted service on the BBC at night only, to be finally assigned to ITC for commercial use.


## 2.3.2 THE TRADITIONAL BROADCASTERS ADJUST THEIR SETS

British television, and the BBC in particular, celebrated its golden jubilee in 1986. Many pointed out that both the BBC and ITV systems had arrived at a crossroads. After 60

years of mutual and regulated expansion, broadcasters had been exposed to external political pressures and technological forces that they could little influence. On one hand, the BBC was in severe financial straits (35), on the other, so were the IBA and ITV companies. The IBA faced a difficult role as a regulator trying to cope with the government's policy, especially regarding C4's advertising, and concurrently taking into account the ITV franchises, their 'internal agreements' and their vulnerability in an economic crisis.

The BBC's real income had dropped once again as the licence fee fell further and further behind the rate of inflation. Then the competition for breakfast and daytime television had increased production costs since there was now more competition for new programme ideas and feature films. Moreover, the BBC had to face a fresh and confident Conservative Government demanding a restructuring of broadcasting. The Corporation also had to adapt to potential competition from the new media. Although its first attempt to gain a satellite channel failed (see later), in 1987 it started leasing a transponder on Intelsat (25.7 degrees West) to beam its programming to Scandinavia (36). The BBC also planned to provide Europe with a satellite-delivered news service, but the Foreign Office rejected any subsidy (37). The BBC had to argue in commercial terms because it had to maintain a reasonable total viewing (and listening, though this was less critical) audience to keep its licence fee and justify other ventures. Thus, the 'Beeb' became an audience-ratings hunter by adopting a rather commercial attitude to help it survive in a potentially competitive environment. BBC Enterprises, the commercial arm of the Corporation, had worked on a larger number of programmes from its archives that retailers were now selling. The new relationship between psb and the retail group is just one example of the BBC responding to political and financial pressures.

In 1985, the Corporation had to cope with the consequences of two linked Government decisions: the £58 colour licence fee (instead of the £65 requested) leaving a nominal short-fall of £350 million over the three-year licence fee period; and the Peacock Inquiry, which looked at alternative ways of funding the BBC, such as advertising, sponsorship or subscription. Under the shadow of the Peacock Committee, the BBC decided to reorganise itself before the completion of the report (38). The Peacock Committee finally recommended that advertising on the BBC

was not a solution currently and that the licence fee would remain the principal source of revenue. The Government, through its Home Secretary, Mr Douglas Hurd, announced that the increased licence fee would reflect the annual percentage rate in the Retail Price Index (RPI). Given the tendency of BBC's costs to rise faster than inflation, this indexing will be strong incentive for efficiency and care in undertaking fresh commitments. Competition for audiences will intensify, translating into rising costs for the labour-intensive broadcasting industry. If this is related to the fact that inflation in television industry runs ahead of RPI, the latter means a 'double squeeze' on BBC finances(39).

Fundamentally, the BBC's annual subsidy is now linked to the annual index. No conditions, no chairman's objectives, no corporate plans to be approved. Each year the public money 'will roll on the target'(Jenkings: 1987). What does it mean? For some, it could mean that the Corporation will continue searching for quality programming, for others, that the political relationship might be further obscured, and for some others, that it should have to adopt a more entrepreneurial strategy, similar to modern business management (40). The 1988 White Paper acknowledges (and praises) the Corporation's new managerial attitude and commercialisation, while arguing that there is scope for further progress.

In policy terms -- relating this picture to the 1988 White Paper as well as to the recommendations of the Peacock Committee and other subsequent reports -especially the provision that the BBC should be turned into a 'pay-as-you-watch' service -- one may argue that the Government has, since mid-1986, started 'squeezing' the BBC's monopoly status by 'informally informing' it that in the near future it will have to compete not only with the ITV system, but also with other potential rivals for the same revenue. Therefore, under its new management, the Corporation has make structural changes to redefine its role and to make it competitive in a deregulatory market (41).

In the IBA/ITV system, the IBA's statutory duty - as the regulatory body - is to provide psb. Despite difficulties dealing with the ITV companies, it has managed the whole system well. The IBA's case could be unique because no other country in Europe has, as the Economist puts it (19 April 1986; 29) a body like it. Moreover, as commercial television spreads, other countries are looking at the

IBA's experience.  The irony is that while others are
thinking of copying Britain's system, the Government
wishes to reform it - how radically remains to be seen.

The companies constituting the ITV network do so on the
basis of a fixed-term contract.  Until the 1988 White
Paper, they were liable to lose their franchises at the end
of the contract if the IBA decided that another company
would do a better job. However, this was not efficient,
causing IBA Chairman, Lord Thomson, to say publicly that
'there must be a better way' of regulating the commercial
television system. One example is the 'Network Agreement'
which came to light in 1987, whereby the ITV companies'
profits were guaranteed by a market-sharing agreement,
making their case a classic cartel (42).  This has probably
made the ITV companies the most profitable sector of the
British economy (43).   This agreement, perhaps illegal
under British law, and certainly under EC law, was not
stopped by the IBA, whose duty under the 1981 Broadcasting
Act to ensure  adequate competition between the companies.

During 1986-87, the IBA was keen to stop these network
arrangements.   In 1986, it twice prevented takeovers. In
October of the same year, it forbade Thorn-EMI and BET to
sell their stake (about 90 per cent) in Thames TV to
Carlton Communications (44). It also prevented Rank
Organisation's takeover bid for the Granada Group (45).
The IBA's objection was the same in both cases. The
Authority picks franchise holders for a cycle of eight
years. The contracts for all except TV-am run out at the
end of 1989.  It was believed that franchises could change
hands during their lease. This problem will certainly
emerge again in the future as television becomes a more
volatile industry.  One answer could be a simple way of
awarding franchises, but because  the IBA will soon be
replaced by the Independent Television Commission, these
points have become somewhat academic. Moreover, as Channel
3, ITV will remain regionally based. The franchises will be
auctioned and awarded in two steps: First, applicants have
to pass a 'quality threshold' to meet programming rules;
second, the winner will be the highest bidder (46).

Having realised that they would now be the main target of
the Government's policy on broadcasting, the  ITV companies
are seeking ways of readjusting their positions.  The
Government, willing to show its intentions, asked the
Office of Fair Trading to examine the monopoly status --
not a common practice (47).   Moreover, in the 1987

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election campaign, Mrs Thatcher blamed the ITV companies for charging 'whopping great prices', preventing small businesses from getting on screen (48). How have the ITV companies responded to these challenges? Since 1986, they have been scrambling to diversify to protect themselves against an uncertain future in which they will all lose their monopolies, and some their franchises. ITV executives believe that the conflicts of interest within the network federation have grown so intense that the federation is disintegrating (Sunday Times: 3 July 1988; C7). There have been investments in other projects, such as Thames TV in Astra, Granada in BSB, Television South's acquisition of MTM Entertainment, etc. (49). Since the White Paper, a spate of takeovers and mergers has been predicted by City analysts; as one of them has said, 'some of the companies will get together, others will look for links with outside firms. Even some of the larger will be vulnerable and will want to chose their partners rather than fall prey to an unwanted bidder'(cf. Guardian: 8 November 1988; 8). The future will demonstrate to what extent criticism of the IBA/ITV system was right and whether current proposals will solve the problems.


## 2.3.3 BROADCASTING POLITICS AND THE BBC

Changes in British society and its political system made the broadcasters' task more difficult than before (Negrine: 1985a). Moreover, the decline of the two-party, system posed unfamiliar problems for broadcasting coverage (Tunstall: 1986a). Under the two-party system the broadcasters could comfortably balance opposites, keep distances and feel able to survive in the 'middle ground' (Kumar: 1977; 231-3). The attitude of British broadcasting – especially the BBC – has tended to 'grativate towards the centre and towards consensus in terms of politics and values; in fact it took a perverse pride in being accused by both the Labour and Conservative parties by pleasing neither on occasions, it achieved a high degree of impartiality' (Negrine: 1985a; 22). In this context, it should also be noted that British society, both ethnically and culturally, has become more pluralist than in the past (Kuhn: 1986a). The established ps broadcasters have often found it difficult to respond to this growing societal pluralism, even if they have taken initiatives with cases like C4. Despite these initiatives, it remains difficult for primarily mass-audience-oriented channels to reflect the needs and concerns of a diverse society.

Furthermore, 1981 saw the emergence of the Liberal-SDP Alliance, which is itself the middle of the two parties. This provoked problems for the BBC over the new party's coverage. During the 1983 electoral campaign, broadcasters were criticised for their willingness to include the SDP in their election programmes and the broadcasting time granted the new party (50). Even though the SDP enjoyed no sympathy among the journalists (Seymour-Ure: 1982), it received attention partly 'due to its personality but non policy-based-party' (Seaton: 1986; 13), and partly because it reflected broadcasters's middle-ground attitudes.

During 1981-86, the BBC had tremendous difficulties with Conservative Government (51). Starting with the Falklands war in 1982 (52), peaking with the Peacock Committee, and seeming to 'calm down' with the dismissal of the Corporations's DG, Mr Alastair Milne, in 1987. Some examples of the BBC's clashes with the Government:

(1) In 1982, during the Falklands war, broadcasters were heavily criticised by the Government over their reports on the conflict and of accused of a lack of patriotism.

(2) In January 1984, a Panorama programme alleging links between Conservative MPs and Far-Right politics led to libel actions, resulting in a humiliating High Court apology and compensation plus legal fees.

(3) In July 1985, the Home Secretary, Leon Brittan, a 'Thatcherite', asked the BBC not to screen a Real Lives programme about Ulster. The Board of Governors ordered the withdrawal of the programme, causing BBC journalists to stage a one-day strike for the first time in the BBC's history.

(4) In August 1985, the revelation that senior appointments at the Corporation were vetted by the security service, MI5, fuelled speculation of Government interference.

(5) In October 1986, the Conservative Party's Chairman, Mr Norman Tebbitt, published a 21-page dossier on the BBC's news coverage of the US raid on Libya, claiming evidence of anti-government and anti-American bias, both rebutted by the BBC.

(6) The dismissal of the BBC's DG days before a political

row regarding government interference over a programme concerning the Secret Society Series.

(7)   A report by a journalist about a highly classified Zircon satellite was withdrawn by BBC management.

These examples indicate a close, if tense, relationship between broadcasters and those in power. Conflict becomes unavoidable when broadcasters cannot positively favour their 'rulers'.   Of course, such a situation was unthinkable for their French counterparts some years ago when government intervention over new output used to be the practice.   To an outsider with some experience of direct government control over broadcasting output, British broadcasters seemed fortunate to be able produce programmes according to their wishes, although  they have indirectly been government servants by having to either praise it or obey its general directives.   Thus, the terms of impartiality and government intervention  are increasingly vague.

This relationship is neither new  nor unique (see, for example, the Suez Crisis) and will not change dramatically in the future.   It is important to remember that the Conservatives placed broadcasters in an uncomfortable situation.   The BBC's image  is not the same as it was in the 1960s and 1970s.   Its independence was brutally shaken, and the commentators seemed to be sceptical about the old 'Beeb's' survival. The recent developments concerning British broadcasting indicate that this will be quite difficult because a more commercial attitude,even in news output, is necessary. Whether commercialised news programmes can offer the same quality and direct criticism of government decisions and policies remains to be seen.

This government policy of attacking the BBC, however, has damaged effect on the Corporation's domestic and international image.   The BBC of the late 1980s seems less independent, even to its journalists and programme-makers. The systematic and effective attack on the BBC has  also been associated with Tory propaganda that it was leaning to the left and becoming unpatriotic.   Of course, these arguments are not quite true but the consequence is apparent: it is harder today for the BBC to claim its prestigious impartiality.

## 2.3.4 THE PEACOCK COMMITTEE AND THE FUTURE OF BROADCASTING

The Peacock Committee wanted to sweep away the 'comfortable duopoly' of the BBC and ITV by the turn of the century, giving subscribers a choice between any number of television programmes beamed directly into homes; giving the consumer sovereignty. The 219-page report lists its 18 recommendations (Table page 298) for the first three stages of deregulating the industry - starting by January 1988 - and creating a free-market system dictated by the consumer. The whole credo is that TV is a medium undergoing a form of revolution, thanks to the development of cable and satellite technologies. The report focuses on criticising the inefficiencies of the 'comfortable duopoly' and the practices and arrogance of the BBC and/or the IBA/ITV system.

The evolutionary strategy's goal is defined as 'a system which recognises that viewers are the best ultimate judges of their own interest, which they can best satisfy if they have the option of purchasing the broadcasting services they require from as many alternative sources of supply as possible'. The Committee concluded that for the time being, advertising is not solution to the BBC's problems, and that the licence fee should be indexed to RPI (53). However, it was split on the question of privatising BBC Radio One and Two, agreeing only that the Corporation should be given this option. Only four of its seven members supported a proposal to auction the ITV franchises when the contracts expire in 1991.

The Committee also envisaged a three-stage transition from the present television system. The first step towards a free-market system would be to adapt TV sets for direct subscription (54), which would replace the licence fee during stage two in the late 1990s. The final stage, in the twenty-first century, would introduce an era of electronic publishing, during which customers would buy packages of programmes much as they buy newspapers. This multiplicity of choice would permit the creation of a full broadband market, financed by subscription. A key provision was that the free-market system should be supplemented by a new Broadcasting Council to provide programmes of minority or specialised interest with the accent on 'knowledge, culture, criticism and experiment'. This Council would have the right to stipulate programmes that should be broadcast in a non-encrypted form. It would be financed either by Government or by the broadcasters

themselves. In this way, the Report hoped to alleviate fears that its recommendations were the downhill path to 'wall-to-wall Dallas'. Another issue is that all censorship should be eliminated because 'pre-publication censorship has no place in a free society'. To further deregulate, all restrictions on 'pay-per-view' should be abolished; BT should be allowed to set up a national cable network; the BBC and ITV should take at least 40 per cent of their programmes from independent producers; the 'silent' early morning hours should be auctioned; and satellite franchises should go on the market.

The members of the Committee, chaired by Professor Alan Peacock, received evidence from 843 organisations and individuals. The Report was drafted just as the traditional structure of psb had been shaken by technological change. The Committee could, conceivably, have ducked these issues by focusing strictly on alternatives to the present licence fee. Instead, it chose to broaden its remit and embrace future broadcasting policy on the grounds that the new technologies were making the duopoly untenable by opening up huge potential for wider consumer choice. The result was a report that contained a 'remarkable mix of traditionalism and radicalism' (Financial Times: 4 June 1986; 20), and also gave unquestioned support to the new methods of communication, forgetting the conventional ones. On the other hand, it accepted many Reithian concepts on maintaining quality and range of programming, while advocating a greater role for free-market forces.

In other words, this exemplifies the approach of trying to 'marry' opposites. Its analysis refreshingly clarified the often-confused debate over broadcasting deregulation. In particular, it rebutted the contention that more competition must lead to lower programme standards by forcing broadcasters to chase mass audiences. It convincingly argued that this situation would be likely only if broadcasters were forced to rely on advertising as their principal form of financing. In that case, they would have to deliver big audiences to advertisers, instead of bringing a wider range of choice to viewers. The Committee answered that broadcasting policy should evolve towards enabling viewers to register their choice by paying for the programmes they watch, initially on a subscription basis, and ultimately by being charged for individual programmes. In principle, this is an admirable aim but broadcasters and their products, the Committee argued, are not physically different from books and magazines. BBC

executives pointed out that the £2-billion British publishing industry produces more than 50,000 books a year. The costs, as noted in the beginning of this part, are vastly different. The £2 billion may be enough to run just four TV channels, but too little to run 30 or more channels (Snoddy: 1986; 21).

To some extent, the Committee seemed to have overestimated the impact of the new media when it argued that they will threaten the duopoly. If the public wished to pay for a broad range of extra TV services, how much deregulation would be necessary or justified? To some, the Committee's conclusions of indexing the BBC's licence fee and charging a flat fee for car radios appeared reasonable for the time being. It was over-eager to deregulate the existing system, arguing that it was inherently unstable. Broadcasters argued that there was little evidence in the Report to support this claim.

Some other suggestions appeared to be more questionable. While there was a strong case for reforming the IBA's system of awarding ITV's franchises, not auctioning them could encourage holders to maximise profits at the expense of programme quality. It also seemed unreasonable to insist that the BBC offer all its programmes on a subscription basis while making the ITV companies continue conventional broadcasting. The need to buy special decoders to unscramble the BBC signals must risk reducing its appeal to viewers. As Alastair Hetherington, one of the Committee's members, notes, 'the Committee deliberately put as its first unanimous recommendation a technical requirement' (Hetherington: 1988; 15) that called for subscription by requiring 'all new TV sets sold or rented to the UK market...to have a peritelevision socket and associated equipment'.

These problems highlight a much larger uncertainty underlying the Committee's approach to longer-term policy. The Committee offers a cogent analysis, as well as some useful practical suggestions, but it needed to be clearer in other respects. On one hand, it may be at least a decade before it is known whether the Committee will become a historical curiosity - flawed by too much abstract thought, undiluted by common sense - or whether its report will be seen as a visionary document that led to a real new age of broadcasting choice and independence from government interference. In policy terms its recommendations could be seen as points for a 'step-by-

step' policy because the broadcasting stages the Committee envisages have quite clear boundaries - rather than being a kind of evolutionary transformation.

## 2.3.5  INTO THE POST-PEACOCK AND THE 1988 WHITE PAPER ERA

The Peacock Committee undoubtedly originated as a result of the supposed unpopularity of increases in the BBC's licence fee and a vocal lobby that suggested that advertising would provide an alternative (Brittan: 1987a; 4). Criticism from the Conservative backbenchers that 'something should be done about the BBC and its claim for a £65 licence fee', combined with a strong arguments that the BBC was costly, inefficient and ridden with restrictive practices backed by proponets of deregulation (O'Malley: 1988; 22-6). Additional momentum came from a clever campaign by the advertising industry, which argued that the market was big enough for another commercial channel (Economist: 13 April 1985; 17).

The Peacock Committee was seen as the Government's 'hired gun', hired to introduce BBC advertising (55). But as noted, the Committee went much further than it was asked to, taking a wider view of broadcasting. In 1989, Peacock admitted that he stressed the terms of reference and fundamentally examined the broadcasting system, including ITV's role (Sunday Times: 13 November 1988; C6). It seemed that the Government was neither seeking nor expecting proposals of such a radical nature and that these were unlikely to find a place in the Government's repertoire. As Miller and Sutherland (1988; C6) said, the Report was seen as a 'dead duck'.

According to one of the Committee's members, Mr Samuel Brittan, 'the main reason for Government's embarrassment was that in putting forward the idea of a free broadcasting market without censorship, Peacock exposed many of the contradictions in the Thatcherite espousal of market forces' (Brittan: 1988; 3-4). Moreover, the opposition, through its shadow Home Secretary, Gerald Kaufman, told Parliament 'this report does not deserve even to go into bin, it should go straight into the wastepaper bin' (Sunday Times: 13 November 1988; C6). In principle, the Government favoured deregulation, competition and consumer choice, but there were also traditional Tories, like Douglas Hurd, who were upset that the report opposed their plans to regulate programming content.

When the 1988 White Paper was published, the 'dead duck' quacked (Miller and Sutherland: 1988; C6). The Paper seemed tantamount to a ringing endorsement of Peacock's vision and its recommendations have become the centrepoint of government broadcasting policy. The Government finally endorsed auctioning ITV franchises, expanding subscription TV and adopting an entirely new broadcasting philosophy: viewers, not broadcasters, should rule the airwaves. There were signs that the Report was being seriously considered before then. By setting up a Cabinet Committee, chaired by the Prime Minister, which considered key recommendations, for example. This Committee was a cross-departmental working party (the DTI, HO, Arts and Libraries) to prepare the White Paper.

Finally, by publishing the White Paper, the Conservative Government has shown its desire to liberalise British television for the 1990s in the way advocated by the Peacock Committee. The creation of a fifth, and possibly a sixth, channel is under way, but the whole system will rely upon the viewer's choice. The Government insists on 'quality, range and popularity',but critics say that this new structure will threaten standards, increase censorship and put commercial values before broadcasting. However, the Government intends to ensure that ownership of broadcasting will not be concentrated in fewer hands; the White Paper contains ideas for limiting media ownership to British, EC or overseas entrepreneurs (Guardian: 8 November 1988; 1).

## 2.3.6 INDEPENDENT PROGRAMME PRODUCTION AND TRADITIONAL BROADCASTERS

Since C4 was set up, the independent production sector has grown steadily, as have its status and influence within broadcasting. The independent producers had 'the flames of their wildest dreams fanned by an extraordinary recommendation in the Peacock report' (Housham: 1987; 8) -- that 40 per cent of BBC and ITV programmes should be supplied by independent producers because C4 commissions, were more cheaply and efficiently produced on the more competitive independent markets. This was accepted in principle by the HO, which modified the quota to 25 per cent to be reached in four years. Therefore, the IBA and BBC would require about 500 hours a year of 'independent programming' within 1987-88 (56).

Some said that this would affect the quality, economy, location and creativity of British television (57) in a world of rapidly changing television trading patterns (Paterson: 1987; 9). The argument went on to point out that the small, independent TV stations could damage their own carefully nurtured production facilities, and that the Conservative Government was using independent producers to weaken the trade unions' strength. The ITV companies, for example, maintain a 25 per cent quota. On the other hand, the Independent Programme Producers Association (IPPA) argued that the gradual access for its members could be accommodated without causing harmful industrial relations because there was plenty of room for expansion. The ITV networks' increased output to feed 24-hour transmissions was given as an example of the need for new and independent production programmers.

Another criticism was related to ITV's regional identity. The IBA has been regarded as a 'guardian' of regional programming which, to some extent, reflected regional culture while providing regional employment. The difference between an independent, like Diverse Productions, and an ITV franchise contractor, like Scottish TV, was that responsibility for the former lay with the shareholders, whereas for the latter it lay with the shareholder, region and the IBA. The argument was that the independent would undermine the regional role by inevitably going where it is cheaper and there are available facilities. London was seen as the prime location. It was stressed that the metropolitan centre of attraction would exacerbate the North-South divide (58), leaching the north of jobs and culture, similar to the US situation where Los Angeles is the centre of productions (Paterson:1987;9). After a survey undertaken in association with the IPPA, the independent producers argued that regional production would encourage independent access because more than 1050 production companies and facilities houses were in the regions, with a total annual turnover of £411 million.

However, it is debatable whether independent quotas can improve the quality of the ITV/BBC programmes because these factors necessarily hinge more decisively on the nerve and imagination of the programme commissioners (Housham: 1987; 9). Many independents claim their commitment to psb would protect British TV from the downmarket trends of deregulation. The cynics expect the industry's 'old boys' practices to persist, giving commissions to already-established independent producers who have only just

abandoned their BBC/ITV jobs. On the other hand, both the BBC and ITV systems create the space for high-cost, investigative programming, which might not be justified in terms of audience size alone, but which is cushioned by the high ratings won by popular dramas and light entertainment. What size of 'dependent independent' (like the relationship between them and C4) could achieve these 'creative economies' of scale? The BBC and ITV programmes were highly exploitable in the international marketplace, but where were the independent producers' major achievements?

Nevertheless, a policy for independents could be made to fit within the EC's television policy, which as we shall see later, asks for an increase in independent productions of the total programming output. Independent productions could also decrease the well-protected programme-production fields through the 'vertical duopoly' of the BBC and ITV, concurrently weakening their bargaining power. However, bearing in mind the demand for more programmes and television outlets, an increase of independent productions' identity seems necessary.

## 2.3.7   UNDERMINING THE 'DUAL MONOPOLY'

The character of British broadcasting has been largely determined by the social context of its development, including the impact of the World War II and the public service concept. The personality of the BBC's first DG, John Reith, who effectively influenced the BBC's attitude, was also crucial. From the start, broadcasting was seen as a public service, a paramount concern for both individual and society. Incidentally, commercial television developed under this public service ethos, which can be seen in the provisions and the duties of the Independent Television Authority (later the IBA). The concept that broadcasting must be the public's servant still underpins all UK broadcast services, although interpreting this formula has varied over the years. But the whole question of the character of the duopoly remained ambiguous (Heller: 1978;9).

On this premise, a rather vague view of psb was formulated in the UK. The Peacock Report reproduces some principles (59) - borrowed from the Broadcasting Research Unit (BRU) - that partly coincide with those found around the world: (1) geographic universality, (2) provision for all interests and tastes, (3) special provision for minorities, especially the disadvantaged, (4) reflection of national

identity, (5) independence of vested interest, including the government of the day, (6) different sectors of broadcasting not being competitively funded, (7) competition in quality of programming, rather than *for* audience size and funding, (8) liberalising, rather than restrictive, guidelines for broadcasters.

However, Blumler et al. (1986) note that psb is like the British Constitution: it is uncodified and adaptable. What the Home Secretary called 'popularity', and what broadcasters term 'high audience ratings' have already become a guiding principle of the system, together with range and quality. Nevertheless, taking a broad historical perspective will show that it is the BBC, rather than the commercial system, that has often been threatened. During 1981-86, the BBC was once again questioned, not over its output but over what it represented: state monopoly.

The political climate was against any monopolistic output. There were, and still are, many who want to *reshape the media*, but most importantly, the dual monopoly was challenged by an accidental consensus of both the Radical Right and Left. In the UK, the BBC and IBA were criticised over their accountability and lack of openness to the societies they represent (Hood: 1986; 61). The Radical Left called for a broader range of opinions, greater access to the media and democratic control over broadcasting institutions (Hood: 1986, Curran: 1986a). The Radical Right argued that business interests should exploit the new technology (for reasons which had little to do with the social role of broadcasting and much to do with the uninhibited play of market forces in a monetarist economy) (Hood:1986; 60). In the UK, the doctrine of deregulation was mainly articulated by the Times newspaper, Adam Smith Institute and the advertisers. They pointed out that the only criterion for judging programme quality was how many people liked it. As the Times (15 January 1985; 8) put it: 'we need a more open and less monolithic system of broadcasting in which customers can choose what qualities they want from their television sets'.

In October 1984, the big advertising agency, Saatchi and Saatchi - which handled the Tory party's election campaigns in 1979 and 1983 - published Funding the BBC: the case for allowing advertising, in which they argued that the licence fee was inequitable, hitting the poor hardest, and that collecting it was expensive. Advertising would fill this gap, without lowering programme standards. This coincided

with the Conservative Government's feeling that the power of the 'market forces' should determine the shape of economic structures, even in broadcasting. The Adam Smith Institute, in a series of pamphlets, like The Omega Report on Communications, made some influential points for right-wing thinking on broadcasting by emulating the free-market principles of the 19th century in broadcasting, as well as in other spheres of public life such as the health service, energy, etc.

As O'Malley (1988; 15-7) has shown, industry suffered escalating costs and a growing concentration of ownership. These factors have prevented very powerful companies entering the industry and have limited the range of political and social opinions available in mass circulation papers. He concludes: 'the idea that the newspaper press since the 1960s is a model of the unrestrained market operating for the good of the consumer is simply inaccurate. One form of regulation, the state, was replaced by another, the market'.

The new technology that promised a plethora of new channels lent support to deregulation but, amazingly, the Government did not tale the necessary step. Instead, it questioned the vertical duopoly of the traditional broadcasters. Moreover, the high penetration of VCRs (over 8 million, i.e. third position after the US and Japan) backed the argument that the British favoured more choice. During 1981-86, the BBC was once again questioned about its status but was again left more or less intact. This was not because the BBC was strong. That it won the 'advertising war' must be seen in the context  of it losing every single battle (less money, more commercial management, etc.), confirming its weakness despite its lobbying. But if the BBC was to lose the war, it had to be dissociated from its 'frere ennemi', the ITV system, because together they constituted a duopoly leaving little room for deregulation.

Nevertheless, this duopoly contains a strong psb element. This has made the Government, the Peacock Committee, and even the 1988 White Paper, appear confused or contradictory because in all three there is a willingness to fight duopoly and, at the same time, to preserve it.  The Conservative Government created panic and uncertainty in 1980s by using the technological change argument, whereas in the post-Peacock, White-Paper era, it is clear that technology is not enough.  On the contrary, a whole political rationale has developed to lead broadcasting into

the competitive environment but again, under the
supervision of the state and its 'watchdogs', like the ITC
and the Broadcasting Standards Council.


## 2.3.8  A 'POLICY OF REFLECTION' FOR TERRESTRIAL TELEVISION

The process of 'privatisation' adopted by the Conservatives
has been well under way within the communications sector
(Murdock: 1984; 265). The Government's objective has been
to regulate 'lightly', giving priority to the commercial
development of a competitive industry providing consumer
choice.   Despite  the  aim  to  produce  step-by-step
deregulation/privatisation, attempts to fulfil this were
half-hearted.   For  example,  apart  from  asking  for
competition in broadcasting, the Government has not really
instituted this in the broadcasting scene. Nevertheless,
this step-by-step policy-making has continued in fairly
traditional consensual ways.  Policies have been modified
pragmatically.  For example, when the Government realised
that the  technology arguments were inadequate, it changed
tack to   consumer choice.   In the post-Peacock era, the
Government has shifted the target (from BBC to ITV) but
kept the same aim: competition in broadcasting, which has
put the BBC and ITV under pressure.   In the 1980s, the
Government seemed to realise that the BBC had a powerful
ally in the ITV system, which was also hostile to new
entrants.  To a certain extent, the latter was  obvious in
the evidence given to the Peacock Committee by the IBA-ITV.

It could be an oversimplification, but looking at the whole
period from the outside, it is possible to see a
'piecemeal' approach. That the policy was neither concrete
nor coherent does not weaken the argument for it being
fragmented. Besides, the history of British broadcasting
policy backs this point. This country has been notorious by
its absence of a national communications policy (Tunstall:
1983;  238,  Briggs  and  Spicer:  1986;  13-4,  Seymour-Ure:
1987; 271-6).  There is no place, no institution, no
research society, no intellectual network for formulating
policy options for the television sector.  Current
terrestrial broadcasting, future satellite broadcasting,
cable, video, and cinema are dealt with through ad hoc
measures. Seymour-Ure  (1987;  278-81)  notes  that
broadcasting policy in general may surely be regarded as an
active policy area, but that it has been associated with
the 'no media policy' tradition in British political
culture.   However,  as  Seymour-Ure  also  argues,  the

Conservatives managed to have a kind of policy on cable TV, constituting an innovation. This innovation has been transferred to the terrestrial TV sector because the TV screen remains the same whether receiving cable or direct-from-satellite programmes.

Seymour-Ure (1987; 283) also asks to what extent there could be a coherent media policy without a coherent notion of 'media'. The lack of a Ministry of Communications has been noted by various scholars in the field (Curran and Seaton: 1987, Tunstall: 1986a, Seymour-Ure: 1987, Briggs and Spicer: 1986). Of course, this demand is linked more to the need for a long-term and coherent media policy than to establishing of a new department. A coherent media policy and a single department would also require significant changes in government attitudes in order 'to remove - or at least reconcile - the paradoxes observable in the present jumble of policies' (Seymour-Ure: 1987; 285).

Setting up the Peacock Committee is related to another characteristic of the system: the periodic government enquiries that try to coordinate a policy on either broadcasting or press (if a Commission has been set up for an inquiry on press). These enquiries bubble to the surface about every 10 years, addressing remarkably similar questions and often having no immediate effect. The Peacock Committee was to look at the funding of the BBC while the first of the committees on broadcasting, the Sykes Committee (1923), also rejected advertising on the BBC because it would lead to lower standards. Other reports, such as the Beveridge Enquiry (1949), produced change in unexpected ways. Within three years, its majority recommendation that the BBC's monopoly should be preserved led to commercial television. Many of the Annan Committee's recommendations were rejected but Lord Annan said his Committee's ideas 'had been influential on the broadcasting structure' (Financial Times: 4 July 1986; 19). The idea for a fourth channel run by the OBA, although rejected, led to the establishment of C4. Comparing these committees, especially Annan and Peacock, makes the Annan committee appear somewhat more cultural, intellectual and less business-oriented, whereas the Peacock Committee was widely regarded as an economically, rather than culturally, oriented report.

This, however, gives us an exact picture of our times: the economic vs. the cultural aspect of broadcasting.

Peacock's is the first committee in post-war Britain to place the economics of broadcasting at the centre of policy-making; therefore, it becomes increasingly important by either adding to or modifying our conventional thinking on the subject. Indeed, the latest Committee on broadcasting, after publishing the 1988 White Paper, seems to have influenced the whole government policy initiative.

Since late 1986, British broadcasting has been 'undergoing an historically unprecedented period of turbulence' (Dyson and Humphreys: 1988a; 251) since new ideas, acts and legislation have emerged. For policy development, the 1980s have proved rather a transitional period for conventional broadcasters to reflect and adopt to new strategies. Also, in terms of government policy, this period has been complex and without a clear policy, but a time of <u>rhetoric</u> favouring deregulation and thinking how to implement it.

## 2.4.0 FRENCH TELEVISION UNDER THE SOCIALISTS

Until 1981, no French government was prepared to abolish the state monopoly over broadcasting. The election of François Mitterrand as President unleashed a chain of events in state broadcasting media and the public. The new Government, in its early days, embarked upon its programme with determination, calling for immediate reforms. Nevertheless, the real challenge to the monopoly came also from public-service journalists and unions, as well as from ecology and anti-nuclear movements who began to adopt pirate radio broadcasts as a part of their strategy. Since 1981, the Socialists boasted a regional element of state broadcasting as part of their general commitment to the decentralisation of power away from Paris. A new condition, accompanied by a change in attitudes, was needed more than ever if French broadcasting was to remedy traditional problems and, perhaps, prepare for the advent of the much-wanted audiovisual revolution (Kuhn: 1986, July: 1982, Ramonet: 1982).

The 29 July 1982 Audiovisual Communications Act (Loi 82), which marked a clean break with this traditional system, was to open the media sector to new actors and allow new opportunities for traditional actors. This process was facilitated by the provisions of Loi 82, which were couched in terms that would allow subsequent decrees (décréts d' application) to fill in specific points. However, the liberalisation process proved more extensive than originally conceived by the proponents of the new Act. Loi 82 was drafted by the Ministry of Communications on the basis of a report commissioned by the Moinot Commission in September 1982, and if it did not literally repeat Moinot's proposals, it maintained its essential concepts. The setting up of a special Ministry of Communications meant that the state was in command of the whole administrative prerogative and specific policies of the sector. In taking such a step, the Socialist Government clearly pronounced that communications were part of its reform programme.

This reform came through Loi 82, which set up the Haute Autorite (HA) to act as a buffer between the Government and the broadcasters. Although the HA signified the 'rupture avec le passé', it did not have the power to authorise the nation-wide terrestrial channels, which were mainly controlled by the central state. During its short life (1982-86), the HA struggled to prove its independence from

the government, which sought to restrict its influence, unwilling to provide the HA with its own status. Loi 82, on the other hand, created a complex and confusing legal framework but allowed space for future developments because it was a 'loi cadre', which means adaptable to changes. Through Loi 82, the Government allowed new entrants to the broadcasting sector. Nevertheless, this framework was not functionally better for existing companies in the audiovisual sector, making it more complex by creating a range of bodies without proposing accountable solutions for the dominant financial problems. On the political level, the aspects represented by Loi 82 were between a liberal Thatcherite logic and a voluntarist, statist, <u>dirigiste</u> logic because the Act was neither a representative of deregulation, nor exactly a state-driven attitude. The case of radio was, in some way, a <u>de facto</u> situation which fell under legal and regulatory framework.

Liberalising the state monopoly on television was contradictory and speculative because the broadcasting policy was to be different from the one pursued by the Socialists during their first years in power. The launch of Canal Plus (C+) could be considered successful within the context of a coherent planning policy, following an option of controlled deregulation under the auspices of the state. On the contrary, the cases of La Cinq and TV6 (now M6) aroused a furore of reactions, finally making the whole issue a 'political hot potato' just few months before the 1986 parliamentary elections. It created a range of reactions on the domestic level between Government, opposition, press and film industry and other interested parties. On the intergovernment level, the reactions came from leading government figures and, internationally, from Luxembourg. This movement has largely been associated with the French polity. The Socialist Government abandoned its plans for a coherent policy or 'limited deregulation' on the audiovisual sector, favouring political sympathisers, and especially European entrepreneurs and interests, rather than merely French ones. This deregulation was motivated by partisan ends, a situation already so prevalent in French broadcasting and press policies. Thus, in the 1980s, the debate concerning broadcasting deregulation was eventually led by party politics, rather than financial considerations. Moreover, this broadcasting policy was characterised by rapid changes closely related to the U-turns in the Socialist Government's general policy. However, the decline of the state monopoly over broadcasting must be seen within a general framework of the

needs and expectations of the French society associated with the financial problems of the monopoly, as well as the general political conjuncture relating to the new broadcasting media.

The Socialist Government's policy could be seen in two stages. The first, the 'euphoria period', started roughly with the Moinot Commission (1981) and lasted until President Mitterrand's announcement (January 1985) about creating private terrestrial channels. It was a period closely associated with the development and fortunes of cable television in France. The second stage commences with the commissioning of the Bredin Report (1985) from Prime Minister Laurent Fabius and terminates with the 1986 general elections. This stage could be called an 'anxiety period' because the Government pressures for new channels coincided with the beginning of the so-called 'Italian media anarchy', and most wanted to avoid such a situation for the 'Paysage Audiovisuel Français'[(PAF)-the French Audiovisual Landscape].

To understand those changes, one has to bear the Socialist Government's mixed track record in mind. While some important Socialist policy objectives appear to have been met, many policy aims were adjusted or remained unfulfilled, while others were quietly abandoned (Mazey: 1986; 412-3). It seems that 'controlled liberalisation' of broadcasting was similarly abandoned for partisan purposes, indicating the explosion of another myth concerning the French state. It was generally believed that the dominant policy-making style, since 1958, was rationalist. But policy performance in the 1980s cannot be fully understood in these terms.

Furthermore, the Socialist Government's policy record confirms that state policy-making is too varied and complex to be encouraged within a single schema. In the cable TV case, despite often being potrayed as a monolithic Leviathan model, the state was, in fact, extremely fragmented. Therefore, public and, in this case, audiovisual, policy has to be seen under the wider sociopolitical reality of the politico-administrative system, meaning that the French government is not a cohesive body with a single set of policy preferences. This lack of cohesiveness is very useful in understanding the Socialists' fluctuations and 'long-jumps' concerning French broadcasting.

## 2.4.1 THE COMMUNICATIONS ACT OF 29 JULY 1982

Loi 82 was a long and complex statute, not limited to psb, that included 110 articles and concerned the whole audiovisual sector. Loi 82's provisions corresponded to the Government's effort to provide a coherent policy, but it also provided a complex framework of various organisations. On the other hand, it offered the opportunity of competition and some decentralisation, but again under the state's control. In particular, Loi 82 simply expressed two characteristics of the Socialist Government: French politicians's frenetic desire to introduce their own legislation on the broadcasting system, and the fact that the 'fragmented Leviathan' was also subject to international and external pressures. Therefore, in a deregulatory era, the Socialists had to react and respond to those developments and pressures before losing control of the entire situation.

The prelude to Loi 82 was a 12-member commission announced by Premier Mauroy in July 1981 and headed by senior civil servant, Pierre Moinot, to study and make recommendations on the future broadcasting structure. In effect, Mauroy said that the reform should: guarantee the political autonomy of the state media; decentralise the media and promote pluralism; and establish creativity in programming within the overall mission of culture, education, entertainment and information (Presse Actualité: September-October 1981). In October 1981, just as the law on radio passed a second reading, the Moinot Commission tabled its Report (CROPPM (Moinot Commission): 1981).

Written mostly in rather technocratic language, addressing itself mainly to the administration, the Report settled perfectly into a historic discourse on French media (Raboy: 1983; 311). It referred to the the legacy of 1789 and to historic struggles for freedom of opinion, expression and the press. It quickly linked those historic rights, and the contemporary administrative needs to organise them, by stressing that government was the guardian of civil liberties. Moreover, it regarded the concept of 'public service' as the conclusion to the right to communicate, stating the incompatibility of psb with control from either political or economic power. The Report's main recommendation was to set up an independent authority, named by the President and the chief magistrates of the state. The authority would guarantee psb guidelines stated

by the government, such as 'autonomy' and 'decentralisation' (60).

Loi 82 expressed four main principles: (i) modifications in the conditions of existence and representation of the broadcasting system, (ii) a centralised information apparatus still with a tendency for decentralisation, (iii) a tendency of exchanging information and cultural programmes, and (iv) introduction of new technologies and new functions combining data processing, telecoms and audiovisual systems. Loi 82 focused on abandoning the state monopoly over programming.

In principle, psb was to continue, but the state had to give up its exclusive rights of controlling all sources of broadcasting output, although it retained control of frequency allocation. The monopoly aspects of Loi 82 could be summarised as follows: (i) no television station could transmit without state permission, (ii) the Government could determine the operating conditions of the state television companies and nominate, directly or indirectly, the principal managers, (iii) the Government played an essential role in SOFIRAD and Havas agencies and used its power through the licence fee, and (iv) centralisation of the system remained because the President of the Republic himself would authorise the entrance of commercial private channels. All important decisions concerning the French audiovisual sector since 1982 had notably been made on the level of <u>Secrétariat d' Etat à la Communications</u>, not by the Cabinet but by the President and the Prime Minister. Loi 82, however, apart from psb, allowed the private sector to evolve and develop as shown by the introduction of 'radios libres'. Another major innovation was the creation of the Haute Autorite to act as a buffer between the state and the broadcasters. Loi 82 distinguished between the legal provisions governing the 'hardware' media and those of 'programme content'. It also acknowledged that it would be much more difficult to retain the present distinction between telecommunications and broadcasting because the same network would be used for TV and telephone. Thus, the Government considered that all media infrastructures had to have a common set of regulations, a similar approach to the DGT's strategy for the new media. In addition, Loi 82 distinguished between the forms of communication and the availability of the media, envisaging three cases: the 'abundant media' (videotext, teletext); media needing permission to transmit (cable and local radio); and the private elements on

terrestrial television.

Decentralisation was a major concern of Mitterrand's early presidency. The Socialists attempted to introduce legislation to spread power from the centre to the regions creating departments for functions previously carried out by state appointees. Regional councils were to be directly elected and their power increased. This decentralist tendency was to apply to the broadcasting sector as well. Apart from the 'Committeés Regionaux de la Communication Audiovisuelle', Loi 82 provided guidelines for establishing regional companies ('Sociétés Régionales de la Radiodiffusion Sonore') to coordinate the activities of local stations (Article 50), which had existed since the late 1970s under the auspices of Radio France. Another provision (Article 51) concerned the better organisation of regional television. Minority local-language programmes something discouraged under previous administrations were to have more time and finally, advertising was to help finance regional TV productions. Loi 82 was duly passed in the National Assembly with the Socialists voting in favour, the Conservatives against, and the Communists abstaining. Conservative opposition was expected, but they wanted to further the reform by opening-up the broadcasting to private concerns(61). The Communist abstention was also expected they feared the new bill went too far by weakening public control (62), preparing the way for the invasion of private interests (Le Monde: 18 May 1982).

As a general framework, Loi 82 allowed space for various developments (63) because it became clear that some things could not be reformed immediately. Thus, some measures would under pressure be reappealed (as on local radio advertising which eventually introduced in 1984). Although the act provided a formal account of the psb structure, it failed to find solutions in important areas such as financing (regarding local and regional radio and TV stations). Its basic concern was the transitional period during which the authorities had to respond to day-to-day lobby pressures. Moreover, commercial television stations, although banned by the Government, could not be legally sued because Loi 82 did not provide any relevant sanctions (Kuhn: 1985, Sorbets and Palmer: 1986). Television under these provisions found itself between the Haute Autorite (HA), the Government and the National Assembly (Missika and Wolton: 1986). Parliamentary power was also reinforced, especially because of financial rearrangements allowing it to vote the amount of public

money given to public broadcasters.  Broadcasters also had
to keep a balance between the Haute Autorité's supervision
and the state's policies. The Government's main concern,
however, was to avoid the 'anarchy of the Italian media' by
taking small steps towards deregulation. To a certain
extent, Loi 82 demonstrates the abandonment of the state's
de jure monopoly.  On the other hand, maintaining the state
monopoly over the nation-wide broadcasting industry did not
prevent other companies from entering the new media
programming market at the local level (Flichy: 1984,
Boudon: 1986).  At another level, this situation could help
the Government to avoid the pressure towards broadcasting
privatisation. Moreover, Loi 82 was a complex amalgam of
national and regional broadcasting  companies and
'établisséments publiques' such as TF1, A2, FR3 TDF, etc.
(64). All of these companies, and others of secondary
importance, were part of the broadcasting system with the
state as single, or at least principal, shareholder (65).
These companies, according to Loi 82, were to be financed
by a mixture of advertising revenue and licence fee (66).


## 2.4.2 THE HAUTE AUTORITE DE LA COMMUNICATION AUDIOVISUELLE

The HA was seen as a move toward a kind of pluralism in
state media but it was difficult to avoid government
interference, despite attempts to present an independent
profile.  The HA  was the second greatest innovation after
the 'radios libres' (Article 10) because it signified the
change in broadcasting affairs associated with political
interference.  This situation resulted from a political
system that never achieved a significant degree of
political consensus. The HA's powers, however, were limited
(such as on nominating TV company directors, broad
supervision concerning the psb character, permission for
transmission to 'radios libres' and local, off-the-air
channels).

The HA's competence shows the Government's dilemma of
liberalising the system while maintaining control over its
performance and output.  It seems that the HA's relative
autonomy was not a break with tradition, but rather an
extension of it.  As an innovation of Loi 82, the HA had to
work with the state within a limited  deregulation
framework,  primarily  through  the  Ministry  of
Communications.

The HA's duty was to ensure the broadcasters' autonomy, and

that they would respect the ps guidelines contained in the 'cahiers des charges'. The HA was responsible for granting licences to local radio stations and cable operators, as well as for harmonising the channel's programme schedules, representing French broadcasting to relevant international bodies and appointing the heads of the public TV companies -- it was a vital part of the new broadcasting structure. Nevertheless, it did not have the powers to authorise the nationwide terrestrial channels, which were directly controlled by the Ministry of Communications; its real power was limited to channel operation as it could not intervene in the management --particularly because the licence fee was fixed by Parliament. Therefore, it lacked both political independence and economic power.

Forming the HA was a matter of fierce political controversy. The Moinot Commission recommended that it have nine members, only three of whom could be political appointees chosen by the President. Mitterrand, however, decided that all the HA's members should be political appointees (Le Monde: 7 March 1982). The appointment method of the so-called 'neuf sages' (nine wise men) (67) was similar to that of the Conseil Constitutionel (68) (Kuhn: 1983; 75-6). Since the Assembly Presidency is also a partisan post, unlike the Office of Speaker in the British House of Commons, it is not surprising that the HA had a 'left-of-centre' flavour (69).

Loi 82 also created the Conseil National de la Communication Audiovisuelle (CNCA), which was a consultative body of 56 members representing the various groups involved in the field (70). Its role was to advise the HA and Government on issues related to broadcasting, as well as to appoint a minority of the Governors to the boards of the TV companies. The CNCA was a different version of the Social and Economic Council, which was in the French tradition of corporate representation. Because of its size, composition and limited power, the CNCA did not played a decisive role in the audiovisual sector.

The dual supervision of broadcasters caused tension between the HA and the Government was the former tried to assess its powers and the latter sought to maintain its capacity of influencing developments in the field. Responsibilities were shared as follows: the HA controlled local communication and the psb, whereas nation-wide communication, including cable and satellite, was given to the Government. Thus, the HA could hardly play the

referee's role in both private and public sectors. In addition, it remained powerless in the face of important decisions concerning La Cinq and TV6. It could uphold complaints from Opposition MPs of 'biased' treatments. Broadly speaking, it was the focus of complaints from political parties, interest groups and individuals who, in turn, pressured management and staff of the separate companies (71). The French widely believe that the Government's attitude made it impossible for the HA to clarify its position on many broadcasting matters, partly because the Government managed to create a body to supervise the broadcasting outlet without being simultaneously identified with the executive power. Of course, this ambition for independent broadcasting could hardly agree with a <u>dirigiste</u> state attitude. It could also be said that HA was created during the 1980s to calm down the heavily politicised French broadcasting system.

Nevertheless, given the development of the new media in France and the changing nature of the system as a whole, the HA was founded too late to influence the future of French broadcasting (Missika and Wolton: 1983; 23, Kuhn: 1986; 18). Under the 'Loi Leotard' of 1986, the Conservative Government replaced the HA with the <u>Commission National pour la Communication et des Libertés</u> (CNCL). However, after the 1988 elections, the Socialist Rocard Government replaced the CNCL in 1989 with a body similar to the old HA, the <u>Conseil Supérieur de l' Audiovisuel</u>(CSA) (72).

## 2.4.3  THE 'RADIOS LIBRES': THE FIRST BREAK IN STATE MONOPOLY

Loi 82 aimed to ensure expression and to give access to cultural, social, professional and philosophical groups, as well spreading French culture, improving knowledge and developing the concept of citizenry (Eskenazi: 1981, Cazeneuve: 1980). Radio fell under this framework. However, abandoning radio monopoly recognised a <u>de facto</u> situation since even the Socialists themselves, when in opposition, were involved in the 'radios libres'(73). Therefore, after 1981 the 'gates' were opened to a larger number of astonishingly varied, small, privately run, local radio stations (74). Many different groups now enjoyed access to local frequencies (75). Not surprisingly, radio proved quite popular and the new stations challenged the previous dominance of the state-run networks and the

peripheral stations. Decentralisation seemed more marked with the introduction of public stations at the department level. The law of private local stations now totalled 1000. As municipal radios were not allowed, town councils also joined in, though they had to be careful not to contribute more than 25 per cent of the relevant station's revenue (Kuhn: 1985; 59).

Nevertheless, the Government sought to organise the new private radio stations. Although they did not have to follow the psb requirements regarding programming, their maximum transmission capacity had to be no more than 30Km. According to Kuhn (1985; 59-60), two particular aspects of the government's policy were criticised: financing and frequency allocation. The first, and perhaps most controversial, was the initial decision banning radio advertising. The Government adopted this approach to keep a balance between the advertising budgets of state broadcasting media and the new radio stations (Le Monde: 25 September 1982). The Socialists' ideological hostility towards the commercial ethos was another reason. The Government also considered the potential losses of advertising funds from regional press. Because that decision was controversial enough (76), and impossible to control (77), the Government abandoned the advertising ban through the Loi of August 1, 1984.

This situation indicates that the Government, even without considerable pressure, was confused and ignored advertisers' pressures, eventually having to accept what it wanted to avoid: the dominance of advertising on the new radio stations. This attitude could be seen as a prelude to their television policy and their anxiety to avoid a 'dereglementation sauvage' (wild deregulation). The radio advertising case also illustrates the unsuccessful Socialist hope of finding a balance between market pressures and political confusion. The second problem with radio was the demand for licences, which far outstripped available radio frequencies. Paris, in particular, was the most demanding. The HA tried to satisfy all applicants for a radio station licence but there were some difficult cases, such as Radio Solidarité (Kuhn: 1985; 62).

Radio's advantage over television was that, with its lower overheads and production costs, it could multiply its outlets while still offering a wide choice. This explains the willingness of the French audience, deprived of choice for long time, to welcome these new 'radios libres'. Radio

deregulation, however, shows clearly that the radio as
'libre' only in name because economic, rather than
politico-ideological, interests were regarded first, as
opposed to the 1970s situation of wanting an alternative
voice to the state media.


## 2.4.4 LIBERALISATION, DEREGULATION AND THE POLITICS OF TELEVISION

Developments on terrestrial television moved so fast that
French people, used to a calm landscape of three public TV
channels, now had to adjust rapidly against a background of
complex political and financial manoeuvres (Tarle: 1986).
Under the Socialist Government, the country acquired three
new channels (Canal Plus, La Cinq, TV6), in less than 18
months (October 1984 to February 1986), which relied on
available hertzien frequencies. Setting up the last two
aroused a fierce political debate, confirming once again
the close relationship between politics and broadcasting.
The Socialists, having experienced over 20 years of right-
wing political control, hoped to introduce a measure of
liberalisation. Thus, the licensing of 'radios libres' and
the pay TV channel, Canal Plus, fitted within this
framework. But the Government found it hard to liberalise
and maintain ps ideals, like restricting the amount of
imported programming. Political wisdom suggested should it
revise some of its policies.

Late in 1984, when cable and satellite projects hold up
(see Part 3), the Elysée announced that commercial
terrestrial television channels would be authorised.
Article 79 of Loi 82 provided for such stations to be
operated on the basis of Government concessions, but it had
repeated that this would not be carried out until much
later. However, Mitterrand's office put forward the view
that only commercial stations could capture an audience
big enough to attract advertisers. It must be noted that
there was pressure for new channels. In spring 1984,
<u>clandestine stations</u> intermittently spluttered into life,
only to be extinguished by police raids (78). These
private stations were named 'libres', reminiscent of
'radios libres', but the Government was reluctant to
deregulate television; the Socialists rejected the idea of
allowing private television stations to transmit on
terrestrial frequencies. The Government also seemed to
plan the country's future PAF on four channels in addition
to those broadcast from TDF1 (Parrot: 1985, Grantam: 1984).

In January 1985, Mitterrand said in a television interview that there was room for 80-85 local TV channels and that ps television should remain best guarantee of quality. Premier Fabius commissioned the well-known lawyer, Jean-Denis Bredin, to produce a report within three months concerning the feasibility of introducing new channels into the PAF. The major recommendations of the Bredin Mission's report in May 1985 were the baseline for the President's proposals for Loi 85, passed by the National Assembly in September 1985.

The **Bredin Report** embodied a generally cautious approach to developing commercial television in France, stressing the financial and technical limitations of private television. It also proposed setting up two national channels, formed in association with a large number of local ones. Mitterrand, relying on these suggestions, envisaged creating about 80 channels operating within 62 centres (79). Additionally, many large French publishing groups shared an interest in launching either local or nation-wide channels, such as Hersant and Hachette. The Report also recommended that the two channels be capable of broadcasting to a third of the population (about 17 million). According to the Report, this number would rise to about 22 million as additional transmitters were gradually installed.

It was also suggested that advertising would be enough to support the new channels. According to the Report's calulations, France's advertising revenue was roughly FF 23.7 billion in 1985, increasing to no more than FF3 billion by 1990. Given that each national channel costs FF16.5 billion a year to run, two new channels would soak up all the additional revenue (Marketing: 4 July 1985, Les Medias: June 1985). This aroused many reactions such as whether the Report considered that the three state-run channels had already started adopting a more 'advertising-hunting' attitude. Commentators said that advertising revenue would not even be enough to support one channel. The Report felt that C+ should jettison its recent policy of selling advertising and revert to its original funding, based on subscription and sponsorship. The Ministers of Culture and the PTT also questioned the advisability of introducing private terrestrial channels. President Mitterrand and Prime Minister Fabius, however, favoured Bredin's recommendations, which were eventually passed by Parliament; after the January 1985 announcement for private television, about 400 potential private operators came

forward (80).

It is obvious that the Government was anxious about the go-ahead for new channels, which had become a political 'hot potato' over the years. The Conservatives, vulnerable faced with Socialist-controlled television, argued for complete privatisation (Kuhn: 1986, Riols: 1985, Betts: 1985). This must also be linked with the deregulatory mood of the early 1980s. Thus, French Conservatives, and Gaullists in particular, could not escape this climate and demand a reduction of the state sector.

On the other hand, the Socialists had to face the failure of their 1982 economic experiment, rising unemployment, their setback in the 1983 municipal elections and the 1984 elections for the European Parliament. But the Socialists were no longer uncritical of the state. Within this environment, the Conservatives increased their pressure. In May 1984, Jacques Chirac, as the Gaullist leader, announced his policy for privatising one state channel (Le Monde: 14 May 1984)(81). In 1985 the Conservative's slogan, 'liberté, practicabilité, viabilité', implied that the state must stop involving itself, either directly or indirectly, in any communication organisation (Riols: 1985b, O'Connor: 1985, Querat: 1985). Therefore, the Socialists' announcement introducing new commercial channels was a counter-attack on Conservative rhetoric. In addition, the Socialists tried to give the impression that they were the first to dare to deregulate broadcasting. It is not certain, however, how much further a Conservative Chirac government would privatise the PAF.

The Government's decision to grant the country's first commercial television - La Cinq - to Jerôme Seydoux, head of the Chargeurs SA industrial holding company, and one of France's richest men, and to Silvio Berlusconi, illustrates the political character of French broadcasting. In effect, it sent shock-waves through French politics while leaving national contenders, in whose business the state had a stake (e.g. SOFIRAD, Havas), or semi-national contenders such as CLT, out in the cold. The decision over La Cinq's ownership ignited a furore of opposition, not only from the Left and Right, but within the Socialists themselves. It also caused a crescendo of protest from the film industry, broadcasters, publishers and other powerful lobbies, even the HA (in the TV6 case), putting the Government in a very embarrassing position. The Conservatives promised to reallocate the channels but Mitterrand, ironically, as an

opposition leader who had frequently attacked former President d'Estaing for his close links with the country's press barons, once claiming that he was managing a 'Kriegspiel' against the freedom of information, was now closely linked to the Seydoux family himself. The Communists again opposed the inroad of commercial interests into the broadcasting sector, considering commercial TV incompatible with the maintenance of psb principles. Opposition from the Socialists was mainly led by Minister of Culture Jack Lang, who considered that France's cultural sovereignty was threatened by Berlusconi, whose reputation was built on the popular concept of 'tabloid television', composed of US productions, TV Globo telenovelas, B-movies and quiz variety shows. Lang and others saw the decision as a beginning of some thing to avoid, i.e. a 'Coca-Cola culture'. Berlusconi's programming was characterised as 'démagogue', privileging the 'debilité' (weakness) of culture.

Mitterrand had no choice but to move, and swiftly, on the commercial TV decision because both the domestic political and European audiovisual landscapes were becoming hostile to Socialists. On the other hand, Berlusconi represented what Mitterrand had always wanted to avoid: the Italian media anarchy. Thus, the decision over La Cinq appeared to many as a renuciation of the principles proclaimed in 1982, which eschewed uncontrolled deregulation, as well as subsequent threats to cultural industries (Sorberts and Palmer: 1986). Mitterrand wanted these channels to be provided by pro-Socialist entrepreneurs in case he lost the coming elections, leaving the Socialists without access to the electronic media.

## 2.4.5 CANAL PLUS: 'LA TELEVISION PAYABLE'

C+ started broadcasting in November 1984 as France's first privately owned channel and Europe's first terrestrial pay TV channel. It is not a state company, being run by the multimedia conglomerate Havas, which has a stake in CLT and is also active in advertising and travel. In 1985 C+ lost FF 500 million, but in 1987-8 it became the only money-making TV service in France, the biggest pay TV station in Europe, and one of the most successful anywhere in the world. It had about 2 million subscribers or 11 per cent of TV households, for a FF 150 subscription rate per month, and an average 80,000 new subscribers per month, with profits of FF 115 million in 1986 and FF 400 million in

1987 (<u>Cable and Satellite</u>: August 1987, <u>Television Business International</u>: launch issue 1988). Nevertheless, like other channels, C+ did not avoid the political debate surrounding French media. Its launch was a dramatic occasion. Havas, which owned just over half of C+, was a state company. Havas' chairman, André Rousselet, was a close associate of Mitterrand (82) and a key figure in defending socialist attitudes on broadcasting. C+ was set up under his personal supervision and, of course, he was its dominant figure afterwards (Kuhn: 1985; 63).

C+'s launch signified a complete departure from the policy followed in the state's terrestrial channels. First, C+ was not wholly owned by the state, despite Havas being the major (but not the single) shareholder (83). Second, C+ was not based on a licence fee and/or advertising but on subscriptions. Some income also came from sponsorship. Third, in contrast to the three state channels, C+ was not subject to strict psb guidelines (84). The result was a freer schedule dominated by films, sports, serials, chat shows and a diet of sex and hard-core pornography (85). The irony is that when the Government was considering an alternative to public channels in 1981-82, it planned a 'cultural entertainment channel' (86). However, it caused disputes with the French cinema lobby, the Bureau de Liaison des Industries Cinématographiques, over the release of new films on C+ (87). In late 1988, C+ was struggling to increase its film stock without being tied to the French industry; some of its operating conditions, because it now had to work within a more competitive environment, were redrafted.

Initial Havas estimates of potential subscribers did not correspond to reality and there were heavy losses of some FF50 million per month (88). Moreover, the Societe des Acteurs et Compositeurs (SACD) threatened legal action against C+ because it was not paying copyright loyalties (Michalowska: 1984). Early technical problems were caused by using ORTF's old channel One frequencies - now owned by TDF and based on a 12-year contract. This gave C+ access to 90 per cent of France without heavy capital expenses.

After the crisis, C+ survived by offering a <u>hybrid system</u>, with more than three-quarters of its output scrambled, but clear from 12:00 to 2:00 pm and from 5:45 to 8:30 pm. The subscriber never owns the decoder, which is loaned by C+; when payments fall behind, the decoder is quickly disabled by C+ not providing the subscriber with the access code. C+

was also associated with a policy to reduce VCR penetration. This came from the 1982 decision to impose a _de facto_ tariff import control on Japanese VCRs by delaying them through a small customs point at Poitiers (Levacic: 1984).

Overall, there was nothing Socialist or progressive about C+ which could equally have been established by a Thatcherite government. C+ was neither egalitarian in terms of access and psb principles, nor innovative in programming. It was neither a cultural nor educational channel. In terms of programming, it was less radical than C4 and in no way catered for a specialised minority audience. However, C+ was used to test the PAF and to examine the media industries' capability to adapt to the field. In 1989, C+ capitalising on its home success, is co-venturing spin-off channels in Spain, West Germany and Belgium and onto TDF1. In 1987, C+ entered the Paris-Bourse and has become more private, competitive, commercial and aggressive.


## 2.4.6  LA CINQ: 'BEAUJOLAIS OU COCA-COLA?'

La Cinq (La 5) reconfirmed French broadcasting's close link with partisan ends. It was launched on February 20, 1986, as promised, but was under Socialist rule for only two months. It took its form under the Conservative Chirac government. Berlusconi replied to his critics that he would set up 'neither a Coca-Cola nor a spaghetti channel', but that he would offer a 'beaujolais' channel, preserving the French culture (_Financial Times_: 27 November 1985). During his reign in 1986, however, the service was being put together in Milan (Italy), where Berlusconi's studios were located, not in France. The French firms he had persuaded to work for him were commuting between Paris and Milan two days a week to construct the channel.

The content during the Seydoux-Berlusconi period was a selection of variety and quiz shows inspired by Berlusconi's three Italia channels (Canale 5, Italia 1, Rette-Quatro). For example, the celebrity Amanda Leer hosted _cherchez la femme_, a replica of _Viva la Donna_ on Rette-Quatro (_Cable and Satellite_: June 1986;25). La 5's first programme, a variety show, was rumoured to cost £500,000. According to statistics, 8 per cent of French viewers in 14 towns tuned into La 5 for at least one minute that evening. In 1987, La 5 reached 64 per cent of the

population but 45 per cent had to readjust their sets (Libération: 6/7 June 1987). It was not an innovative channel, its programming was old and lowbrow, and in 1989, it still loses money.

Seydoux was prepared to open up the shareholding to outside press and film industry interests to defuse criticism from the film lobby that La 5 would lower standards and drive the public out of cinemas. Although he declared his intention to create quality television based on entertainment, with French-made programmes making up to 50 per cent of La 5's output within the first 5 years, this seemed to be speculation rather than a real plan. He was thought to have made this announcement because of the risk of the Conservatives thwarting route allocations for his long-distance airline, UTA. His 'calm' reaction when the Conservatives sought to withdraw his operating licence tends to confirm this. Incidentally, Seydoux was anxious to declare the financial risks he undertook to operate, as he said, his 'television adventure'(88). The Government helped La 5 by providing special advertising terms. For the first time, La 5 could advertise beer on French TV, as well as carrying commercials for the large stores, travel and tourist trade and press. The newspaper reaction was that these new regulations would directly hit the troubled press's revenues.

During 1986, La 5 did not seem to have any problems getting advertising revenue. Its financial status was FF 440 million (approximate advertising income of February-December 1986 with unknown deficit), but in 1987, it reportedly suffered enormous losses. Chirac's government reallocated the licences to press baron and close associate, Mr Hersant, in conjunction with Berlusconi, thereby upholding La 5's close relationship with politics (90).

**2.4.7  TV6: 'C'EST ICI, C'EST BIEN LA SIX'**

La 5 was closely followed by TV6, the music channel launched the very same day, on February 22, 1986, when its licence was signed by the Communications Minister, Mr Georges Fillioud.   TV6   was   a   consortium   between advertising agency Publicis (25 per cent), radio station NRJ (16 per cent), film distributor Gaumont (25 per cent) (89), and advertising agency Gilbert Gros (12 per cent). The HA doubted the need of TV6 and its financial viability. It was not happy with NRJ, wanting the video clips to be

produced by the French, and wanting an advertising quota of 12 per cent of the total time (<u>Le Monde</u>: 27 February 1986). For the first weeks the channel showed four hours of music clips a day with some advertising (offered free) and endless jingles. A week later, the so-called 'proper programmes' with a DJ began. By the end of 1986, TV6 was reaching about 35 per cent of French households, mainly in Paris, Bordeaux, Grenoble, Lens, Lyons, Marseilles, Nantes, Nimes and Toulouse.

From February until December 1986, TV6's advertising revenue was FF 10 million, with an estimated FF100 million deficit. Following the cancellation of its franchise by the Chirac Government, the CNCL reallocated it to a consortium led by the CLT, also changing its name to Metropole 6 (widely known as M6). However, until 1988 its appeal was low (1.6 per cent) as it had become a 'talking heads' channel.

## 2.4.8 THE DECLINE OF BROADCASTING'S STATE MONOPOLY IN FRANCE

The established post-war concept of a public service monopoly was no longer a creed of faith for French political leaders. The abandonment of a state monopoly by Loi 82 had resulted in new actors, mainly from the private sector. Could it be argued that the Government's wish to decentralise and liberalise the system in relation to the advent of new technologies caused the state monopoly to decline?

Returning to French television history, there was a major, and widely accepted, distinction between the '<u>télévision de société</u>' and the '<u>télévision d' Etat</u>'. The former was dominated by a system of private initiative where the state defined the rules and judged without intervening, directly or indirectly, in the management of public broadcasters. In the 'television d' Etat', the state directly controlled and directed the essential activities of the audiovisual system (Missika and Wolton: 1983; 113). In France, television was more associated with the state than with its society. The Constitutions of 1946 and 1958 declared that each company which has the character of a public service must be under a national property. During either the Fourth or Fifth Republic, the concepts of '<u>colléctivité nationale</u>' and government property were confused (Goguel and Crosser: 1975; 53); during the post-war period, the

two were synonymous. The development of television as a mass medium signified the decrease of parliament's role as the representative of public opinion and, in a way, as a 'relais' between the government and the citizens (Goguel and Crosser: 1975; 149). Nevertheless, as described above, television's image as a credible medium decreased rapidly; instead of the 'voice of France', it became the 'voice of the government'. The events of May 1968 simply illustrated a situation where television's accountability and its public service character were declining.

Additionally, continuously tight government control over news output, the scandals of clandestine advertising, frequent strikes, bureaucracy and financial problems demystified the status of state monopoly (Francois: 1976). The 'éclatement' of ORTF resulted in lowbrow programme production, especially fiction and dramas (Korlin: 1983, Souchon: 1980). As ORTF broke up, the new 'sociétés' were confronted with financial problems and increased production and administrative costs. Incidentally, extending programme output through the FR3 and the difficulty of increasing the licence fees accentuated the decline of ps, showing its 'malaise' even before the new media technologies. On the other hand, French society was also suffering its own illness. The events of May 1968 demonstrated that not only students, but also numerous categories of professional people, were protesting against the hierarchical system. This structure could be explained by the centralisation of French society, administratively and, to a lesser extent, politically, in which the citizen felt excluded by the government (Hanley et al.: 1984; 131). Key words at that time were: 'participation', 'autonomie', 'autogèstion' and 'contéstation'. These words reveal a thirst for responsibility, personal involvement, communication and discussion with state institutions (91).

Television - a display, in some way, of public institutions - had lost its credibility. The real free radio stations came as a societal reaction groups for free expression without state control. Within this climate, it must be added that the Socialists carried, although superficially, some of these messages. Loi 82 expresses their frenetic desire for change, in an attempt to remedy the defects of ps television. However, they also had to face problems with financial and administrative costs, programme-production difficulties, increase in programme hours, etc., intensifying the already-existing financial problems of state TV companies, which seemed unable unwilling to adapt

to changing demands. Additionally, relating this situation to the general technological logic adopted by the government to promote economy and industry, one could say that the economic rationale undermined the public monopoly rationale by being inefficient and costly. And, according to economists, when a monopoly situation only increases its costs without increasing its revenue, it be sold to the private sector (Birnbaum: 1977, Stigler: 1981). If one looks back again, one will see a slow, step-by-step, liberalisation from the state monopoly, starting with the 'éclatement' of the ORTF and continuing with Loi 82, Loi 85 and, finally, the Conservative Loi Leotard in 1986.

The decline of the state monopoly could have resulted from market and technology considerations, societal and political pressures, and financial constraints. However, for Ledos et al. (1986: 20-7), deregulation marks an abandonment of ps ideas in the face of political expendiency and commercial pressure. The loser in this battle is always the public interest. On the contrary, Missika and Wolton (1983) suggest that political control has gone hand in hand with a set of cultural assumptions among broadcasters and politicians alike, designating popular tastes and aspirations in French psb.

From the above discussion, one might conclude that changing conditions were not the only reason for the decline of the state monopoly; it was also caused by socio-economic needs relating to future developments within the international arena, intensifying the need to reorganise the French broadcasting system.

## 2.4.9 THE 'POLITIQUE DU VIRAGE'

Looking back, one will see that the Socialist Government's policy had two directions: one, with Loi 82 and the setting up of C+, formed a rather coherent policy on the audiovisual sector; the other, in their last year in power, when a sudden decision to deregulate terrestrial broadcasting led to abandoning its previous aim of controlled liberalisation. The former's **controlled liberalisation** framework could be seen in : (i) modifying the rules of the game, (ii) increasing the number of actors, (iii) placing a television policy under the general field of communications, and (iv) introducing an incremental liberalisation of the system. Loi 82 was just the start of the final 'changement'. With it, the

Government's policy was not only to create a coherent strategy for future developments in television, but also to, deal with the financial problems - even those created by the unions since ORTF.

Moreover, the phrase 'communication is free' came to blur the traditional distinction, even contradiction, between the freedom of the press and control over broadcasting. Creating the HA as a buffer between TV companies and the state guaranteed this change. It must be admitted that since 1981, state intervention in the audiovisual system was progressively reduced. The accusation that the Socialists influenced the HA's decisions is rather political because CNCL - which replaced the HA -- although more complex and professional was also criticised for political affiliation to Chirac's government.

This first period also indicates the Government's anxiety to respond quickly to the evolution of new media technologies. C+'s launch was important because it was the first effort to create something not totally based on state money. The only mistake was relying on Havas' research measurements and charging the subscribers too much, but eventually C+ survived. Most important, C+ fitted this limited liberalisation framework since it was used as a backer for cinema - a commitment it now wants to abandon. If laws can declare policy, one could say that Loi 82 was a 'loi cadre', in comparison to Loi 85, which was a 'loi de télévisions privées'. This policy was also envisaged in Loi 82, in accordance with the Socialists' view of the audiovisual industry being part state, part privately controlled, the state giving the responsibility of upholding a balance between the public and private venture. On the contrary, total control by the private sector would lead to complete disorder and a cultural recession.

In Loi 85, which was largely a copy of the Bredin Report, the Socialist policy made a U-turn ('virage') towards private initiative and a deregulation policy. Mitterrand and his advisers were more involved than the cabinet and the party. Realising the potential effect of losing the coming elections led the Socialists to impose their own sympathisers on the new channels. The Socialists decided, haphazardly (92), to introduce new private channels. It was a policy of panic, a policy of impressing before the final act. Chirac did something similar with the French hostages in Lebanon before the second round of 1988 Presidential elections. The Socialists had to do something

spectacular to attract voters because cable and satellite
had been in a 'pause de réfléction' since 1983. Besides,
the radio situation showed that new jobs could also be
provided. Additionally, the public favoured the
Conservatives' claims for more, and private, television.
Incidentally, since 1985 the general Socialist policy
favoured the private initiative much more than before.

Policy-making is always political but when politics become
the principal factor in deciding who gets what, it is bound
to produce less-than-ideal results. The Socialists seemed
to make the right decision when they awarded the fourth
frequency to C+, but the two new channels were allocated in
a state of panic, indicating the voluntarist character of
the French broadcasting system. Privatisation would have
been inevitable with the Conservatives, but it is uncertain
whether they would have privatised TF1. This is because
they also had to 'maintain' the tradition of French
broadcasting, i.e. from one government to another, and from
one (audiovisual) law to another. This path was followed
by the Socialist Government. Moreover, the Government's
changes showed the belief that the state could no longer
pay for the restructuring of the broadcasting system. This
restructuring was also related to the failure of the
Government to impose a stricter policy on the press with
the 1984 legislation, especially the failure to control
Hersant's ambitions in both press and broadcasting. The
final decisions illustrate that the Government had
abandoned its optimism about the development of cable and
satellite television.

Both Socialists and Conservatives have left French
broadcasting with three paradoxes: (i) France has been
perhaps the only country to create a number of 'generalist'
channels, which compete heavily for advertising revenue
proven insufficient to support all channels, (ii) France
has been the only country to open up its audiovisual sector
without any strong French media company. If C+ was used as
a tool for strengthening the communication companies, with
La 5 and M6, France has become the only European country
that preferred European multimedia groups to a French
'national champion'. It could, however, be argued that
this option could enhance the economic viability of the new
ventures, and (iii) US imports have never been as high as
now. La 5, especially, provides lowbrow, mainly US,
material. Loi 82 was supposed to give a better, French,
version of the broadcasting system. But the Government,
especially in the last year, was not following a well-

organised plan. Overall, it was a policy of intention; in other words general rhetoric at the expense of any complicated analysis of broadcasting.

It is difficult to say what this policy's effects have been because the Conservatives wanted to put their own signature on the PAF, changing he rules of the game once again. Some of the effects of this **'policy of politics'** might be: (i) increased competition among the stations with a subsequent increase in costs and a decrease in revenue, (ii) increased commercials, but too few to support all channels (for example in 1986 the allowed advertising time was 18 minutes a day; in 1988, it was 12 minutes an hour !!) and, (iii) programme-quality has decreased.

Today PAF gives the impression of being a complicated and **confusing kaleidoscope:** wrestling, competitions, TV stars are overpaid, TV games with expensive gifts, frequent interruptions of programming with commercials. Then a plethora of sex and violence films late night hard-core films on C+, soft porn on M6 and strip-tease programmes on TF1 - completes the picture. Although it is too early to tell, France may be the prime example of 'quantity not meaning quality'. However, whether the Socialists or the Conservatives are responsible for this picture is difficult to say because both now look at television primarily as an economic activity.

## 2.5.0 LUXEMBOURG AND THE 'CLT SYNDROME'

Luxembourg politicians see broadcasting and other communications activities as a major source of money to restructure the country's economy. However, its national broadcaster, a **pioneer in international broadcasting** dominated by French and Belgian interests, has also adopted a strategy of diversifying its activities within the broadcasting sector, not only in Luxembourg but also in central Europe. CLT was the first European broadcaster to realise the importance of satellite broadcasting for 'regenerating' its audience and revenue. In the 1980s, however, the company had to recognise that continuing liberalisation in Europe was not necessarily advantageous for international broadcasting. Introducing private channels on terrestrial frequencies made the private sector work within the national rules of their respective countries. Therefore, in the late 1980s, CLT concluded that it would not be realistic to continue operating from Luxembourg only. Because the logic of terrestrial television remains largely national, the company was forced to become Belgian in Belgium, German in West Germany and French in France in 1985.

France also realised that its privileged influence over the company's affairs could not easily continue because one of CLT's major shareholders, the Group-Bruxelles Lambert, took a more active role within the company. Consequently, CLT entered the scene of international and domestic politics. The final outcome: exclusion of the company from French private channels.

Both the Werner and Santer governments in 1981-86 played their traditional role, i.e. largely as another actor in the whole gamble within the CLT. They had little to do because the company, from its very beginning, has been fairly uncontrolled. This perhaps made the politicians realise not only their impotence but, more importantly, the consequences of allowing their broadcaster to be controlled by practically unregulated foreigners. On the other hand, the company was too important a taxpayer to be challenged. To a certain extent, CLT could be a suitable example for studying external pressures and influences within a public institution. CLT, however, has been undergoing a centrifugal process. Its operating companies have been moving out of Luxembourg and the company has gained considerable autonomy. Again, the government remains a spectator. During 1981-86, the Government observed the

politics surrounding CLT and influenced decisions about its strategy, showing the difficulty for a small country today to come to terms with the big companies. For the Grand Duchy, in particular, it is the realisation of losing its traditional competitive advantage: the uniqueness of being Europe's hub of transfrontier broadcasting.


## 2.5.1  THE EXPANSION OF CLT

CLT's prime objective is commercial broadcasting (92). In opposition to other groups seeking to take advantage of new opportunities in Europe's audiovisual scene, CLT already had access to this sector. Its strategy has had two main directions; towards control over programming production and entrance into new broadcasting ventures, such as cable and satellite - or even foreign terrestrial channels.

The first, which I call 'programming strategy', started in 1980 as CLT's expansion in film and programme-production. In the film sector, apart from acquiring the technical facilities located in Billancourt Studios in Paris (93), CLT's initiatives were international because of its equity in various production companies such as Video International, Stand Art, Hamster Productions or La Compagnie de Distribution Européenne (94). Since 1977 it has become important in television production with the acquisition of Vidéo Télé-France'(95). Moreover, CLT has been able to produce video clips and sports; one of its aims is to exploit these markets, as well as creating new programming, again in conjunction with affiliated companies (96).

The second strategy concerns the services in new media and terrestrial broadcasting. According to CLT's estimates, its French audience in the 7 departments it covers is about 64 per cent of TV households (97); in Belgium it is estimated at 1,680,000, mainly in Wallonia. With cable, it has attempted to find a slot for its programmes in France and Belgium, and it had an ambitious plan for West Germany, collaborating with Bertelsmann on its new channel, RTL Plus (see later). In France, CLT has also tried to enforce its competence in new media developments (98). Satellite television considered important in its expansionist strategy, being also suited to its purposes for broadcasting to a multinational audience. Thus, in 1979, CLT has been involved in the LuxSat project, and after its

collapse, its search for a channel on TDF1 (99). Because the **LuxSat** project faced major financial problems, the shareholders thought it better to abandon it.

This was largely related to French influence, also West Germany's opposition concerned German publishers backing the project. Chancellor Schmidt regarded the venture as an inroad into German broadcasting affairs. The French, on the other hand, considered LuxSat antagonistic but were less obstructive after the publication of the Théry Report (see Part 3). In practice, the LuxSat project had international implications. The French had to convince the rest of the shareholders that, because of the the risk involving the company's finances, it would be better to join TDF1. Thus, in early 1983, CLT publicly announced that the venture was risky. In October 1983, both French and Luxembourg governments signed an agreement for CLT to lease two of TDF1's channels to offer French- and German-language advertising-supported entertainment programmes (100). The understanding was that CLT would be the only French-speaking channel on TDF1, giving the company a good deal. Strategically, the collaboration with TDF1 was a response to the threat CLT and TDF felt from the Luxembourg government's support on the Coronet project (see Part 3). Nevertheless, introducing new French terrestrial channels undermined, at least in spirit, the privileged position that CLT had negotiated. When the Television par Satellites, the self-claimed operator of TDF1 (see later), promoted the idea for pan-European, multilingual entertainment channels, CLT seemed to lose in favour of other European media groups. The answer to this turn of French policy, which finally excluded CLT from TDF1, was largely related to the independent attitude adopted by the CLT in the 1980s, as we shall see.

At the time, this exclusion appeared to threaten CLT's international character directly. The problems satellites faced made CLT lose faith in satellite broadcasting. Today CLT believe the new media will complement terrestrial broadcasting and allow for faster penetration of the various national markets. In 1987, CLT was awarded a transponder on Astra for RTL Plus and a licence to run M6 in collaboration with others. Politics was a decisive factor in CLT's satellite and broadcasting business.

## 2.5.2   THE 'BYZANTINE' POLITICS WITHIN THE CLT

The heavy involvement of French state interests within the CLT enabled the French government to dominate all decision-making. The 1980s, however, have proved that the French cannot control the company as easily they did before.

The French Socialist government was unhappy with the CLT for four reasons. First, Pomonti was not made company MD (101). Secondly, instead of him, Gaston Thorn became MD and vice-chairman (102). This election was 'hot' politically because Thorn was supported by the Group Lambert-Bruxelles (GLB), and Werner (103) by France through Havas (104). Thorn was also opposed by Luxembourg's Santer Government, which feared that the former could use CLT's chairmanship to help his Democratic Party return to power in the coming elections (Seridan: 1986). This clash resulted in a compromise making Werner the chairman, and Thorn vice-chairman, with the implication that he would be Werner's successor. The French, who realised that they could no longer run the company according to their wishes, were angry. At another level, the CLT's chairmanship was not too important because the real management power lay with its shareholders Audiofina having a big say.

The third reason for French discontent was RTL journalists' criticism of the French Socialist government. In an intergovernment meeting with their Luxembourg counterparts, the French government made its objections clear (105). The fourth reason concerned the new attitude adopted by the single largest shareholder within Audiofina, the GLB (106). However, with its new chairman, Albert Frere, the GLB took an active role within the CLT. First, it defended Jacques Rigaud, then Gaston Thorn, upsetting both French and Luxembourg governments. The GLB's highly independent profile was also used by the French as an excuse for depriving the CLT of TDF1's channels. The GLB's connection with media tycoon Rupert Murdoch in European media made the French suggest that CLT was preparing to feed France a diet of 'tabloid television' (106).

The **Frere-Murdoch connection** was used as an argument by the French government to exclude CLT from La 5 (107). As is known, CLT did not even get the sixth channel - or any of TDF1's transponders - from the French Socialists (108). In November 1985, Prime Minister Santer visited Bonn and talked with Chancellor Helmut Kohl about the possibility of

CLT getting a transponder on the German satellite TV-SAT in case CLT could not get any on TDF1 (109). When Chirac came into office in France, he allocated the sixth channel to a consortium led by CLT, but *M6 is too small for CLT's* ambitions. Finally, CLT plans to use one of Astra's transponders.

CLT had (and still has) to work within a delicate balance of Europe's changing television environment and the politics surrounding it - not only in its parent country, but also in the countries of its major shareholders. Incidentally, following the liberalisation of European terrestrial frequencies, CLT's only comparative advantage is its considerable expertise on international broadcasting. It also has to adjust to a new environment, operating from the Grand Duchy while also diversifying in business and TV services in other countries. In late 1986, it won a licence for a new commercial channel in francophone Belgium via a Belgian company, TVi (télévision indepéndénte), of which CLT owns 66 per cent (110). These new directions, as well as its new channel, RTL Plus, described below, are part of its new strategy to team up with national partners.

### 2.5.3  RTL Plus: 'PROGRAMME TV ALLEMAND'

RTL Plus (RTL+) not only indicates the expansionist strategy of CLT but also that its operating companies have moved out of the Grand Duchy, gaining considerable autonomy. Additionally, the companies have become subject to legislation and/or regulation in their host countries, making CLT adjust to local expectations. RTL+ is a German-speaking, general entertainment channel transmitting from Luxembourg to Saarland, Rhineland-Palatinate, the southern parts of north Rhine-Westphalia, southern Belgium, and eastern France. It began broadcasting on January 2, 1984, with satellite transmission in August 1985 to over 400,000 cabled households from Eutelsat F1 (111).

RTL+ argues that it is a 'refreshingly different' channel, adopting the young image of RTL radio services and capturing viewers in the 14-30 age group. Critics have said its success is partly because the local Saarland channel does not compete for third place, after the two public networks, ARD and ZDF. RTL+ also became SAT1's first rival for both viewers and advertising. Although SAT1 was the first to broadcast via satellite, RTL+ was the first

private service available to German viewers, a situation indicating CLT's experience in international broadcasting. However, SAT1 won out in 1987 because of its German identity (112), and CLT had to give some of its shares to Germans. Although it still owns 46.1 per cent of RTL+'s equity, the majority (51.9 per cent) of the shareholdings are now under German ownership, strongly influenced by the mega-publisher, Bertelsmann (113). To become more German, RTL+ also had to move its programming and production staff from Cologne to new offices in Munich. This move was seen as a way for RTL+ to compete with SAT1 for terrestrial frequencies (Cromelin: 1987). It was also done to gain advertising and viewers form the north Rhine Westphalia. However, this strategy to gain more and more German viewers has made RTL+ more German than international.

In its pursuit to gain advertising, it shows a maximum of 12 minutes (20 per cent) of advertisements an hour during its 8 hours of transmission (114). To overcome advertising problems, RTL+ split up local and satellite advertising since 1986, but competing with German channels in both cases. Thus, RTL+, like all of Europe's new private channels, has a long way to go before it becomes totally advertising-supported, needing constant backing from its shareholders in the meantime.

## 2.5.4  A POLICY FOR AN 'UNCONTROLLED BROADCASTER'

Both the Werner and Santer governments had to cope with a monopoly broadcaster they simply could not control. Therefore, television state policy was not only difficult, but also decreased in status. This has been related to traditional Luxembourg policy, starting with the minimalist legislation surrounding the whole broadcasting sector. Therefore, Luxembourg governments never tried to intervene in generating gains for CLT. Consequently, the state became an observer, rather than a regulator, perhaps explaining why CLT's policy has been dictated from Paris, rather than from the City of the Grand Duchy. This situation simply signifies something we shall see later with satellite TV: that Luxembourg broadcasting policy was a result of external, rather than domestic, pressures. Thus, a concrete policy is increasingly difficult.

The state had either to break up CLT's monopoly or continue as an observer. Both the Werner and Santer governments

chose the latter because of the CLT's tax contribution. Nevertheless, the Santer Government resisted some French intrigues within the CLT. In theory again, the government can stop granting the CLT's 'cosy monopoly'. In practice, this option seems impractical because CLT has enjoyed a comfortable, de facto situation. For some commentators, the state has been seen as the CLT's ambassador abroad. Although this is an exaggeration, the Luxembourg governments, including the last one, have tried to ensure CLT's future in Europe's new media scene by proposing satellite projects or directly negotiating with other countries, such as West Germany or France, to find a place for the CLT's satellite ambitions. This is the price a small country must pay for opening its doors to foreign capital in the spirit of entrepreneurialism.

Today, Luxembourg seems to have lost what has made it unique in European television of the last 50 years: that it was the only place to get a franchise and frequencies for commercial broadcasting. Commercial broadcasting on terrestrial frequencies is now commonplace in most European countries, making the detour via Luxembourg unnecessary and making CLT 'emigrate', causing Luxembourg to lose additional income. The new conditions have also led CLT to ask for, and obtain, a reappraisal of its contractual relationship with Luxembourg, and a downward recalculation of the franchise fee. Consequently, the Grand Duchy's total fiscal benefit from CLT's activities has decreased from an all-time record of LuxFr 18 billion in 1982 to LuxFr 1.7 billion in 1987. Nevertheless, even in the late 1980s, 75 per cent of the company's profits are generated from its radio activities, despite the considerable expansion of its television services. The 20 years of television experience gave CLT a considerable advantage, as with RTL+, which managed to compete against SAT1 with a budget that represented only one-tenth of its rival's, and M6, where CLT imposed a realistic budget on its partners.

## 2.6  SUMMARY AND CONCLUSIONS

It is a cliché that the communications business in Europe radically needs to adapt to a new and competitive environment. Traditional broadcasters have lost what has long been perceived as natural monopolies. In the UK, a Conservative Government succeeded a Socialist one, and in France, a Socialist Government succeeded a Conservative one. Both British Conservatives and French Socialists wanted to respond to the demands and pressures for a new television landscape. At first glance, there would seem to be more fundamental changes in France's TV environment than in Britain's. This is true, but under closer examination, one sees important changes in British television.

Both governments presented distinct philosophies, but their approaches toward broadcasting seemed similar. At another level, one could also argue that their political philosopies were the opposite of their television policies. This could be explained by wider general conservative innovation in the UK, in contrast to radical innovation in France. It is also true that both governments wanted to leave their signature on their respective audiovisual systems. While the French Socialists exhibited a frenetic desire for change, the British Conservatives, the leaders of deregulatory practices in western Europe, appeared to resist fundamental, rapid changes.

The 1981 Broadcasting Act only reimposed the duopoly of the BBC-IBA scheme, whereas Loi 82 led to a <u>de facto</u> liberalisation of the state monopoly, deregulated the radio frequencies and, finally, set up the first private or commercially oriented channel, Canal Plus. In Britain, setting up Channel Four was, despite some modifications, a child of the previous Labour government. The Conservatives put it under the IBA umbrella as a complement to the ITV system. Surprisingly, compared to C+, C4 is oriented to minorities, cultural programmes and has largely been a successful reinterprentation of psb, whereas C+ has been an unimaginative pay TV channel, based largely on hard-core programmes, at least in the beginning, that is not obliged to carry psb elements. Surprisingly, C+ was formed by a 'progressive' government, looking after not only France's, but also Europe's, cultural heritage, whereas C4 was launched by a Conservative Government looking at the economic aspect of television. Both channels aimed to stimulate the film industry and independent production, but

again C4 followed a more successful formula than C+, which fights to suppress this. C4, by working as a publishing house and commissioning films from both ITV companies and independent producers, whereas C+, by targeting families and yuppies, took one and a half years to stabilise. Recently, both channels have changed considerably because of new policies adopted in their respective countries.

Other British television issues are the incremental transformation to a 'round-the-clock' service (but not everywhere) and, the readjustment of both BBC and ITV strategies whereas in France, the new, commercial, over-the-air channels rapidly formed a radical innovation without leaving the system much time to adapt to new developments. To an extent, this rapid innovation came with the **politicisation** of French television's landscape and the desire of every government to introduce its own broadcasting law. Thus, the new PAF has been interlocked with the 'policy of politics', rather than with a strategy for the future of television. Nevertheless, British television was also coloured by politics (e.g. the Falklands War, the Peacock Committee, the post-Peacock, White Paper era). Those politics, however, have been rather within the diluted usual British system of committees, panels, advisers, etc., leaving little space for direct confrontation and argument like the French case. British TV politics appeared 'cooler' than its 'Latin-franco' counterpart.

Borrowing the words of the French Minister of Culture, Mr Jack Lang, his Government's idea was for 'a Latin Audiovisual Space', as opposed to one culturally dominated by Anglo-Saxons. It is fair to say that under the Socialists, French broadcasting was becoming more British - -a kind of semi-duopoly. Creating the HA is largely reminiscent of the IBA. The IBA, however, has not had any state influence. The HA tried hard to, and to a certain extent succeeded in, obtaining autonomy from the state. Incidentally, the TV stations, perhaps for the first time, were very independent - a success for the Socialists. Of course, this does not mean that its independence was absolute, but even the BBC cannot claim absolute autonomy, although it is swathed in that myth. The Chirac government, however, led PAF to a more US-style of broadcasting policy. It was ironic for the Socialists that despite their efforts for a coherent broadcasting policy, through imaginative and controlled change, their final deregulation seemed to lead them down paths they

desperately wanted to avoid. Their 'politique du virage' was largely characterised as a policy of panic with short-sighted ends, whereas British Conservatives appeared calm incrementalists. To be fair, one has to wonder how the British Conservatives would have reacted had they had been defeated in the 1987 elections. British reluctance, however, to introduce major rapid changes was also linked to Mrs Thatcher's attitude of asking for liberalisation of services while, at the same time, insisting on regulating programme content. Mitterrand awarded new channels while Thatcher oversaw the whole broadcasting sector. With the 1988 White Paper, the British Conservative Government seems to follow a similar, but less rapid path as the French.

In both countries, commissions were set up before any major decision's in broadcasting were made. In the UK there was the **Peacock Committee**, dealing mainly with terrestrial television's future, whereas the French set up the **Moinot Commission** and the **Bredin Mission** before Loi 82 and the new channels, respectively. All reports' recommendations were largely followed by the respective governments. It seems, however, that the French commissions were set up to examine technical feasibility (except the Moinot), rather than to formulate a policy, whereas the Peacock Committee appeared to provide a policy scenario for the Government. Moinot and Bredin did not stray from the questions they were asked, whereas Peacock went on to find ways for the general structure of British broadcasting – although it was set up to examine BBC finances. Moreover, the Peacock Report took one year, whereas the Bredin Report was complete in only three months. Peacock's recommendations seemed more elaborate than Bredin's report. The latter's main recommendation, that advertising revenue would support the new channels including the old ones, appears less realistic in 1989 since both La 5 and M6 are having difficulties finding advertising revenue.

Thus, the British government followed a **step-by-step policy**, which appeared to be more careful compared to the French government's **policy on two-tables**. It may be a simplification, but the traditional British 'conservative innovation' seems rather more successful than France's 'radical innovation'. But introducing the new channels and further reshaping the audiovisual sector under Chirac's government seemed to put the French in the lead toward liberalising terrestrial television in western Europe.

Deregulating airwaves has undermined Luxembourg's unique position as a location for international broadcasting, providing a window for private broadcasting to other audiovisual landscapes, highly controlled by their governments and public broadcasters. This new situation has led CLT to 'emigrate' to other countries and operate under lighter regulation at home. While both the French and British had problems approaching broadcasting, both Luxembourg governments in the same period simply could not regulate their sole broadcaster, the CLT. On one hand, the CLT was far too important a tax-payer for governments to upset. Paradoxically, the real direction of policy was coming from Paris, but the 1980s saw this control decline with the active involvement of the GLB within the company. Besides, for CLT, both Belgium and Germany appeared to be more profitable, in terms of audience and advertising markets, than its traditional French market, now saturated with six terrestrial channels. Furthermore, the tradition in Luxembourg has been minimalist regulation under the **spirit of entrepreneurialism.** Finally, the new situation in European broadcasting has influenced Luxembourg's revenue because CLT, having diversified to other operations and countries, now pays less tax.

## 2.7.0 TOWARDS EUROPEAN TELEVISION

Until the late 1970s, it was assumed that each nation-state could operate and, to some extent, control its broadcasting system as it wished through widely varying cultural and political forms. The advent of cable and satellite television intensified the pressure for certain kinds of regulation and/or coordination of the flow of programme content throughout Europe (McQuail and Siune: 1986;24). One of the consequences of the internationalisation of television was new actors entering the media arena. Apart from various bodies - public and private - seeking to exploit the new television situation, there have also been some transnational public actors involved in the content and legal and economic affairs of transnational television. Within Europe, these actors have been: the European Community (EC), Council of Europe (CoE), Unesco, the World Intellectual Property Organisation (WIPO) and the European Broadcasting Union (EBU). Some other transnational actors have been concerned with regulating existing technology, such as the International Telecommunications Union (ITU) with its European branches (CEPT, EUTELSAT) and ESA.

Internationalising broadcasting has made these organisations consider themselves competent on the issues raised by the new situation in television, and thus to increase their status among other transnational and national actors. Europe has been a hotbed for problems of copyright, spillover and video programming distribution across frontiers. The geographical proximity and, to a certain extent, cultural familiarity, increase the need for uniform regulation in cable and satellite issues. Three of the most competent bodies involved in these issues: the CoE, representing the wider Europe and more active in media affairs; the EBU, a cooperative body, mainly west European broadcasters; and the EC, through its Commission.

## 2.7.1 THE EUROPEAN COMMUNITY AS A TRANSNATIONAL ACTOR

A unified Europe remains an elusive dream but the founders of the European idea at least succeeded in creating a unique set of institutions. No other international organisation has the range of power or legal instruments of the EC. While the Common Market has not yet (and may never) constitute the West European Federation to which its most passionate enthusiasts have aspired, it is, nevertheless, more state-like than any other arena for

international policy cooperation (Wallace: 1984). In practice, the ability of individual member-states to block decisions they dislike has remained formidable, often making the Community look sluggish on foreign and economic policy. To be fair, there have been many achievements. The greatest have been removing tariff barriers, transferring resources from richer to poorer members through regional programmes, enabling greater job mobility and ease of travel and, most significant, the 1985 White Paper for a unification of the EC market by 1992 .

The EC member states are, naturally, similar and crucially diverse. Compared with other international organisations, they represent similar economic and political systems, but on the other hand, there are differences of language, culture, economic preferences, administrative methods, political priorities, and so on. All of these tend to be magnified by the intense, and often conflicting, bargaining process in Brussels, which is a dominant feature of policy-making in the EC, i.e. finding a balance between the opinions of the interested parties. Policy-making within the EC can rest on tolerably certain expectations of compliance and operates both at the rhetorical level and in the concrete expression of policy. On the contrary, its legal system is particularly well developed, and arguably more integrated than its political system (Weiler:1981). Broadly speaking, implementing the EC's policies is often untidy, uneven and slow, but this is standard in all federal systems (Sharansky: 1981). In practice, much EC legislation goes on away from the glare of publicity and political controversy. The collorary is that implementation must be assessed primarily as a function of the performance of individual governments, though with the important qualification that the Commission can, and sometimes does, intervene as a supervisor and monitor of Community legislation to a greater extent and in more detail than other international agencies (Wallace: 1984). However, the absence of a clear political framework means that performance is intrinsically an interactive and sometimes irregular process based on 'give-and-take', and 'trial-and-error'.

A team of spokesmen appears in the press room to provide information on the Commission's activities, publications and reactions to events. It is a smaller replica of the kind of government briefings given by the US State Department, but the Commission is not a government. It is a civil service. The 17 Commissioners are only appointed by

national governments, they are not elected (115).

The Commission proposes and the <u>Council of Ministers</u> accepts or rejects. A Commission's proposal, such as a Directive, becomes law throughout the Community only when the Council has approved it, which is often a lengthy process. Below the 17 Commissioners is a huge bureaucracy for elaborating proposals. In theory, the Commission is only the EC's administrative arm; in practice, it is the Community's watchdog, but also the initiator of most policies. Because the Commissioners have portfolios, such as transport, agriculture or external relations, the Commission tends to be regarded as the EC's government. Actually, it has powers overlapping those of the Council of Ministers, particularly in enforcing the Treaty of Rome - the basic EC law. The Commission can often act decisively when it takes the Council too long to arrive at a common line. Moreover, 'European opinion' seems to expect the Commission to hold views and take action on every conceivable subject, even those over which it has little or no power. It is interesting that the EC, in a way, has started to move its policy agenda to new areas, such as the new communications technologies and the media. It is arguable, however, whether it will be more successful in these fields, which have become increasingly important for Europe's near future.


## 2.7.2 THE EC AND THE MEDIA

Over the years, the EC has not always enjoyed a happy relationship with the media. Policies close to the hearts of European bureaucrats have been heavily criticised by many journalists. The recent Eurocraze seems to influence broadcasting in the future (Tempest:1986). The EC Commission has studied the future of the media for some years and assumes that since satellite broadcasting raises a number of questions with a pan-European dimension, it is automatically the appropriate body to find the solutions.

The Commission's broadcasting policy was initiated on March 12, 1982, with a request from the European Parliament in a 'Resolution on radio and television in the Community' to deliver a report on legal problems in broadcasting. The Commission completed its report, <u>Realities and Tendencies in European Television</u>, in May 1983. Its main recommendation was support for the European Broadcasting Union (EBU)'s plans for a European programme series. On May

23, 1984, the Commission adopted a Green Paper, known as _Television Without Frontiers_ (TWF). TWF particularly emphasised the need for a free supply of broadcasting services within the Common Market and for free access to television programmes across borders. It also invited discussion throughout the member-states on how broadcasting and copyright laws may be harmonised. The following year, the Parliament adopted a resolution (October 5, 1985) calling for a regulatory framework for an EC media policy.

On April 29, 1986, the Commission published its final proposals in a Directive transmitted to the Council of the Ministers on March 16, 1986. Its principal objective was to 'sweep away the national regulatory obstacles and to establish the free flow of radio and television broadcasting within the EC'. It aimed to set up minimum acceptable standards for all the member states so that television viewers would be able to receive programmes from any other Community country and to provide a liberal system encouraging broadcasting freedom. All of this coincided with the spread of cable and satellite television. The Directive, like TWF, seems to emphasise private sector broadcasting and the promotion of pan-European advertising, rather than public service broadcasting (116).

Finally, on May 12, 1986 the Commission transmitted its _Action Programme in favour of the EC Audiovisual Programme_ to the Ministers, which later became known (January 1987) as the MEDIA Programme (_Measures to Encourage the Development of the Audiovisual Industry_). This aimed to strengthen audiovisual industries based on three principles: 'pragmatism, professionalism as well as the creation of synergetic effects' and, to some extent, provides the rationale for action. In 1988, the Community and the Council of Europe finally launched the European Cinema and Television Year, a 12-month programme backed by 24 countries.

In its audiovisual policy, the Commission suggested:

(1) that broadcasting is primarily an economic activity;

(2) that the Community must ensure that the relevant, directly applicable provisions of the Treaty (particularly Articles 59, 60, 62) should be respected to suppress all discrimination and other restrictions on broadcasting from member states;

(3) that present rules on advertising and copyright obstruct the free flow of television broadcasts between member states, and;

(4) that a limited number of measures should be adopted as a first step in establishing a legal framework for a single Community.

After the Rhodes summit in December 1988, the Council of Ministers decided that the EC countries should agree on the issue and that the Directive should be in line with the proposed CoE's Convention on Broadcasting. In mid-1989, there have fears, however, that the Directive may fall because of the lack of being approved by the member states. The French Presidency (June-December 1989) undertook to continue efforts to secure an agreement, and a one month extension was sought from the European Parliament, so that the Directive would remain on the table until the end of autumn 1989.

## 2.7.3 THE COMPETENCE OF THE EC TO REGULATE TELEVISION

One of the EC's key features is the scope and substance of its policy repertoire (Wallace: 1984). That results from the EC Treaties covering increasingly broad range of external and internal policies, from trade to safety standards, from agriculture to employment and, more recently, from media to some considerations about European defence. This flexibility has a longer trajectory: it is closely related to Article 253 of the Treaty of Rome, which allows this extension of scope. What is different now, in relation to the 1950s, is that the EC occupies itself more with common concerns than with common goals. Broadcasting is a common concern, as is agriculture.

The 'restricted policy competence' bestowed on the EC by the Treaties has not prevented it from engaging in policy problems which compete and overlap with traditionally regarded, national political affairs. Broadcasting regulation, a purely domestic matter, has become one of the EC's preoccupations in the 1980s. Because transfrontier television does not respect frontiers and involves financial concerns, the Commission asserts its right to act for two main reasons; first, it has a political and moral responsibility because broadcasting is relevant to European integration. It relates this to Article 10 of the European

Convention on Human Rights, which states that 'everyone has the right of freedom of expression. This right shall include freedom to hold opinions and to receive impartial information and ideas without interference by public authority and regardless of frontiers'. According to the Commission, broadcasting will allow a closer European union, safeguard and strengthen peace and freedom, create closer relationships between member states and serve as a symbol of the fundamental liberties expressed in this Convention. Second, the Community considers itself the proper forum for action on media policy, rather than other national or international authorities.

Commentators, interested parties and especially some broadcasters argued that the existing mechanisms for regulating broadcasting are satisfactory. Others suggested that alternative international bodies could be more suitable, or that self-regulation would be preferable to EC legislation. For example, the European Broadcasting Union (EBU) or the Council of Europe (CoE) have a more diverse membership. The CoE, in particular, represents interests of 23 states, has been active in media policy for longer than the EC (117) and has paid more attention to cultural, social and legal affairs. Moreover, both the EBU and the CoE have demonstrated a flexibility and a readiness to consider the cultural diversity of national broadcasting organisations.

Another criticism is that satellite television cannot respect the EC's frontiers more than it does for each of its 12 member states, thus it is at a disadvantage in comparison to either the EBU or CoE, which are wider in membership. Incidentally, the rapid developments in satellite technology may make certain rules obsolete even before they are adopted or have had any time to take effect. On the other hand, the EBU's role as a regulator is limited when one sees that the larger broadcasting organisations in Europe seek short-term, self-interest, rather than long-term cooperation. Some have also suggested that the 'big league', consisting of the larger broadcasters within the EBU, also pushes for two levels within European broadcasters themselves; this has been exhibited in their reluctance to participate in the Europa TV venture. The CoE's ability regulate to media policy may prove insufficient, particularly given that its overall real power is rather limited. Indeed, some would like to see a weaker organisation to regulate the whole issue instead of the EC. A weak organisation, or an organisation

without the power, instruments and supervisory capacity of the EC, would not create problems for such short- and long-term interests.

Lastly it is questionable whether the EC can even play the minimal role of the Federal Communications Commission (FCC) in the US because the Community is considered an economic union, rather than a political body. The <u>European Court of Justice</u> may play an active role in examining cases about satellite broadcasting and national protectionism. The case between the Dutch Advertising Society, the Bond van Adverteerders (BvA), versus the Netherlands over how much advertising satellite channels can carry is a prime example. The outcomes of cases like this are likely to affect media legislation in all EC countries, giving the Court an active role in the media scene. However, the absence of a European supervisory body, along the lines of the IBA or the HA, is clearly not likely to worry those member states with a desire to maintain national state power.

## 2.7.4 BROADCASTING AND EUROPEAN INTERDEPENDENCE AND INTEGRATION

The Commission considers broadcasting an important part of European integration, believing it will unite the European people, or as Rousselet (1987) wrote, 'the Europe of the viewers'. This enthusiasm is somewhat reminiscent of the integration school's optimism. Economic integration will gradually lead towards the transfer of political loyalties (Taylor:1983), which will eventually be followed by a shift in the focus of economic policy-making towards a new centre in Brussels (Pelkmans: 1980). However, as history has shown, the political assumptions of the sectorial approach to European integration were not wholly correct (Webb: 1983). Whether television can be considered a tool for forging European integration is questionable.

It is unlikely that television could emulate the role of nation-builder played by the entry of the US film industry - mostly because of linguistic differences. Transfrontier television can perhaps bring European cultures together, but the dominance of US programming on these channels could make this difficult. Moreover, within the Community, the potential of smaller countries to sell programming to other EC nations is not as great as some would claim. For example, Belgian potential in the francophone film market

is reduced by the dominance of French films in the Belgian market (Mattelart et al.: 1984) (see also Part 4).

These assumptions about television as a tool for further integration are also reminiscent of the Functionalist tradition, which stated that dynamic integration was the learning process of citizens who would gradually be drawn into a cooperative ethos, bringing greater benefits, and eventually leading to the European Union. Although such concepts are idealistic, satellite television contributes to cooperation; governments have to negotiate more with other governments to retain some control over their own broadcasting affairs. How much this will help interconnections between the member states has more to do with the issues related to the 1992 target rather than to broadcasting. While cooperation does not, of course, imply integration or expansion of supranational competence per se (Lodge: 1986), television is extended to the political realm, which in turn signals decision-makers' awareness of the desirability of yet more consultation and cooperation between governments and interested groups.

Nevertheless, transfrontier television confirms the paradoxical situation that exists within the unique regime of the EC. Although similar to what Keohane and Nye (1977) have called **complex interdependence**, the nation state remains, to a certain extent, the basic unit within the EC and in world affairs. Although the traditional model of sovereignty is clearly impossible, today's state still survives - despite pooling some of its powers with others. Transfrontier broadcasting is an example of many apparently sovereign decisions being seriously constrained or neutralised by others' decisions, economic trends and interests. This is evident, for example, in the Spanish Government's negative reactions towards a private Spanish-speaking channel transmitted via satellite. Or the case of the UK delegation at the World Administrative Radio Conference in 1977 regarding cultural sovereignty. Or even in French accusations (as we shall see later) that Luxembourg's satellite was a 'Coca-Cola' satellite invading French culture. Satellite broadcasting demonstrates that the state has to adapt its policies to the framework of interdependence.

Satellite television appears to be a suitable example of interdependence among the EC member states. Purely national action is no longer satisfactory, but a system of regulation could be achieved by setting up a collective

regime. In broadcasting, both European and non-European multimedia conglomerates are playing an increasingly important role in the audiovisual sector. These programme-distributors want free-flow of programming, information and advertising throughout Europe. On the other hand, individual state action does not seem to ensure a better outcome than coordinating domestic laws in a collective regime. This coordination is nothing more than a typical example of interdependence - a set of behavioural norms and rules covering a broad range of broadcasting issues under the principle of long-term reciprocation. Such a collective system, seen in the Directive, provides both restraints and opportunities for the state and limits its freedom of unilateral action on broadcasting affairs.

However, the nation-state, even in this case, is not obsolete. Each nation-state has individual calculations of self-interest (Krasner: 1982) and, according to this, tries to see whether the overall balance of restraints and opportunities remains acceptable. This becomes more difficult when considering the different national attitudes towards any policy. Bulmer(1983) notes that domestic politics have a vital impact on the policy output of the Community. Of course, this balance is different for each state, depending on the structure of the domestic political system, leading to the concept of intergovermentalism where Community institutions, especially the Commission, cannot accrue power independent of the member states. The unit of analysis is the member-state and the bargaining between itself and the other member-states is the focus. In the case of television, member-states have served either to impede the EC's wide progress or to create competition by using the CoE. The UK, Dutch and Danish governments made it clear that they would prefer the CoE to propose the harmonisation of regulations concerning broadcasting. The quota programming principle of the Directive is supported by very few countries and opposed particularly by the British, Danes, Germans, Irish and the Luxembourgers. Again, in the case of time allowed for advertising, the majority agree but is opposed by the British, Irish and Luxembourgers, showing that the member-states, despite losing absolute control over broadcasting affairs, can still press for control on issues related to domestic interests. Again, the example of programme quotas is aligned more with French television quotas, rather than with British ones. On the other hand, the British expect that internationalising the English language- making it the EC lingua franca - will give British broadcasting huge

potential. ·Any rules, especially those imposed by the Community, threaten this potential.

The 'reinforcement' of the state in broadcasting affairs has been backed by broadcasting liberalisation in Europe, leading to a renationalisation of broadcasting policies. This is because, in contrast to what was imagined in the early 1980s, broadcasting has been liberalised more through the terrestrial frequencies and less via satellite transmission, enabling states to maintain control of developments and dictate their terms according to national policies. Nevertheless, the arrival of transborder video forces the states to take common action because it is a Community concern. Transfrontier television might be an element of European integration in the process of mutual understanding of European cultures, but overly optimistic declarations could be misleading.


## 2.7.5  BROADCASTING AND THE COMMUNITY'S AUDIOVISUAL POLICY

Audiovisual policy-making has conformed to all of the EC's characteristics: most notably, a huge amount of political and administrative labour that produces meagre results. Helen Wallace (1983) notes that policy consists of consultations among the governments of member-states on issues of common concern with the main objective of bringing together contrasting views and gradually aligning national policies, rather than adopting a legislative programme at the EC level. These elements are also seen in television policy. On one hand, TWF and the Directive obviously tend to include various views about broadcasting, attempting to reach a compromise. On the other, the reluctance of EC members to adopt the Directive indicates that television policy has followed the usual policy-making path. Even the latest principles of the MEDIA programme follow the normal EC language guidelines, principally designed not to upset the heads of state.

To understand the Community's policy-making, it is useful to remember the distinction made by Mayntz and Scharpf (1975) between two kinds of policy-making which, to a certain extent, are elaborations of the incremental versus rational policy literature. The first method is called reactive policy-making, defined as an incremental process along an issue in which the solution depends on the gradual adjustment of existing policies. The objective is to marginally alter the scope of policy instruments    as

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problems change. _Active_ policy-making, on the other hand, represents a rather ambitious attempt to establish a new set-up of different policies via comprehensive appraisal and solutions.

The Community's policy has been reactive rather than active. Wallace (1984) notes that this is due to the absence of precedent and a 'body' of existing policies. The Commission, in particular, sees itself as a policy initiator (Taylor: 1983, Philip: 1986) and promoter of new policies that are constantly readjusted. However, policy-making in the Community should not be seen simply in terms of preparing and agreeing legislative proposals. Implementing policies provides a rich field for influence, especially where management committees and advisory bodies have been set up to oversee developments and provide advice for future policy (Philip: 1986). Faced with the basic principle of services moving freely within the Common Market, the Commission has two choices: to produce legislation harmonising every aspect of broadcasting to ensure that there is no chance of the laws in any EC country conflicting with those of another; or to propose a framework of basic rules. The first would require a whole new appraisal; a range of specific solutions to small problems and, finally, an active policy. It has chosen the second option. Over the years, the Commission has gone through the normal advisory stages. It held a discussion agenda for relevant European interest groups, took opinions from advisory committees and set up working parties of government experts. The process within the Community's decision-making is as follows: the Commission proposes, the Parliament (or Assembly) and the Economic and Social Committee advise, the Council disposes (yet to happen in audiovisual policy), and the Commission comes back in again to implement any decision-made.

The Commission's proposals have met with disagreement from various groups, especially the public service broadcasters and some countries with high-quality programme output. One could say that the Commission's thinking has been more influenced by well-organised interests than by the viewers. This decision-making pattern makes the outcome of the adopted policy predictable: a policy that tends to include various aspects and draw a line to find a compromise solution. All these characteristics are also present in the Commission's television policy -- a somewhat middle-range approach. Because of the Commission's anxiety over its competence, it approaches television as an

economic activity, rather than a cultural product.

The scope of its policy could be categorised into three dimensions: industrial - hardware, the programming-software productions and advertising-legal. The first two are examined in Part Four of this project. Here, we look at the advertising and legal dimensions of the Commission's policy initiative.

## 2.7.6 THE PROPOSALS REGARDING ADVERTISING

The Commission believes advertising is an important part of promoting of goods and services; it is expected to be the main revenue source for the new channels. Because the EC member-states have different content rules regarding advertising, some broadcasters may find it impossible to broadcast programmes simultaneously. TWF points out that the member-states must start looking for ways of removing legal barriers to the movement of broadcasting services, which will be also necessary to prevent distorting competition. Otherwise, broadcasts within and throughout member-states will be subject to restrictions of varying severity. Therefore, demand for advertising time will tend to be concentrated on certain countries. The Commission has also related this to Articles 57(2) and 66 of the Treaty, seeking to establish certain minimum standards which will permit programmes to be transmitted throughout the Community. The Directive, in Article 5, argued that all countries should be obliged to have at least one channel carrying advertising, but that leaves considerable latitude on the amount permitted and the formula used (per day, per hour, etc.). It gave two general principles: (i) advertising time should be limited enough not to interfere improperly with the function of broadcasting as a means of education, information and entertainment, and (ii) the time allowed should be sufficient for the demand for broadcasting advertising in a given member state to be met, taking into account the interests of the other media. The Commission has proposed: (i) more airtime for TV advertising, (ii) a ban on advertising tobacco and tobacco products, (iii) special rules for alcohol advertisements and, (iv) rules to ensure that TV-sponsored programmes are legally received in all member-states.

The Commission has seemed to take a more consumerist approach regarding the future of television since it has backed the arguments for commercial broadcasting rather than traditional public service television. This is one of

Commission's problems because its analysis has superficially taken into account the problems facing psb during the last decade. Although it acknowledges that introducing advertising is not without disadvantages and thinks that psb should continue, it considers that psb, advertising and commercialism could be compatible (!!).

The main battle within the Commission was over the amount of time to allocate to advertising. The usual compromising took place: 15 per cent was a straight compromise between the 20 per cent suggested by the UK and the proposed 10 per cent of the Italian Commissioner. Thus, Article 13 of the Directive reduces advertising time to 15 per cent, while TWF proposes 20 per cent. Cases like banning tobacco products pass without considerable alterations (Article 9) because they are agreed by all member states. In other cases, like protecting youth, the proposal becomes too general, effectively leaving the member-state to act at a national level. This means that the Commission has followed its usual form in attempting to find a solution without upsetting either broadcasters, governments or, mainly, the other media. The method is well tried and there is no reason to object to such a 'middle-range' approach.

The same approach is seen in the case of sponsorship. Article 12 of the Directive suggests that responsibility for programmes rest with the broadcaster and that his editorial judgement remain free from the sponsor's influence. Once again, the Commission leaves the member states to define the terms in the light of current developments. However, this may create more problems due to each country's definitions. Moreover, situations such as 'backdoor' sponsorship, which is very well known in the USA are increasingly difficult to define and control when the general framework is so vague and abstract.

The Commission argues for harmony and simultaneously encourages the member states to enforce more restrictive rules than those imposed in the Directive. Looking at the Commission's general policy-style, this approach is very common. In practice, the states follow the general guidelines with few alterations, but some cannot be equally applied among all member states. Because there is no supranational body in the EC to oversee the area (like the FCC in the US), the whole matter is enormously bureaucratic.

Finally, the Commission inadequately explores the relationship between advertising and psb because its enthusiasm for advertising overshadows any other consideration. Once again, the Commission has used its minimalist approach by adopting a little bit of everything in its policy concept. Eventually, the Assembly amended the 15 per cent quota from per hour to per day and deleted the paragraph expressing that less than 15 per cent could ban certain broadcasters in some member-states. It also determined the terms of sponsorship and internal broadcasts, but rather vaguely.

## 2.7.7 PUBLIC ORDER, PERSONAL RIGHTS AND THE RIGHT TO REPLY

The Commission's approach on this issue was more controversial, especially the 'Right to Reply' topic, which despite being discussed in TWF in some detail, disappeared in the first version of the Directive. This was interpreted as another compromise by the Commission, caused by the difficulty of tackling such a matter. Eventually, the Assembly reintroduced the right to reply and has asked for an arbitrary body to be set up to deal with this.

On other related issues, some provisions have been targeted towards protecting youth from broadcasts that may damage their moral welfare, particularly those of violent and pornographic nature. In TWF, the Commission suggested its usual lowest common denominator solution (TWF: 1984; 288,292). Again, the member states would have to be self disciplined, so programmes will not pose new problems. In the Directive (Articles 15 and 16), the member-states are also responsible for enacting effective measures to ensure compliance with the above requirements and to implement even stricter rules.

The Commission has called for minimal standardisation and direct action because there have not been real problems among the member-states' legislation. For example, hard-core pornography is not broadcast in any EC country. It is common for broadcasters to keep the delicate balance between freedom of information and protection of youth. Furthermore, national legislation, which covers youth protection, falls within the category of 'general interest' in connection with paragraph 2 of Article 10 of the European Convention on Human Rights.

## 2.7.8 THE CONTROVERSY ABOUT COPYRIGHT

The Commission has been increasingly interested in copyright. Both the TWF (section C Of Part 6) and the Directive (Chapter V, Articles 17,18,19,and 20) are concerned about copyright. The suggested legislation has been designed, according to the Commission, to remove restrictions on cross-frontier broadcasting, including the territorial limits on copyright and related rights accepted by the European Court in the Coditel case (Coditel versus Cine Vog Film; case 62/79). These appear to particularly affect the retransmission of foreign programmes by cable. The basis of copyright law is that the creators of intellectual property have a right to control how their material is used. Thus, a copyright holder can grant or withhold licences, using his material in different territories. Because the Commission was unhappy with the Cine Vog verdict, it intended to establish a compulsory licence for cable distribution of all transmissions throughout the EC countries. By doing this, it wanted to leave the freedom to provide services unaltered, while protecting the legislative interests of the copyright owner and his licensee concerning the exploitation of their rights. In TWF, the Commission rejected other alternatives, such as bilateral arrangements or collective licensing, considering them impractical because cable operators could be faced with many copyright holders and a variety of contracts (TWF: 1984; 316-18).

The Commission also argued that copyright owners would have an automatic right to 'equitable remuneration', to be determined according to various principles or, if necessary, by arbitration. Therefore, a copyright holder would no longer have the right to chose, either individually or through a collecting society, whether or not his programme is broadcast because, according to TWF, this constitutes a restriction on the free flow of information (TWF:1984;328-34). As with the other cases, the copyright proposals were strongly criticised by government and culture industry bodies. Copyright was also subject to numerous international agreements, meaning that any new Community system had to be compatible with them.

Some others pointed out that the intended downgrading of the rights currently granted to copyright holders and related rights within the EC states would itself contravene Article 222 of the Rome Treaty, which preserved the system of property ownership in the Community, including

intellectual property (Davies: 1985). Others said that the whole issue should be left to the market forces to determine because the Commission followed a liberal approach towards television. Then a compulsory licence would be acceptable in special circumstances. By following this path, the Commission would have taken into account the already-established and legitimate practices notable in the film and video industries and the variety of factors surrounding them.

The Commission realised the unpopularity of its proposals and in its Directive, the solution was based on voluntary agreement. In the first place, it now argues , it will be for a contractual agreement and if this is not possible, a compulsory agreement will be adopted. Following this solution, the Commission, as usual, tried to balance opposite positions to find a common, accepted denominator. Nevertheless, there have been some assumptions that the latter proposals will again be changed dramatically. Surprisingly, the Assembly suggested that the formation of an arbitrary body - where holders of rights would be adequately represented - would be a better solution.


## 2.7.9 CONCLUSIONS

Through its Commission , the EC has finally proposed a television policy framework for its member-states after four years of draft reports and consultative documents. It is not complete at the time of writing, the MEDIA programme being in its initial stages and the Final Directive as yet not approved by the Council of Ministers. This demonstrates that the television policy has simply followed the path of every other EC policy. Even the content of this policy, i.e. the attempt to coordinate national regulations governing broadcasting activities and to remove the obstacles impeding broadcasting's freedom across the member-states, is couched in the usual, somewhat trivial, Community language.

The Commission has regarded broadcasting as a principal economic activity since it had to justify its competence in this field. In doing so, it has emphasised the economic aspect of broadcasting and overlooked the cultural and societal effects of television. Moreover, in attempting to find an average formula for legal and advertising issues., it has forgotten the particularities of the public service tradition in Europe and its proposals have been influenced

by the concept of consumerism.

Incidentally, the Commission has somewhat overlooked the difference between small and large countries in terms of programming and potential. Its main concern of overcoming the US challenge has made it propose quotas that will be very difficult to respect; experience in other domains confirms this.

Overall, it must be acknowledged that the Commission has at least succeeded in putting these issues on the agenda; the debates may continue into the foreseeable future. The Community's proposals may well become <u>de facto</u> guidelines for broadcasters and states before they are adopted across the Common Market. The change from its traditional policy areas to new ones is important -- a fact that demonstrates the adaptability, dynamics and flexibility of this organisation.

In a more pragmatic approach, the Directive is only one of 300 planned - by 1988 only 70 were approved - to be adopted by the Council of Ministers by 1992. If it is approved, it will be similar to other EC legislative programmes that offer a broad framework and leave many 'grey' areas. Even with the Assembly's amendments, some proposals are open to interpretation, meaning that arguments will continue. The television policy debate may last for some years, whatever the final outcome.

The Community's broadcasting policy has clearly shown that television has become, apart from its traditional role as a cultural medium, the most important tool for politics and economics.

# PART THREE: THE NEW MEDIA

This part describes and interprets the new media's development in the UK, France and Luxembourg. It emphasises how the implementation process affects the speed and substance of any new development and analyses how the lack of clear policy accentuates these difficulties. It concludes that new media development cannot be simply technology-driven, but is influenced by correct policy choices, translated into coherent policy-making and investment strategies.

## 3.1.0  THE DEVELOPMENT OF THE NEW MEDIA

Since the late 1970s, media pundits and programmers have been predicting the advent of a new golden age of television with the explosion of more glamour satellite or satellite-to-cable channels to provide more viewing choice, dramatically stimulating the demand for multichannel television.  So far this golden age has obstinately refused to dawn.

Cable and/or satellite television are often classified as the new mass media but cable and satellite broadcasters have not obviously created anything so different from the old terrestrial media (Lund: 1988; 346). In effect, both cable and satellite TV belong to the first generation of new media, which is mainly associated with the old mass media, but distributed in a new way. On the other hand, the second generation of new media is classified under the common denominator of telematics, or telecommunications computerised data. While cable and satellite TV belong largely to the mass communication domain, the second generation is primarily point-to-point communication. The latter is really new; the former are, in fact, no more than new transmitting channels (Burgelman: 1988; 182). Cable TV is not a new technology because it was not born in a laboratory but began humbly as a community antenna television. Similarly, satellite TV was conceived in 1946 by Arthur C. Clarke who, in a widely ignored article in Wireless World, pointed out that an orbiting satellite would revolve around the earth at the same speed as the earth rotates on its axis, above a fixed point, and could be used as a transmitting station (1). Since the 1950s, major developments have made in satellite technology (2). Over the years, since DBS became feasible, the term Direct Broadcasting by Satellite has become increasingly vague. It

now seems that almost any satellite system delivering a TV signal to any antenna less than about five metres in diameter is described as DBS (Williamson:1988;25-6). 'Direct' means that it was intended to be direct-to-home but not direct-to-cable, head-end. Here, it is assumed that DBS is for individual reception as the satellite power per transponder is sufficient for a dish 80cm in diameter, according to WARC'77 specifications. When I say DBS, I mean direct broadcasting via a high-powered satellite.

Cable TV is a closed communication system in which homes are collectively wired by coaxial cable (via feeder and trunk lines) to a central originating head-end (Sherman: 1987;8). Cable and, to a lesser extent, satellites, have been seen historically as parts of the wired city and information society. Nevertheless, according to Dutton et al. (1978;1-6), this notion is problematic because in the early 1970s, cable began as an existing vision of the future of communications only to be discounted as a utopian scheme before the end of the decade. Yet, the wired city remains problematic as it leaves a number of unsettled questions about what developing modern cable systems can really achieve. If the future of broadcasting is partly determined by the bleak realities of the present (Ostry:1987;36), cable illustrates the changing boundaries that exist between traditional entertainment media and other information activities and their unification within IT (Metcalfe:1986;126).

Cable technology has advanced rapidly in the last 15 years and might continue to do so. Cable's growth can be seen in four stages (Hollins:1984, Muler:1987, Tydeman and Kelm:1986). The **first stage** is when it has evolved to meet three basic needs: allowing the reception of broadband signals in areas not covered by existing transmitters, improving reception in remote areas and reducing the number of unsightly roof-top aerials, particularly in new towns and housing estates. Britain, the US and Canada have reached this stage.

In the **second phase**, these households will also be interested in receiving additional programmes, perhaps imported from neighbouring countries. This increases the demand for connection to a cable system. If no royalty charges have to be paid, the demand will mainly be influenced by programme availability and construction and maintenance costs. The availability of such inexpensive imported programmes affects local programme production - a

problem which has long been recognised by regulatory agencies in the US and Canada. They have tried to protect local broadcasters by prohibiting or restricting such imports.

The **third stage** is the result of cable's ability, given spare channel capacity on the wire, to provide programmes not available at all on broadcast television. A large number of cabled households are in this category, making them attractive for additional programming and distribution. These programmes range from local community channels to **narrowcasting**-type services, specifically produced for cable TV audiences; they can be financed in a number of ways: monthly subscription, advertising-supported, pay-per-view, or a combination.

Finally, in the **fourth stage**, distributing television signals becomes just one of a wide range of functions undertaken by cable systems, ranging from home security and fire alarms to home banking and shopping, data transfer, electronic mail, energy monitoring and, eventually, person-to-person voice and telephone facilities.

Cable TV evolved simultaneously to conventional television during the 1950s in the US and Europe. Almost every European country introduced some system of cable TV, under the jurisdiction of the PTTs. The reason: better reception. In the US in the early 1970s, some community antenna operators began to realise the commercial potential of cable TV. Cable began to spread to upper-income suburbs and municipalities, offering more cable channels with access channels for local news and entertainment. During 1981, 1982 and 1983, connections increased at annual rates of 16.9 per cent, 20.9 per cent and 26.5 per cent, respectively. In 1980, the FCC further deregulated cable services, allowing syndicated services to be set up in competition with local independent channels. Cable networking did not spread until September 1975, when Home Box Office, Time Inc.'s pay movie channel, offered its service to cable operators using the Westar satellite, thus starting a cable programming explosion over 9 years that resulted in about 50 new channels (not all of which have survived).

Most European countries have left the cable system monopoly to the PTTs - with the exception of Austria, Belgium, Luxembourg and Switzerland. The PTTs construct, install and are responsible for their maintenance; their monopoly is

protected by a 1960 Council of Europe agreement - the European Agreement on the Protection of Television Broadcasts - giving states the right to authorise or prohibit cable TV distribution within their borders. However, it was the launching of the European Communications Satellite, Eutelsat F1, which made a new European cable industry possible. Nevertheless, the story of new cable networks this decade, as we will see in this study, has been more of a disappointment: targets not reached, money in short supply, compromises over technology and finally, the threat of being 'leap-frogged' by SMATV reception. Although cable is essentially a national affair despite carrying some foreign channels, schemes for an interactive European network are occasionally mooted.

There are two levels of cable development within the EC: The first is formed by the small countries with high penetration. Belgium (81 per cent), the Netherlands (85 per cent) and Luxembourg (60 per cent), have already gone through phases 1 and 2 and are entering phase 3. Ireland and Denmark have greater cable penetration of about 30 per cent. According to an EC report, saturation of cable penetration has been reached so that, except for small growth, the cable networks will no longer expand (Bens and Knockle:1987). Their early cabling success, especially in Belgium and the Netherlands, resulted from the abundance of high-quality programmes, free of charge, from the neighbouring countries, as well as their multilingualism. The other level consists of larger countries: the UK, France and West Germany. In West Germany, coaxial cable has started being installed and 40 per cent density is expected by 1995. Apart from their role as carriers, the cable companies will certainly be allowed to provide their own TV packages. Another level is the Mediterranean countries (Italy, Spain, Greece and Portugal), in which cable TV is non existent.

According to Muller (1987; 268), the three large countries have difficulty of reaching high cable penetration because:

(i) they cannot use inexpensive, imported foreign programmes. Where they are available, they are of little interest due to the lack of multilingual audiences or competition with high-quality domestic programmes; (ii) current terrestrial broadcasters use high-quality programmes partly because of the large financial base related to licensing and advertising; (iii) high penetration of VCRs partly pre-empt demand for pay-TV

services, reducing the incentive to connect to cable networks.

Cable in the 1980s has been a mixture of triumphant breakthroughs, dramatic reversals, upheavals, crises and cash shortages. It appears that cable networks - and the abandonment of optic fibres for coaxial cable - will grow at a considerably slower rate because the networks in the smaller countries have already developed. Similarly, the high hopes for DBS have been brought down to earth by launch disasters (Shuttle, Ariane) and a potential competition with optical fibres. New conventional channels, especially for television, made governments and businessmen reconsider their initial optimism of the halcyon days in 1979. By 1989, DBS had not begun to 'blanket' the world with television. Only the Japanese system was in orbit, compete with technical problems that made it unoperational. The same happened with the most recent launch of the German TV-SAT. The French TDF1 managed to be in orbit in late 1988. But these examples show that the satellites are only being built when governments are prepared to sponsor DBS - something not accepted by the British Government, as we shall see later.   In the US, DBS development has been equally confused, with consumers leading the way by purchasing their own back-yard dishes. Satellite channels are still based on satellite communications. Nations are also struggling over policies determining who benefits from satellites. At the International Telecommunications Union (ITU), developing countries have been moving to sharply limit the number of satellites the rich countries can launch.

Despite the satellite industry's woes, there are sill nearly two dozen satellites distributing programmes to cable systems, television stations and hotels in the US and Europe.   The field has grown in recent years with the opening of underused channels in the Ku-Band frequencies, which can be broadcast and received by using smaller dishes than the old C-band frequencies. According to Tydeman (1987), the number of transponders available for delivery of TV signals will be about 140 by 1990.

If everything goes well, there will be about 33 DBS channels available in Europe - quite an optimistic scenario. Nevertheless, as with cable, DBS satellite TV in the early 1980s knew an overly optimistic period that was replaced in the mid-1980s by pessimism, especially about DBS's future. In 1988, optimism again emerged, but more for

the medium than for high-powered satellites. The development, for example, of TVSAT was contracted at a fixed price of DM 1.5 billion, of which 76 per cent was financed by Deutsch Bundespost and FRG's Ministry for Research and Technology 24 per cent. The space segment itself listed between ECU 150-250 million to build, but end prices vary according to launch, insurance and positioning costs. Total investments of around ECU 900 million are needed to launch a system (Luyken:1987).

The late 1980s have indicated that the demand for new media in relation to other information media may follow, not over the 10-year diffusion time-scale for domestic TV, but in the longer-term diffusion profile of the telephone, which took at least 50 years.

As Burgelman points out (1988;188), a new medium arrives after a short period of pessimistic prospects, then it occupies its own place as a competitor to (or in coexistence with) the rest of the media. The case of home video is a suitable example. Looking at VCR's history, it is unclear which developments may really have been predictable (3). Klopfenstein (1986;167) notes that 29 market-research, academic, investment, government and other reports on the future of home video, forecasting to 1988, assumed that the high-priced VCRs were destined to remain a luxury item to whet the video appetites of millions who would be satisfied with less expensive videodisc players, a largely failed medium. Few studies were pessimistic about VDP. A report written for investors painted a very rosy picture of the home video market.

The public policy adopted also plays a significant role in developing new media. During the 1980s, governments were under pressure to adopt new commercial strategies for the marketplace. Light regulation was viewed as necessary to attract investment from potential backers in the industry. Nevertheless, the frameworks built to design the appropriate regulatory tools provoked new problems as they tried to match market principles with a complexity of administrative actors and a changing technology. Thus, development problems led to financial problems and problems of administrative coordination with no political consensus. The 1980s outcome was confused and incomplete.

## 3.1.1 IMPACT ON THE 'OLD' MEDIA

Looking at the 1980s, general predictions about the new media and their implications are likely to be of limited value. Certain themes, however, do tend to repeat themselves in certain contexts (Negrine:1988;9). One concerned the future of broadcasting as a public service being under attack for a variety of reasons (Kuhn:1986;6), including new media. The argument was that they would undermine one of psb's foundations; their monopoly due to the scarcity of airwave spectra. The proliferation of channels would bring about a new age of broadcasting - the so-called 'third age'- where the viewer would be able to choose his own programming menu (Curran and Seaton: 1987; 211-3, Kuhn: 1986; 7, Dyson and Humpheys: 1988a; 2-3).

This situation would also lead to boundary erosion between broadcasting and sectors such as publishing, electronics and advertising, so that broadcasting policy and politics would lose their traditional autonomy. However, the increased number of outlets does not necessarily mean greater programme choice. Audience fragmentation may result in breaking certain economies of scale, with the result that some types of programme are less frequently produced because no single channel is guaranteed a large enough audience to cover production costs. Competition between channels may lead to a policy of playing safe rather than taking risks, with channels competing within a very narrow spectrum of output (Kuhn:1986;1-8). However, all this has been largely theoretical, since the impact of new media has not been straightforward.

The introduction of cable and satellite channels has created a new competitive situation. According to Lund (1988; 348-50), the competition directly threatens the broad, mass-audience programmes from the national ps broadcaster, meaning that traditional psb channels will have to increase their mass-appeal entertainment programming and reduce their minority-appeal programmes to compete with foreign channels on entertainment. Moreover, another challenge might come indirectly from the thematic channels which, with their narrow-casting diet, impose a direct and specific threat to a specific range of national psb programmes. Lund also points out that ps broadcasters are facing all these types of competition simultaneously. However, cable's 'must carry' rule ensures that all national channels continue to be available to all.

The potential of such a situation has made public service broadcasters reconsider their future role and readjust their strategies concerning both direct and indirect competition. Their financial situation has been weak so they have had to adopt a more competitive strategy, which seems to consist of a light, mass-appeal commercial approach for the future. This means that they do not search for the 'best', but pursue higher ratings. It appears that a 'ratings war' will ensure, rather than competition for better programmes. Competition's impact has been indirect. The ps broadcasters have adopted a kind of self-commercialisation to respond, or to counter, the competitive challenge from the new commercial broadcasters. Humpheys (1988; 38) also notes there is a very real danger of an unprecedented cleavage developing within the psb systems between those elements that see a future for themselves in the new media and those that remain more dependent upon the traditional terrestrial media.

The traditional public broadcasters' new strategy is also linked to deregulation on terrestrial frequencies. This has increased the difficulties for potential profits for new media channels. During the 1980s, cable and satellite channels have been losing money. By 1988, no satellite channel had made a profit and some were registering huge losses. Consequently, it has been hard to measure their direct impact. Both new channels and new actors involved in the field have acted, directly or indirectly, as powerful agents for the deregulation of broadcasting (Humpheys: 1988; 39). Lobbying governments is a direct method involving an alliance of publishers, advertisers, satellite and cable operators and manufacturers. Indirect methods include the first new channels entering the broadcasting systems.

It seems likely that the advent of cable to satellite channels will cause further deregulation. In 1987-1988, there were about 27 of these channels; they were offered to about 13 million West European cabled households in 1987, but their impact was speculated rather than real. It is very possible that more cable and satellite channels will emerge and eventually deregulate the whole structure. Nevertheless, these channels are not on a par with the introduction of radio and television.

As Burgleman (1988;186) noted, in 1950s, there was plenty of time available to consume the new output. Nowadays, however, radio and TV consumption occupies almost all

leisure hours, so the same phenomenon could not be repeated. Instead, the new media - which need a large audience to be profitable - will target the present broadcasting audience. It follows that every successful new medium will detract from time spent watching traditional broadcasting. After all, there are only 24 hours in a day.

According to Dutton et al. (1987; 140), despite technological experimentation, hype and razzmatazz, the market for existing media services - TV, radio and newspapers - has not yet been overly distributed. However, many media companies are 'hedging their bets' by becoming involved in the new developments. It seems likely, therefore, that the new media's impact will be direct and real, but in the early 1990s, not the early 1980s, as was assumed. Nevertheless, the exact impact is uncertain. The home video could also be used as an example. Alvarado (1988;324) notes that a number of studies show video not so much replacing cinema as operating as an adjunct to it. Many countries who are keen cinema-goers also use video for film-screening purposes. Cable and satellite channels may have a similar impact on TV.

## 3.1.2 CABLE TV IN THE UK AND FRANCE BEFORE 1981

Cable TV has a long history in the UK, compared with France, and Europe in general. Television transmission by wire is not a recent phenomenon in the UK but has been rarely discussed within the context of the historical development of British broadcasting. (Roman: 1983, Murdock: 1984, Negrine: 1985a) because of the impracticality of installing transmitters to serve every part of the UK, TV households in areas beyond the reach of a BBC transmitter used cable for TV reception (4). British cable expanded widely with the establishment of television after the World War II. Cable also provided a solution to reception problems and offered a double income to the cable operators because the major concerns (like Rediffusion and Radio Rentals) were also among the main companies renting receiving sets (Murdock:1984;273). From the construction of the first television relay system in 1951, there was a gradual shift to television relay within the industry as a whole. By the end of 1971, there were about 1.8 million subscribers (or about 11 per cent of total broadcast licences) (5).

However, the Annan Committee (1977;220) rejected any idea

that cable services be expanded to compete with national broadcasts (6). Even in a future cabled UK, it saw no role for private operators. Then, it advocated the BBC and IBA views that any future network should be owned and operated by the Post Office. The only development was to license 12 small cable projects to run until the end of 1983 (7). This view supported the Committee's opinion that cable systems ought to remain local distribution systems and that European countries could not give high priority to cable and satellite developments without entirely excluding any possibility for further development.

By the time the Thatcher Government came into office, the major cable companies were under pressure (Murdock: 1984). The growth in TV set rentals brought about by the introduction of colour TV had level led off after 1975-1980, when the proportion of TV homes with colour TV sets increased from 39 to 70 per cent. Owning two TV sets, as well as the use of VCR's, helped a 'second boom'. However, it was widely felt that pay TV would provide a useful extra stimulus (Murdock: 1984; Negrine: 1985b, 1984).

In France, the development of cable was practically non-existent except in some border areas. The 1972 Act on Broadcasting provided some exceptions to state monopoly, such as closed-circuit transmission, but implicitly outlawed cable. However, near the borders of francophone Belgium and West Germany, viewers could receive foreign programmes (8). Looking at the expansion of cable in the US and Canada, as well as neighbouring Belgium, Société Française de Télédistribution (SFT), was set up in 1972 by the PTT and ORTF to build and supervise a few experimental projects. Although the same features of cable TV (financing, programming) of the 1980s were considered, cable TV was regarded as an expansion, to a certain extent, of the old media (Dessaucy: 1973; 53). In 1973, several experiments were authorised to test community television (9); they were to take place in seven new towns, as well as in a number of new urban areas equipped with coaxial cable (10).

In 1975, President d'Estaing commissioned a report on the economic and social impact of IT, leading to series of state-sponsored and -aided investment plans, such as modernising the telecommunications network through digital technology (11). The famous NORA MINC REPORT (1978) was used as the theoretical basis for an industrial policy to tackle France's backwardness in the new technologies. This

was related to a programme for developing telematics (12) and creating a fourth channel and DBS. In 1976, it was decided that cable authorisation would be granted by the Prime Minister. In 1977, a statute prohibited cable distribution except by the three state-run channels and in areas where, due to spillover, foreign programmes could be received over the air. TDF was the only body that could run and build cable systems (13). President d'Estaing's opposition to developing cable as a local medium was partly because of competition with the regional press and state-run channels (14), and partly because of space policy. Thus he gave priority, rather than cable TV. (Kuhn:1985, Flichy:1983).

In the early 1980s, France's Socialist Government and Britain's Conservative Government regarded cable TV as, in some way, analogous to the discovery of steam machines. For the British, 1982 was the IT year, whereas for the French it was the year for the Government's ambitious Cable Plan to be announced. The French Socialists decided cable networks would be built under the Government's direction through an enormous proposed investment of public money, whereas the British Conservatives left the whole thing to market forces under their 'entertainment-' and 'enterprise-led' policy.

## 3.2.0 CABLE AND SATELLITE TV FOR THE UK

The Conservative Government believed that, wherever possible, private capital should take advantage of the profit potential in IT, and that this would hasten the general advance of new technology (Robins and Webster:1986). Thus, in both cable and DBS, it adopted a 'market-led' policy. The UK was the only large European country to expect the entire capital cost of laying-down cable systems and building-up the satellite system to be paid by the sellers and producers of the recycled programmes and the satellite operators, respectively. The Thatcher Government expected the private sector to turn cable or DBS dreams into reality - an approach quite opposite to its French counterpart. In both cases, the private sector was reluctant to invest unless something certain could be demonstrated. In cable, success could not happen without extensive investment; adequate rates of return would be generated only when cable systems fulfilled the function for which they were originally intended a communications network. In DBS, as with cable TV, financial

and political problems led to the inevitable collapse of the first DBS effort, the so-called Unisat.

The development of cable systems in the UK was meant to herald the IT revolution but development was much slower than anticipated because of the Government's unrealistic and unhelpful attitude. In the late 1980s, expectations are quite timid compared to those of the early 1980s, the 'years of euphoria' (1982-1984) being replaced by the 'years of limited expectation' (1984-1986). The Conservative Government allowed maximum flexibility for cable services under its famous entertainment-led policy, including: (i) constructing cable systems; (ii) the type of services provided; (iii) range and quality of these services. The whole plan, therefore, was based on the belief that entertainment services alone would support the other non-entertainment services, quite unrealistically leaving cable a marginal role on the television scene.

On the other hand, the Government's plans DBS was two-fold: (i) it should offer the opportunities for British space and consumer electronics industries, and (ii) it would provide a strong base for British TV programme-makers in an increasingly competitive domain. Thus, the Conservatives's free-market policy realised the international character of IT in general, and television in particular. This is obvious in the Government's anxiety not to be left behind by the increased pace of other European projects. Therefore, it gave priority to British technology, forming the <u>Unisat</u> consortium to carry the task. Another group, the so-called <u>Club 21</u>, formed by broadcasters and manufacturers, would operate the satellite.

In this first Unisat round (1982-1985), the Government's attitude was haphazard, confusing the parties involved with its ambiguous policy: a mixture of technology- and market-led, desire and reality, and finally, free-market choice and dirigisme. Due to the high risks and the enormous investment required, the parties involved decided to pull out from the project. The second round, which started late in 1985, indicated that the Government had learnt its lessons from the Unisat case. Now it gave a 15-year programme-choice period and free choice concerning the origin of the satellite system. This new venture, by the <u>British Satellite Broadcasting</u> (BSB) Consortium, was reminiscent of the beginning of the ITV system.

Existing cable operators faced two problems. In the short

term, they had to sell cable TV to a reluctant British public. In the long term, the entertainment image of cable seems to have been modified by adding a multipurpose communications function. BT obviously saw its involvement in cable TV as just another way of locking up the whole future of domestic voice and interactive information services. In those 'dark years' of cable, BT became one of the major players.

No programming obligations were foreseen or required for cable and satellite TV services; they would be regulated with a 'light touch' through the Cable Authority and IBA. The Government believed that an open, laisser-faire policy would create the cable network's infrastructure and build up the DBS system, eventually covering leaks created by its incoherent plans. Through a policy of ad hoc committees on cable, the Government attempted to encourage competition in the supply and provision of the networks. A similar approach followed on DBS, where free-market, private enterprise principles and the flexibility of the marketplace would build up the satellite systems. However, this policy suffered in both cases from a lack of consistency and coherence. The Peacock Committee largely recognised the failure of that policy, but the choice of either BT or Mercury building up the cable network on a natural basis seems unlikely.

## 3.2.1 THE EVOLUTION OF A CABLE AND DBS POLICY

The Conservative victory in 1979 marked the turning point for IT in general, and cable and DBS in particular. Cable policy was defined in greater detail and with great enthusiasm. The whole tone and direction of this policy could be summarised as speedy action, private funds and light control, similar to the US approach (15), and dissimilar to French and West German cases during the same period. DBS policy followed a similar path.

In March 1980, the Home Secretary initiated a study of the implications of establishing a UK DBS service by about 1985. In November of the same year, he also announced that the Government was prepared to consider applications for pay TV franchises from existing holders of cable licences. In March 1981, pilot schemes were authorised in 11 locations, with 2 more licences added soon afterwards. In May, the **Home Office Study** appeared, emphasising that the Government would not wish to finance such a project and

that programme services would be either provided or supervised by existing broadcasting concerns, recommending two DBS channels by 1986.

The whole attitude towards cable and DBS was related to the general policy and enthusiasm on the IT sector in the early 1980s. It was also in 1970s that the Labour Government formed the Advisory Council for Applied Research and Development (ACARD) (16), which published its report focusing attention on the economic, industrial and employment opportunities posed by IT (Dutton: 1987, Hollins: 1984). This approach towards cable was shaken by the growing political and industrial popularity of IT (Negrine:1985b;110). Then, the international environment put on pressure as well: the ACARD report, by mentioning the French experiment in Biarritz with optic fibres, argued that modern telecommunications was at the heart of any large-scale IT development. Moreover, satellite developments in France and the FRG, or the commercial LuxSat project, made many British commentators start worrying about the impact of the European developments on British media industries (17). In the beginning,the HO's policy-making cycle paralleled new ideas about IT, but finally, after the consideration that pilot schemes were obsolete, the DTI tried to gain more influence over cable affairs and hence, broadcasting-related issues (Negrine:1985b, Collins:1986a, Metcalfe:1985). There were three reports defining a new climate for cable systems while the first 11 franchises were allocated in January 1984: the report of the **Information Technology Advisory Panel (ITAP)** in 1982, followed by **Lord Hunt's** Inquiry in 1982 and then the **White Paper (WP)** in 1983 on the Development of Cable Systems and Services, which became the **Cable Act** of 1984.

The ITAP was composed of top executives from British computing and electronic firms, but not from broadcasting, cable or telecommunications (18) (Hollins:1984, Dutton:1987). ITAP's broad philosophy was subsequently incorporated into the Hunt Report and throughout the WP. In its 54, pages it encourages the speedy development of cable systems (Evans et al.:1983) and states that the whole development must be left to the market forces, adopting an entertainment-led attitude. The report endorsed: (i) private financing on cable systems; (ii) a relaxation of restrictions on programming regulations, (iii) a new body to oversee cable development; and (iv) preference for technologically advanced cable broadband systems.

The Government approved the report and set up a committee, chaired by Lord Hunt, to examine these implications and the impact of cable on the existing media, necessary regulations and restrictions over programming, and the regulatory framework. The Hunt Report (19) recommended speedy action and minimal restrictions. During 1982, cable TV aroused enormous public interest in the press, on television (20) and in Parliament (21). Existing cable operations and some financial interests in the City began considering investment possibilities. Potential operators argued that only a minimum of regulations should be placed on cable TV, such as being allowed to offer both services and programmes, and not being subject to the national channels' 'must carry' rules. The Hunt Report recommended liberalisation on the grounds of no restrictions and on the separation of operator and programme-provider. The Hunt Committee showed an awareness of the dangers associated with local cable monopolies, recommending that competition for franchises would provide the fairest and most efficient way for cabling Britain without a large influx of public money (22).

In an environment where cable's commercial viability was uncertain, City financial interests were reluctant to invest large amounts of funds. The WP, largely based on Hunt's recommendations, contained few surprises. Incidentally, it meant, in some way, further satisfying those favouring deregulation, partly because of the poor commercial prospects perceived for cable. The WP had to devise a set of measures to protect the existing public broadcasting and telecoms services, while not simultaneously discouraging private investment in cable (Evans et al.: 1983).

Entrepreneurs could install any viable technology, subject to its meeting specific minimum performance standards and providing the capacity for interactive services. On the franchising and licensing process, this would be regulated by a statutory Cable Authority (CA), which would organise and oversee the franchise-bidding process and allocate licences to cable operators. On programme services, franchise holders 'must carry' all existing national networks, but otherwise have a free hand apart from questions of public taste and decency. By and large, the WP adopted a market, entertainment-led expansion policy favouring advanced technology (Negrine;1985b, Dutton:1987, Evans et al.: 1983) (23). During the summer of 1983, when

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the Cable Bill was passed through Parliament, proposals for the 12 interim franchises were being received. In the Guidance Note from the HO and DTI, there was a provision that licences would be for areas up to 100,000 households. This would precede the setting-up of the CA. Thus, cable operators would not have to follow psb guidelines. Additionally, the DTI was involved in broadcasting matters - a field traditionally left to the HO (Negrine:1985b, 1987, Metclafle: 1986).

The overall strategy was designed to encourage fast development of cable by using market forces and private capital, establishing a plan involving pilot projects and providing a DBS system also funded by private sources. The concept of psb was to be assured with the new CA, along lines similar to the IBA, although the editorial and advertising content of cable programmes has wider latitude than those applying to existing ps broadcasters (Gray and Grand:1983), where in DBS the IBA would be the responsible for the whole venture. Finally, one hardly sees the participation of municipal (local) authorities as in French cable (see later). They were excluded from the whole plan.


## 3.2.2   THE DEVELOPMENT OF BRITISH CABLE (1981-1986)

Following the **speedy development** policy, before the setting-up of the CA, the HO and DTI granted  12 franchises for new broadband systems. The interim nature of the licences meant that the terms and conditions might be modified according to changes made by Parliament to both Cable and Telecommunications Acts of 1984. At that time, the UK had about 2.6 million cable subscribers,  or about 14 per cent penetration. The franchises were to be granted to areas of about 100,000 people (24). There were 11 successful new applicants out of the 37 that applied.

Successful   applicants   were   awarded   both   a telecommunications and broadcasting licence - the former for 20 years, the latter for 12 - to allow them to recoup their heavy investment costs. Once the franchises were granted by the HO, it was necessary for BT to grant a licence guaranteeing the operation. This was considerably delayed (25). The expectation of the Telecommunications Bill, which came into force in 1984, played a role in this delay. Other delays also slowed down cable development: practical difficulty with local authority planning, technical problems with cable installation and other

regulatory issues (Tydeman and Kelm:1986;131). But the biggest blow to the hopes of the cable revolutionaries was the announcement, in the April 1984 Budget, of the end of 100 per cent capital allowances on buying machinery and buildings and laying new cables. According to Forester (1987;106), this meant that the average break-even point on a consortium's investment was extended from seven to nine years (26). Therefore, while 1984 was generally seen as a depressing year for the cable industry, the signs were that 1985 would be worse.

When the CA came into existence, only Swindon was operational (July 1985); cable was not only experiencing a slow take-up rate, but also a deep depression. None of the other 11 projects had begun construction and were struggling to raise the finances (27). The CA thought it best to stimulate activity in the industry (i.e. give out more franchises) rather than applying the same programming rules to the new schemes. Thus, it advertised five more franchises in 1985, only receiving five applications (28). By the end of 1987, the CA authorised one more franchise (29) and in mid-1988, advertised five more. Forester (1987;107) lists a cumulative series of blows to the hopes of those wanting a fast expansion of cable: 'first the US firm, Jerold, pulled out of a joint venture with GEC, then Thorn-EMI and BT announced a review of their plans, next, a company formed by Plessey and Scientific Atlanta to supply cable equipment folded, Clyde Cable Vision (Glasgow) and Merseyside Cable Vision (Liverpool) had trouble raising money to get started. By October 1984, old, established operator, Visionhire, announced that it was pulling out of cable altogether and - to everyone's surprise - even Rediffusion decided to call it quits'. In 1988, of 1.4 million households passed, only 18.3 per cent (266,000) were subscribing. Of those cabled households, only 53,000 were subscribing to wideband systems. Compared to 1986 and 1987, penetration had increased from 17 per cent to 18.3 per cent.

Like the 'greening' of America, the 'cabling' of Britain has yet to succeed. Cable is off to an unpromising start in the UK; many analysts say that there is no early prospect of a significant take-up. There has been limited optimism in 1989 because of the City again admitting cable potential, not for entertainment services, but rather data communications on cable services. These systems could compete with BT on price and be interconnected to form a national network. Perhaps it has been forgotten that most

of these systems in 1984 were to provide switched star. However, a quick penetration in the near future seems unlikely because any growth will be offset by the loss of the old systems.


## 3.2.3  THE PEACOCK COMMITTEE AND CABLE TV

As noted above, the Peacock Committee took a wider view of broadcasting. To hasten the development of cable TV in the UK, it recommended that BT (or another telecoms company, such as Mercury) should be allowed to be a common cable carrier. The report envisaged a national grid of infinite channel capacity based on optic fibres. If BT were allowed to carry additional services (i.e. cable TV, not only telephony and data), then it could be economical to replace local circuits with fiber optic cables (Peacock:1986;144). This change could reduce the cost of local telephony services more than any option available, including competition from local networks. The quality of service would be greatly enhanced. However, BT had been restrained by the Government. According to the Committee, preventing BT from being a common carrier for cable TV had led to stagnation. Thus, Recommendation 15 of the report argues that national telecommunications systems (e.g. BT, Mercury and other subsequent entrants) should be permitted to act as common carriers, with the view to providing a full range of services, including delivery of TV programmes. It also recommended (Rec.16) (like the Cable and Broadcasting Act of 1984), that cable franchises should be restricted to EC-owner operators. Much of the expertise and experience lies with US concerns, who may well be more prepared than Europeans to take risks establishing cable in the UK. The restriction in any case is unwarranted (Peacock Committee: 1986; 146). Although Peacock envisaged Mercury being allowed, along with BT, to build a cable favour grid, such a plan would tend to BT because its former monopoly would allow it to upgrade its existing system while Mercury would have to build a totally new one. BT also did not favour the plan as it would have to give up its cable operations, which are expected to be profitable in future because the main profits are considered to come from information and data services.

Recommendation 13, moreover, argues that DBS franchises should be put to competitive tender, rejected again by the CA as the similar Recommendation 10 for ITV's terrestrial franchises. It replied that if such recommendations were

accepted, they would also be applicable to cable. As regards night-time TV (Recommendation 9), the CA agreed that it would undermine part of cable's attraction and could slow down its development. This would especially be true if new terrestrial services were allowed the same commercial freedom granted to cable without psb obligations.

On one hand, the Peacock Committee clearly points out the failure of the Government's cable policy; on the other, it involves itself in recommendations that denounce the entertainment-led policy. Its recommendations for new terrestrial channels and the Government's 24-hour TV pressure at least did not help cable TV development .in the UK. The Government, of course, could not adopt a recommendation that would officially recognise its failure on cable policy. The 1988 White Paper (para 6.43) notes that the Peacock recommendation would be impractical inhibiting the growth of telecommunications networks. It also foresees a new, flexible regime, set up to deliver multichannel and microwave transmission. It sees cable continuing to play a significant part under the new arrangements, and recommends avoiding local monopoly by awarding the local networks competitive tender. The two remaining DBS frequencies will be advertised by the IBA in 1989, while entire supervision of both cable and satellite will be given to the ITC.

## 3.2.4 DBS: FROM UNISAT TO BSB

Some in the media industry thought that apart from the potential impact of other DBS projects on British industry, there could be some positive developments: a rapidly expanding market for hardware and software at home, on the Continent, and especially in the Third World, where satellites could provide an economical solution to the problem of launching a national TV service. Consequently, they started lobbying for an early British satellite. A DBS system would stimulate the domestic market and provide a display of potential investors (Murdock:1984;275).

In the 1981 DBS study, the Home Secretary, Mr William Whitelaw, stated that the Government was serious about starting British DBS in 1985, with one or two television channels and possibly other information services. He suggested that this approach would need to be 'consistent with, and indeed built into, existing British broadcasting

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arrangements and institutions' (HMSO: 1981; 2). HO experts questioned how DBS and cable systems might coexist in the UK's social environment. They suggested that cable systems should start so that DBS services could be distributed by cable (BRU: 1983).

bIn March 1982, the Government announced its decision to support DBS and the domestic satellite manufacturers. After considering a number of bids, the Government announced the privately owned consortium made up of the BAe, GEC and BT, the national champions, to design and manufacture the hardware. United Satellites (Unisat) was to build the satellite, and the four available radio and two TV channels would be run by the BBC, starting transmission in 1986. The BBC also announced to the House of Commons that it was to go ahead with the DBS venture and signed a preliminary agreement with Unisat a year later (30).

The Conservative Government's re-election tended to reinforce the developments set in motion during their previous term. The BBC, however, decided that the project was not feasible. For the Corporation, facing an uncertain financial future itself, the project was unrealistic, directly conflicting with the BBC's public service ethos of universal service. Additionally, the BBC was limited in its raising fund ability on the open market, was precluded from advertising, and forbidden to pass all of the costs onto the UK taxpayers by increasing the television licence fees. In December 1983, the Corporation decided that it could not go ahead. Subsequently, the HO proposed a tripartite, three-channel consortium for UK DBS and offered to withhold the allocation of the other two WARC channels for three years to allow the system to become established in a competitive market. Then, the IBA would be empowered to award 12-year DBS franchises in the same way as ITV franchises. The Government also endorsed C-MAC as the transmission standard suggested in the Prat Report.

This tripartite DBS venture comprised the BBC with 50 per cent equity, the 15 TV companies with 30 per cent equity, and third-party companies selected by the Home Secretary on advice from the IBA with 20 per cent equity. The venture was to operate under a Board, with the main source of revenue from subscription; whether advertising become another source would be the consortium's decision. The Government's aim was clearly that the whole project would not be funded by public money. The third-party companies were chosen in 1984 on the basis of complementary skills to

the BBC and IBA/ITV. They were: Thorn-EMI, Granada TV Rentals, the Pearson Group, Consolidated Satellite Broadcasting; also having to be restricted to the UK/EC origin, recommended by the IBA. These companies plus the ITV and BBC constituted the so-called Club of 21.

After 18 months of discussions, the Club decided unanimously in June 13, 1985, not to proceed with the project because the costs and risks were too high. The 'demise' of Unisat came as no surprise. During these 18 months, the bidders had to consider a range of problems. On one hand, the Government insisted on a British-made DBS system and technology without providing any financial support, despite spending two years encouraging a DBS system. On the other, the three Unisat satellites cost a formidable £560 million or £80 million a year for a projected 7-year plan. Detailed quotas on alternative high-powered systems for RCA, Hughes, and even Britsat, were submitted, all of them roughly half that of Unisat, but the Government (through the DTI) formed an integrated UK satellite industry. Despite the consortium's interest in dealing with BAe - with whom it may have secured a better deal.

The huge negative cash outflow, the uncertainties of market acceptance of the service, and the technological changes that made DBS high-powered satellites obsolete before they started (as in France) caused considerable concern. The setting-up of the Peacock Inquiry made the ITV companies worry about advertising and renewal of franchising. Cases of SMATV liberalisation, the levy charges and the privatisation of BAe also cast doubts on UK DBS prospects.

The last move was to close down the Satellite Broadcasting Authority or, rather, a preliminary working party for a Satellite Authority without any power or role. The collapse of Unisat could not mean the end of UK DBS. The rumour that the English-speaking channels would use TDF1 transponders strengthened the argument for a British satellite system.

The ITCA allowed the individual ITV companies complete discretion in deciding whether to participate in the DBS ventures. The Home Secretary tried to give an incentive by lifting the statutory requirement of the IBA to readvertise ITV franchises in 1989, and extending the existing franchises up to 1997. The statement was not contingent on participation in DBS, but it was understood that winning the franchise was contingent on the joint DBS project going

ahead. The Home Secretary also requested that the IBA review the prospects for a viable DBS service. The IBA's enquiries indicated that 'there was sufficient interest and optimism to justify a new approach, on the basis of a 15-year programme contract period, and a free choice by the contractor of the satellite to be used' (Green:1986;86).

The development of a DBS franchise would be regulated by the IBA and wider provisions of the 1984 Cable and Broadcasting Act. The new venture reminded some of ITV's start. On April 2, 1986, the IBA advertised in the national press for providers both from applicants for DBS programme contracts and others. The advertisements aroused considerable interest. The IBA's contract specifications for awarding the three UK DBS channels laid down only 'light regulation'(31).

Five consortia, with impressively 'heavyweight' backers, submitted their proposals on the last day of the deadline; the IBA did not announce the winning consortium until the end of 1986. Despite the impressive list of backers, there were some notable absentees, including Robert Maxwell, BT, WH Smith and Thorn-EMI (32). Instead, there was a 'Kangaroo Invasion'- Rupert Murdoch, Robert Holmes à Court and Alan Bond emerged as major backers.

On December 11, 1986, the IBA awarded the British Satellite Broadcasting consortium (BSB) the DBS franchises. BSB consisted of the Granada Group, Virgin plc., Amstrad, Pearson plc., and Anglia Television. The IBA's announcement came one day after the Irish Government confirmed it was awarding a licence for an Irish DBS project to Atlantic Satellite, a company 80 per cent owned by the US satellite company, Hughes Communications. Atlantic was also looking for customers in the UK to lease its satellite hardware (Financial Times: December 2, 1986). BSB's plans were to commence broadcasting through three new channels in 1989. It also has plans to spend £18 million on marketing in the prelaunch period with a further £11 million in each succeeding year (33). In 1988, BSB went to the stockmarket searching for potential investors (34).

In mid-1987, BSB made an agreement with Hughes Aircraft for the satellite contract, despite BAe's appeals to the UK Government. Hughes won out with an irresistible combination of price, financing, delivery and launch (see later). By the end of 1988, TDF1 and Astra were operational, whereas BSB is backlogged for Autumn 1989 and Murdoch's Sky

channels are competing very hard (35). BSB, with C+ as an example, expects to do well, intending to charge only £10 a month for the film channel. It anticipates that 85 per cent or more of its viewers will want to see it, giving it 350,000 subscribers in the first year. With an uncertain advertising market in the early days, it will depend heavily on subscriptions for cash flow. BSB expects four million viewers by the end of year 4 and 10 million by the fifteenth year. Meanwhile, BSB moves on but its success is far from assured. A new UK terrestrial channel, competition from Sky, TDF1 and TVSAT 2 satellites may create huge problems before it is even launched. Clearly, BSB has been locked into the 1980s hype strategy, while in the 1990s, it looks at its future sceptically.

## 3.3.0   CABLE AND SATELLITE TV IN 'SOCIALIST' FRANCE

In 1982, France had practically no cable TV but perhaps one of the most ambitious cabling programmes in the world planning that half of French households would be cabled by the year 2000. The Socialists' target was not merely to open new channels, but to build an integrated network on switched-star fiber optic cable interactive systems carrying sound, pictures, text and data. The Government's plans were announced in November 1982 in the-so-called Plan Cable. It was too ambitious, attracting enthusiasm and fierce criticism. Although cable TV development was backed by the 'Concorde Syndrome', it was motivated as in the UK, by a kind of boosterism. The Plan Cable represented a characteristically French approach to similar situations: the enormous proposed infusion of public money together with the framework for control of cable installations and operations, both under the Government's scrutiny and direction. For the Conservatives the whole venture should be left in the market forces, abandoning the PTT's monopoly as in the UK. This market-led approach would be opened to pluralism and social communication. Within the Socialist party, the base was not too sure about the whole project while the Communists directly opposed cable projects.

As will be argued later, the Plan Cable was largely influenced by the DGT, which, in accordance with CNET, the engineering body of PTT, could influence the whole cable policy. Within 10 years (1975-1985), the DGT had fulfilled the political goal of raising the country's standards of telephone equipment and services to those of other developed countries. In doing so, it gained important

technical and financial legitimacy (36). Some criticised the Plan Cable as political voluntarism, others for the traditional French fault: adopting glorious projects that would be debated for years, making utopian decisions and finally realising nothing because of shortage of funds. Some pragmatists argued that the whole venture with a high-scale of fiber optic networks could not be achieved by the market or by the industry. Then, the Plan Cable was unclear about distributing responsibilities between various government bodies, such as the Ministry of Communications, the Haute Authorité, the Ministry of PTT and, of course, the DGT.

DBS's fate was not clear at all. In the beginning, it appeared that the Socialist Government had not decided whether to go ahead with the DBS venture of d'Estaing's Administration. One supported the Plan Cable, one Canal Plus. DBS was seen as a technology that could destabilise national sovereignties in broadcasting and cultural affairs.

Although the DBS projects appeared to be abandoned, especially after the 1984 Thery Report which characterised high-powered satellites as obsolete technology, the Government, in the year before the legislative elections, revised its approach for satellite broadcasting. The decision to induce terrestrial channels demonstrated not only the Government's confusion, but its indecision over developing either cable or satellite television. Additionally, in 1985, the Government preferred a commercial and European dimension on TDF1 ventures to make it more profitable and attractive for programmers and advertisers. In both cable and DBS projects, one sees the Government's contradictory strategies, involving various state institutions sometimes with opposite intentions and ends (e.g. TDF and DGT). This situation created a range of control problems. Financial and technology problems arose between 1981-1986.

At the political/administrative level, the Government sought to compromise between the desires, wishes and imperatives of different concerned ministers, involving itself in the 'game' of bureaucratic politics. However, its decision to ban CLT on TDF1, granting TDF1's transponders to European original entrepreneurs instead, further politicised the whole issue. These political problems came to be closely associated with financial ones. In cable, the holistic approach of the PTT and, in particular, its

relations to the <u>Sociétés Locales d'Exploitation Commerciale</u> (SLEC) - the local operators, formed on a mixed economy of private and public capital - made them reconsider cable's profitability.

The problem, however, was creating a market free enough to attract investment and developing an audience big enough to motivate programme production, to generating public demand for both cable and DBS channels. Contrary to the UK, France was not cabling for immediate profit. Industrial factors in both cable and DBS were given priority over economic and commercial considerations (see Part 4). The main objective was a 21st-century integrated, interactive audiovisual network, but the cable project constructed on optical fibres was too costly; the industry could not cope. Besides, the Théry Report considered high-powered satellites (i.e. TDF1) obsolete.

Finally, the French route to cable particularly indicated the state's attempt to lead economy and industry and, perhaps, society to an IT level. The problems faced by this policy in both cases demonstrated once again that a rational, cohesive policy was relatively difficult to achieve, especially when it had to direct high technology, which was continuously changing, and invite competitive technocrats to influence decision-making. Both cable and DBS development in 1981-1986 experienced two stages: the first between 1982-1984, was a period of optimism for cable, identified with an enthusiasm for quick development; the second, 1984-1986, was a period of reflection related to a depression due to lack of progress. Similarly, TDF1 experienced two phases: the first, between 1979-1984, was a period of 'limited optimism', stopping with the Thery Report in 1984, which regarded DBS as obsolete and unnecessary; the second phase, which in effect lasted until TDF1's launch in 1988, was a continuous postponement of any decision about TDF1.

## 3.3.1 THE EVOLUTION OF CABLE TV IN FRANCE

Under the Socialist Government, cable TV became an essential component of the so-called _filière éléctronique_ (see Part 4). In effect, television was the short-term dimension of cable. The longer-term dimension, i.e. the interactivity of cable services, was considered most important in this country, which wanted to participate in the IT race. The Nora-Minc Report created the cultural environment which influenced the political elite, but the Plan Cable was envisaged by the DGT, and the CNET in particular.

Loi 82 provided a legal framework for cable. It fixed a certain number of principles applicable to developing cable networks but it had some ambiguities (Freches:1985). On November 3, 1983, the Minister of the PTT, Luis Mexandeau, announced the _Plan de developpement des réseaux câbles de vidéocommunication_ or, shortly _Plan Câble_. This announcement indicated the decision to begin a large-scale, systematic cabling of the whole of France to satisfy the multiple needs for modern communication. Plan Cable aimed to assist the birth of a French model of _télédistribution_, and _vidéocommunication_. The object was to connect, by 1992, at least 6 million households, at a rate of at least one million homes per month from the beginning of 1987. The technical choice was fiber optics. A _Mission Interministérielle_ (Mission Cable) for the development of the services and the objectives of the Plan Cable was set up to exploit cable networks and stimulate programme supply. The project was to be under the auspices of the PTT and, especially, the DGT, to avoid an anarchic development of cables and antennae (_Le Monde_: 5 November 1982). The initiative of cabling and the management of broadcasting services would return to local authorities (municipalities), but control of the whole network development, including the technical exploitation, ownership and management of telecommunications services, would return to the state. The total investment for 1983-1985 was estimated at about FF11.9 million, FF6.5 million of this being for local networks, FF2.4 million for programmes.

In April 1983, Mission Cable was set up to carry out feasibility studies and help the flow of programmes to the new systems. But it was not before May 1984 that the Government announced the plan (Freches:1985, Busson:1987, Betrand:1985, Green:1984, Pineau:1984). In the Council of

Ministers of May 3, 1984, the rules of the game were laid down: (i) The infrastructure of networks, as well as their financing, would come from the PTT. A network would be defined as not exceeding 60km in two 'departments'; (ii) commercial exploitation would be given to _Sociétés Locales d'Exploitation Commerciale_ (SLECs), which would be economically mixed; (iii) it authorised the HA to regulate the total of programmes distributed by the exploiter.

Thus, Loi 84 on exploiting cable networks further defined the nature of SLECs. It distinguished three types of exploitation. The first concerned the construction of transmitters and the cable networks, as well as the relation between the state and the third parties. The second was related to the use of radio frequencies. The third required that the cable operators should have a licence before starting operate. The local cable services would be under the HA's supervision (Article 17). However, it would be up to the Government to deliver authorisations other than those given to the HA (Article 78 para 2). Loi 84 also required that none could have more than one licence. The potential operator had to have a double concession to exploit its company (the double mechanism between the HA and Government). Whereas programmes were under the approval of the HA, if they were transmitted nation-wide, according to Article 85 of Loi 82, they should have the Government's permission as well.

The whole issue was highly complex. For example, the distinction between local and national programming was wrong because the Plan Cable needed high political and administrative coherence. Then, the DGT was not interested, as we shall see later, in broadcasting affairs, whereas the SLECs had neither money, nor possibilities of finding money. However, to a certain extent, the Plan Cable decision threw a long shadow over proposals for DBS, despite the Government declaring the complementarity between DBS and cable. All previous cable developments were regarded, as in the UK, as an extension of the psb activity and, since 1977, TDF has been the controlling agency for installing and exploiting those frameworks; with the Plan Cable, cable TV was clearly beyond TDF's capacity. However, TDF remained in charge of the head-end of all networks, meaning that it controlled programme reception from terrestrial or satellite transmissions. This cable policy was largely influenced by the industrial lobbying activity of the Groupément des Industries Eléctroniques (GIEL), composed of 10 large French electronics associations which

established the Commission de Diffusion de la Télévision par Réseaux Cables (CODITEC), as the corporate voice of the industrial lobby to take decisive action upon the public authorities. CODITEC stressed the necessity for France to be competitive in the developing new hardware and software markets for audiovisual media, and to cable the country with optic fibres to secure the industry's competition in the international market (Dyson and Humphreys: 1987; 103).

Nevertheless, the DGT was the most influential party of the cable lobby, surpassing even the industrialists (Dyson and Humphreys:1987, Dyson:1986, Brenac et al. :1985). Brenac et al. (1985;308-10) suggested that in the Plan Cable, the DGT had not only the paternity of the project, but also made the Government have a cable policy with a specific decision. Then, the DGT allied with CNET and, together, they influenced the Government's cable policy. To support this argument, one has to accept that in June 1981 the Socialists did not have any real cable policy. This thought was elaborated either by the Ministries of PTT or Culture. As Dyson and Humphreys (1987;104) note, the DGT's influence reflected the increased social and political status and prestige of its technocrats. Moreover, with the Plan Cable the DGT involved itself not only with the PTT Ministry, but also with the Ministries of Interior, Culture, Communication and Industry (see also later). It is not clear how much the Nora-Minc Report influenced the evolution of the state cable policy. The Report was a basic document for telematics that created a cultural environment for the new technologies, but the Plan Cable was under the auspices of DGT and, to a certain extent, inspired by the CNET.

Under the 1984 legislation, the initiative for building up the cable network fell to the local authorities, which had to be licenced by the HA on a service-by-service basis. The proposed procedure for creating a network started with PTT evaluating the local (municipal) authority's request. If the project was promising, the local authority, the TDF and PTT (i.e. DGT) and other public or private interested parties would liaise with the SLEC, which would do a socio-economic feasibility study of consumer demand and programming offers. The network's technical requirements were to be drawn up by a team consisting of TDF, DGT and local authority. Once the network's size and capacity were agreed, schedules of cost and implementation would be determined. The SLEC would be responsible for all customer relations - including collecting subscription fees set by

the local operator (37).

In conclusion, the Plan Cable seemed to be a neat mixture of state monopoly, high technology and local provision. From the start, these elements seemed incompatible. The Plan was largely associated with an 'economy of supply', somewhat ignoring the 'economy of demand' by serving a voluntarist logic in responding mainly to an industrial imperative (Bousson:1986).


## 3.3.2 THE DEVELOPMENT OF FRENCH CABLE (1982-1986)

In summer 1983, a financial and economic constraints led to the revision of Plan Cable's basic approach such not only optic fibers, but a mixture with coaxial cable, could also be installed (Le Monde: 16 October 1983). The existing networks were given time to enter the framework of the new system, but for the most part failed to attempt to do so. Even in 1985, it was evident that the Socialists would lose the elections, leaving the Conservatives to make radical changes (Freches:1985, Busson:1987, Bousson: 1986, Dupuis:1984, Lacan:1983). Between 1983 and 1986, very little development took place. Only two networks from the regional projects, Biarritz and Gengy Pointoise, were entirely optic fibers. On the other hand, the Region Parisienne had not actually made any impression by the 1986 elections. Paris was supremely psychologically significant in France's cabling project.

The Socialists' desire to launch a major policy initiative was confined by the task of reconciling the Government's centralising instincts with its commitment to local autonomy in the ésprit d'autogèstion, which created considerable confusion over the question of control (Green:1984). Moreover, many were to show an interest as some other major investment programmes such as electricity and telephone, were already complete (Betrand:1985;145-6). A cable system could not be longer than 60km in any of its dimensions, nor cover more than 2 of the 95 departments (38). Cable was considered economically unprofitable in cities of fewer than 100,000, or with fewer than about 20,000 subscribers. Broadly speaking, it was intended that the interested parties, such as city, group or urban districts, would first apply to the DGT and Mission Cable. After the socio-economic local feasibility study about the commercial visibility of the project, the project would be added to a waiting list by the DGT. Actually, 52

municipalities signed contracts with the DGT, which represented about 12 million inhabitants and about 6 million switches (39). Another option was for a town to build its cable system independently using coaxial cable for a tree and branch system - in practice this was non-existent.

The SLECs had to be a 'société mixte' - rather a joint public/private association, similar to local councils and, to a certain extent, acting as government agents. The main difference from local councils was that the SLECs chairman had to be an elected official, but the local government was not required to be the majority stockholder, although it had to retain a blocking right over policy decisions. A statute à l'éxploitation des services de radio-télévision mis à la disposition du public sur un réseau cable passed on August 1, 1984 it was related to Loi 82 and included 6 articles (Journal de la Mission:1984). According to Mission Cable, SLEC was a private law company to exploit an industrial and commercial service or an activity of general business (Journal de la Mission:1984). There would also be a government commissioner on each body to ensure that the network respected the operating conditions imposed by the state. In mid-1984, no entity apart from the state was, entitled to hold stock in more than one SLEC. This was related to Article 80 of Loi 82 and was designed to discourage the formation of American-style private commercial national networks and, implicitly, to frustrate the multimedia ambitions of the publisher, Hersant (Dyson and Humphreys: 1987; 105). A local authority could opt for one of the following: either run the whole company on its own, let a private concern run it, or devise a plan for balancing private/public cooperation.

The SLECs had wide-ranging functions and were to be in charge of all decisions on programming, contracts with suppliers, marketing, collecting subscriptions, fees to the DGT for using its network and TDF for the head-end (Journal de la Mission:1984). Introducing the SLECs was a change from the original plan in which the municipalities were to run the systems by themselves (40). Originally, their participation was to be 30 per cent of the cost for half of the households passed; this was considered the normal take-up rate, with 40 per cent being the normal penetration rate (Betrand:1985;147). The municipality's investment would be reimbursed back to it by the DGT. The rationale behind this arrangement was that the municipalities would pay the installation costs of a coaxial system while the state paid

the extra cost of installing a optic fiber system. In June 1984, understanding between the PTT and the SLECs was that the more the municipality paid, the faster it would be cabled up (Betrand:1985). The HA's 1985 proposals for local over-the-air TV stations indicated the Government's wishes for cable. These stations would be operated by the SLECs, which would also operate cable systems. The fear was that the channels might build far larger local audiences through broadcast than they would be able to achieve for a long while when switched to cable (41) (Riols: 1985a). These proposals, apart from creating confusion, indicated a situation far removed from the original project. The desire to create an IT infrastructure was eclipsed by launching new terrestrial channels; the fibre-optic plan was no longer a part of the Government's longer-term economic policy.

The commercial aspect could be attained by cabling 15-20,000 households; systems could start operating with about 3000 subscribers. A cabling SLEC was expected to break even within about five years, dividing its expenditures equally between programming and operating costs on rental fees (Journal de la Mission:1984). On the other hand, the revenue would come from installation fees, subscriptions to basic programme services, as well as pay TV channels, instalments from programmers out of advertising or sponsoring revenue (42). However, whatever policy was adopted, the subscriber would carry the burden (43). The cable networks could carry advertising or sponsored services, as well as premiums. As a start, the Mission Cable would provide a computerised catalogue but the SLECs had to carry a minimum quota of 15 local programmes (see Part 4).

In 1986, the Plan Cable was still in its pause de reflèction. The optimism for the 12 pilot projects could not be justified. The ambitious plans did little to impress in terms of households connected. In 1987, there were 343,000 homes passed and of them, 86,120 were connected (Cable and Satellite: August 1987; 40). Moreover, apart from the hymn to modernity, the dimensions of reality show low state investment. For the state, the Plan Cable by the end of 1986 represents an investment of FF6 billion, FF15 billion for 1995 and FF35 billion for the end of the century. The the Conservatives' new Loi 86 tried to introduce the ésprit du libéralisme on cable by changing it from a supply economy to one of demand. It stated that anyone could construct and operate a network. Out went the

compulsory participation of the municipalities, as well as the DGT as compulsory constructor - at least in theory(44).

Political voluntarism, misjudgement of commercial plans, complex legal environment and control problems demonstrated that cabling France would not be different to the UK. However, what the Socialist Government set up could be seen as a basis for the future. In that light, the methods adopted by Chirac's Government could not be considered more successful than the Socialists.


### 3.3.3  THE 12 CABLE PROJECTS

The 12 pilot projects are reminiscent of those experiments with the British Labour Government, as well as Mrs Thatcher's, with the 12 interim franchises but in France, the state, rather than the private sector, would lead the developments. Paris and its suburbs are always important in such a centralised country.

In May 1984, Louis Mexandeau announced that 133 urban areas had officially applied for cable (45). He also confirmed that equipment for 320,000 homes was ordered from LLT-Thomson and Velect-CGGT for 1984. One third would be coaxial cable and the rest optic fibres. These 12 projects were to be set up with plans to cable one million households by 1985, maintaining the same rate in subsequent years. The total costs were estimated at FF 45,000-60,000 million. The fibre-optic networks were justified on the grounds that they were needed for the interactive services' demand in the future; they also upgraded and extended old cable systems.  These modernised towns were: Biarritz, Lille, Montpellier, Metz, Grande Synthe, Rennes, Grenoble/Echirollers, Nancy-Ludres, L'Isle d'Abeau as well the Region Parisienne, including Gengy-Pointoise and the City of Paris (46). By the end of 1986, it seemed that these pilot projects, as well as the whole project, were stagnating and fading away regardless of the state's attempt and Mission Cable. Only Biarritz and Grande Synthe, with 91 per cent and 100 per cent penetration, respectively, were successful but their networks were small enough - only 1500 (Biarritz) and 8500 (Grande Synthe). Metz also had  45 per cent penetration, but it had had old systems before this. In the rest of them, the take-up rate was between 2 per cent (Montpellier, Rennes) and 20 per cent (Dunkirk). In Paris, it was about 14 per cent by the end of 1987 (Cable and Satellite: August 1987), with a

realistic rate of FF140 for subscription fees in most areas.

## 3.3.4   TOWARDS A 'TELEVISION DIRECTE PAR SATELLITE'

France and West Germany decided jointly to commission the construction of two DBS systems and parts of a potential back-up on the ground in 1979 (47). This cooperation derived from the Symphonie programme, whose objective was to start the first venture for direct operational satellite for television purposes (48). Finally, the concerned ministries signed an agreement in 1980 defining the objectives, general framework and conditions of the programmes. It also included the development, construction and launching of two satellites, identical to a large extent; both had to conform to specifications of the WARC '77 plans and each would be in orbit at 19 degrees West (Flash:1986, BRU:1983). This programme aimed to (i) start up natural operational systems, and (ii) create technical and industrial conditions for exploiting a new product of considerable potential in a world market.

This cooperation was both industrial and political: political because both France and FRG reacted to Luxembourg's satellite plans (see later) and FRG was becoming an important space power; industrial because they saw a big export potential, especially to Third World countries (49). Backing was equal, but due to the higher participation of France in the Ariane programme (see later) and the geographical distribution of the satellite footprint, the base of industrial return would be 54 per cent for FRG and 46 for France. Moreover, the satellites were formally ordered from the Eurosatellite consortium, consisting of the French and West German 'national champions': the electronic firms AEG/Telefunken (FRG) and Thomson-CSF (France), and the aerospace companies Messerschmidt Boelkow Blohm (MBB) and SNIAS (Aerospatiale). At the administrative level, responsibility for the programme was given to a company consisting of TDF and Centre National d'Etudes Spatiales (CNES) for France, Deutche Bundespost (DBP) and Deutche Forschungs-und Versuchsaustalt fur Luft-und-Raumfahrt (DFVLR) for the FRG. The two groups were based in Munich. The Eurosatellite consortium would provide broadcast service over the German TVSAT and the French TDF1 satellites, capable of using the five channels allocated by WARC'77. TVSAT was to be put into orbit in 1984, but was eventually unsuccessfully

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launched mid-1988. TDF1 was scheduled for 1985, but was finally put into orbit late 1988.

The decision to proceed with a joint satellite project was mainly made with the respective aerospace industries in mind (see Part 4). However, considerations regarding national and international telecoms policy also played an important part (False:1981, BRU:1983), primarily because governments wanted to be fair to their broadcasters, as well as to support their aerospace industries. Indeed, the projects had industrial aims; broadcasters were allowed to reserve their positions on the possible use of operational satellites, and how such ventures might be financed and run. The national programmes of the respective psb's would fit in with the satellite characteristics for national coverage. This Franco-German venture was also an attempt to catch up with the US and Japan, as well as Canada and the USSR, without upsetting the delicate public service television landscape. The necessity for France to cover Corsica made it go for a wider footprint covering a major area of Western Europe and Northern Africa. In this initial stage, the psb concept on DBS was strong enough. In that stage, TDF1 was to carry the public service channels (50).

When the Socialists came into office, they did not have any projects or commitments on TDF1 programmes and gave cable priority. Additionally, in 1983, the French commitment to DBS seemed to be revised, with the Ministry of PTT apparently favouring the cable/communications satellite options at the expense of DBS (Connections: October 1983). Furthermore, the Théry Report on DBS in 1984 noted that DBS should be abandoned because of its high building costs and launching of TDF1 while its need was unproven. According to Théry Report the Government's commitment to France's cabling was antagonistic with a DBS development. The only reason for going ahead with TDF1 was to put RTL on it, making, said the Report CLT abandon its LuxSat venture (Connections: February 1984). By early 1984, TDF1 was not seen as a very attractive project for the Socialist Government, especially under the PTT's influence in conjunction to DGT; the whole venture appeared to have been abandoned. The second round began in March 1984 when Michéle Cotta, the HA's president, expressed optimism at the Télécable 1984 exhibition about cable and satellite. This optimism was justified on April 26, 1984, when cable regulations were agreed at a Cabinet meeting (51). Satellite TV was no longer considered incompatible with cable. The original idea that TDF1 would carry the public

service broadcasts was no longer supported because it attracted little support from broadcasters, manufacturers and advertisers. (Brailland:1984). In May 1984, the Government agreed in principle that CLT would lease two TDF1 channels, for French- as well as German-language services supported by advertising. The state-run channels cooperated with the Télévision Suisse Romande and Belgium's RTFB to create TV5 transmitted from satellite to cable.

In a climate of modernisation, generated by Prime Minister Fabius, the Government appeared to back DBS firmly in 1985. The two-satellite configuration was reaffirmed: TDF1 would be launched in 1986, TDF2 in 1988. Furthermore, a marketing organisation, headed by Jacques Pomonti, President of INA, appeared to have the task of arranging DBS programming. This was the so-called Télévision par Satellite (TPS) company, which was actually never formed by the Government. Nevertheless, in his interviews in February 1985, Pomonti said that TPS would not merely lease the transponder, but would also manage the project, participate in programme development and, perhaps, help finance the receiving equipment's distribution (52).

Pomonti tried to form a new scheme where CLT would still be present on the two channels with a 'privileged place', meaning that CLT would have to be in some partnership, since no operator could run any channel on its own. Moreover, during that summer, the TPS structure was announced but, again, was not confirmed by the Government. Robert Maxwell and Silvio Berlusconi appeared as the 2 principal shareholders of the company with 20 and 8 per cent, respectively. However, the state would retain a 34 per cent blocking minority in the company. Furthermore, it announced the operators of the two transponders - a psb channel of culture and entertainment funded by advertisers. It was speculated that this channel would also be distributed on private, national, over-the-air networks and might be run by CLT (New Media Markets: 20 August 1985), creating more confusion in the TDF1 'gamble' (53). The confusion and speculations about the project were heavily interlinked with the Government's plans or suggestions for potential operators. But the Government did not announce anything until the end of 1985, when it decided to grant one transponder to La 5. It also allocated one more to Robert Maxwell, giving him the option to have a pan-European beam for his TV ambitions. A third channel would be operated by the above-mentioned psb channels, under the name Canal Un. This decision effectively excluded CLT. The

latter reacted but it kept a low profile, waiting and expecting to be the operator of the fourth TDF1 transponder. Unfortunately for CLT, just five days before the 1986 national elections, the fourth transponder was allocated to a new ad hoc consortium, the ESTB (European Satellite Television Broadcasting), whose owners were the existing transponder holders, Berlusconi and Maxwell. The decision allocating TDF1 transponders in relation to the announcements of La 5 and TV6 produced one of the worst political storms of the Socialist Administration; apart from CLT, French multimedia communications groups, such as Hachette Europe, were excluded.

In this round, the Government appeared to be adamant one minute about proceeding with TDF1, and the next to have abandoned original plans for psb on TDF1, giving a more commercial approach to the whole venture. It did not decide on the operators until a few months before the elections. Its attitude created confusion as well as speculation. President Mitterrand's personal intervention changed the DBS gamble. As will be analysed later, Mitterrand's policy was to ensure that the country would retain a 'friendly to Socialists' broadcasting presence after the elections. Thus, as Dyson and Humphreys argue (1987; 111), Mitterrand's intervention was dictated by raison d'état: it seemed better to accommodate Maxwell and Berlusconi rather than leaving the way open to Murdoch and Hersant. Finally, at the end of 1988, TDF1 was eventually put in orbit. When the Conservative government came into power, it initially decided to abandon the project as uneconomic, but due to manufacturers, pressure and its commitment with West Germany, it decided to go ahead on a more commercial and private sector basis. At present, télévision dirécte par satellite in France has just started.


### 3.4.0 CABLE AND DBS: TOO MANY ACTORS INVOLVED

Both the cable and DBS ventures in the UK and France involved a considerable number of actors asking cooperation from both the private and public sectors. The attitudes and the interest, however, of some of the actors involved were sometimes antagonistic. Since both cable and DBS were seen as basic tools of responding to the high-tech challenge, both governments had to operate within a complex field of actors and their lobbies. Since the new media were seen as an economic opportunity, one would expect to observe new entrants and industry lobbies. Moreover, traditional

actors, such as the telecommunications companies, also
wanted to reimpose their status and gain momentum in the
new markets, whereas the 'culture industries' sought both
guarantees and protection from their government. The whole
framework became more complex when the Government had to
operate, direct and regulate within such a crowded, and
sometimes conflicting, environment. This section simply
describes the major actors at three levels: (i) government;
(ii) operators and (iii) programme providers.

The government or administrative level is most interesting
due to the involvement of new bodies to coordinate cable
and DBS developments and to regulate the new services. It
illustrates the conflicts between some administrations
involved in both projects. In the UK, there had to be
cooperation (54) between the HO, generally regarded to
favour paternalism, control and public service, and the
DTI, favouring market, deregulation and competition, which
led to some contradiction and collision. In France, the
Plan Cable involved administrations such as the Ministries
of Industry, PTT, Education, Culture, Communication and
Interior, often competitive and antagonistic.

In both countries, other government (or public) bodies were
assigned major duties within the cable and DBS ventures in
their countries. In the UK, we see the CA and Oftel. One
could say that the CA followed the HO's direction, Oftel
(Office of Telecommunications) that of the DTI. The CA had
to consult Oftel to grant a licence to a cable operator.
The CA was a fully fledged regulatory authority, empowered
to administer, albeit with a 'light touch', wide-ranging
powers under the Cable and Broadcasting Act of 1984. It was
set up by Parliament and followed the privatisation style
of the Conservative Government where previously state-
controlled industries, like telecoms and airways, were
privatised, the Government launched a regulatory body like
Oftel to take over the bulk of regulation and monitor these
industries. The CA's powers were to: (i) grant franchises
for large cable systems covering a whole town; (ii) license
the provision of cable programmes; (iii) draw up codes on
programme standards, advertising and sponsorship to control
the content of cable programmes; (iv) oversee the services
provided, ensuring that the rules were kept; and (v)
promote all cable services.

The CA's chairman and members were appointed by the Home
Secretary. Its staff is small (55) and based in London. It
works in partnership with Oftel and sometimes with the DTI.

The last two handled technical requirements of cable systems and suggested their installation. The CA has to support itself by the licence fees from the cable operators (56). The CA's aims, in general terms, were: (i) to promote cable development while protecting the strengths of psb; (ii) to encourage, by license allocation, a situation whereby British industry accrued the greatest benefit possible from cable (57), although ownership must be 70 per cent EC companies; and (iii) to ensure that religious and political groups were allowed to make programmes but not to own or run cable channels or operating companies - a difficult task for the CA because these groups could be involved in cable operator consortia. Whereas DBS responsibility was given to the IBA, Oftel granted licences for the laying of cable (for fully switched systems an operator received a 20-year licence). Problems of overlapping between the IBA, Oftel and the CA have already arisen, e.g. if an operator lost his operating licence, he must have sold off leased his network to a new one. This was highly unsatisfactory for any potential investor; such uncertainty did not help development of an industry where considerable doubts already existed over profitability.

In France, according to the Acts of 1982 and 1984, the HA's role was to grant licences to SLECs on a case by case basis. In 1984, the HA expressed its wish to delay the regulation of cable systems until they became profitable. The Mission TV Cable (58) was to coordinate the development of French cable. It included representatives from all the ministries concerned and was set up in December 1982 to carry out two tasks: to 'revive' cable development in the 12 towns and coordinate their efforts, acting as an agent for the relevant local authority in its negotiation with the PTT and providing research funds (59) and expert advice; and to monitor existing programme production available to SLECs and expand production and small producers. The target of 2000 programming hours was to be produced and stockpiled - for future networks - within 6 months. Copyright holders were to receive small up-front payments of FF3000-6000. Cable systems would then be given a reduction of about 20 per cent of the normal exhibition costs for their schedules. The problem was serious: programme quality would be the crucial factor for high take-up rate, which translated to success of the Government's industrial strategy of cabling France (60). But most of programmes purchased for 1985 were not French at all. There were also plans for coproductions (61), but these were not too advanced. (Bertand:1985, Journal de la

<u>Mission</u>: 1984, Green: 1985, Riols: 1985b, Busson: 1986).
Mission Cable was to expire in 1986 but it took three more
years, until 1989, demonstrating cable's poor performance
in France.

The <u>DGT</u> was the most dominant and active in French cable
and telematics developments (62). In alliance with CNET, it
formulated a new strategy and imposed <u>veritable strategies</u>
on the Government when neither the Ministry of PTT nor the
Ministry of Culture had any specific strategy (Brenac et
al.: 1985; 108). Having FF3 billion satellite programme at
the same time (63), the DGT's objective was to construct a
fibre-optic network for telecommunications purposes,
irrespective of whether cable would be used for
entertainment purposes. Responsibility for the Plan Cable
would ensure its continuing prestige, legitimise its huge
investment requirements, secure employment and assure its
monopoly in future communications services (Dyson and
Humphreys: 1987). The DGT would also ensure the network's
compatibility, thus allowing for interconnections
(Betrand:1985, Green:1984, Kuhn:1986). The Plan Cable
appeared to be a terrible paradox for the DGT since, on one
hand, cable would provide a high-tech interactive network,
but on the other, it would weaken the DGT's monopoly status
by providing justification for local telecommunications
companies (Charon: 1988; 82-83).

<u>TDF (Télédistribution Française)</u> was an important actor,
not so much for the provision of the head-ends, but for its
battle with the DGT over cable. TDF's (64) interest,
therefore, was in the conception, erection, hardware
maintenance and personal training side. Finally, the <u>Caise
Depot et Consignations</u> (CDC), a state financial institution
(65), invited cable business providing FF1.5 billion in
1983 to urban areas wishing to build cable networks
(<u>Télédistribution Magazine</u>: March 1984; 36-37).

On the operators level in the UK, <u>British Telecom (BT)</u>
which, unlike the DGT, would not be too influential over
cable policy or the common carrier, was dominant. BT was an
actor under Government pressure. However, the Peacock
recommendation that BT should be the common carrier
recognised the Government's failure as well BT's dominance.
BT had so far played a careful game involving itself in
British cable to build up expertise and take plum
franchises. It was involved in the Westminster and Aberdeen
franchises and took over Swindon (from Thorn-EMI) and
Coventry. The Government's decision to make cable a free

market meant that BT would not win all the pilot franchises, precluding any idea of a national system. Two years before the company's privatisation in 1984, BT offered to cable the country in a similar way to the DGT or Bundepost (FRG), in return for a monopoly on the business. But its network telecommunications monopoly was broken up when Mercury was licenced as a telecommunications carrier in 1982. In the faltering performance of British cable, BT had a central role (66), having also bought up some existing UK cable networks. Faced with its limited scope in British cable, BT was keen to see the British-based media programmers succeed by directly investing in programme channels. However, it has been cautious, investing only £10 million in programming (67) and a total of £150 in cable.

BT has also shown a strong interest in building up its service role in uplinking satellite channels. It made an investment in leasing Intelsat capacity long term and selling it out short term, running the risk of not finding customers. It also had two Eutelsat leases and leased 11 of Astra's 16 channels (see Part 4), indicating its interest in satellites, rather than in cable. The reason was obvious: the UK's role in Europe's satellite-to-cable TV business lay in programming channels. An additional reason was the UK's natural fulcrum in world-wide satellite telecoms (68). In the long run, the business of satellite communications might prove bigger business than TV transmission, which was an immediate consideration for BT, since its duopoly with Mercury on telecommunications services within the UK only lasts until 1990. Beyond that no-one knows what could happen in telecoms policy. BT, facing competition from Mercury over lucrative markets, made decisions to open new satellite markets. BT involvement might have important implications at the turn of the decade, not only in the UK but also in Europe. For example, BT's backing of Astra gave Astra prestige and also made Eutelsat change its policy towards Astra (see later).

In France, in TDF1, one sees a company being somewhat responsible, somewhat the operator of the system. This company was the Télévision par Satellite (TPS), slightly similar to Mission TV Cable, but its status was never confirmed by the Government. However, TPS and its DG, Jacques Pomonti, emerged as major actors, appearing to express the Government's policy and intentions on TDF1. TPS was not merely to rent out the transponders, but also to manage the project, participate in programme development and perhaps help finance distribution equipment. The basic

objectives were (i) to run TDF1 on a purely commercial basis (New Media Markets: 14 May 1985); (ii) to make TDF1 a European satellite, rather than a national one like Unisat, for example; (ii) to involve investors from various countries by using the Coronet model, so if TDF1 failed, it would be a European commercial failure rather than a French one; and (iv) to adopt thematic programming, following many US cable channels. However, the Government abandoned these ideas and the La 5 announcement stopped any movements. After the 1986 elections, TPS disappeared and was suddenly replaced by Téléspace, another private company. It is yet unclear whether the Socialist Government had decided to give any responsibility for TDF1 to TPS, a company that rather confused the whole satellite gamble, as we shall see later.

For the other companies in the British cable gamble, it is important to consider US involvement and investment because UK companies were desperately sort of cash. The US companies had equity in cable operators and satellite-to-cable-delivered channels. For example, Cable Vision (US) is the biggest single investor in Croydon Cable Television, with a 30 per cent stake in the operating consortium; Time Inc. had a 20 per cent stake in Westminster Cable, 18.6 per cent in Aberdeen Cable, 30 per cent in Costwold Cable, 20 per cent in Cable 1, 50 per cent in Cablevision and 1.9 per cent in Greenwich Cablevision (New Media Markets: Special Report November 1985). The 'enterprise-style' of UK cable consequently opened the doors to US companies and large multinational corporations.

SLECs were to be 'native' in France. However, large corporations were involved in French cable. Three of them, very famous from their long experience of dealing with municipalites, were also interested in being involved in cable. These were the Compagnie Générale des Eaux (GCE) (69), Compagnie Lyonnaise des Eaux (CLE) and C3D Communication CGE and CLE were public water companies. In 1985, the rivalry between them, especially between the CGE and CLE, shifted from Paris (70) to its suburbs, where they were now competing with operators of several cable projects (Betrand:1985, Riols:1985b).

While cable was seen as a source of potential profit, industrial firms and programme producers were expected to invest about FF 1.5 billion each by the mid-1980s. In the early 1980s, the Groupement des Industries Electroniques (GIEL) (71) set up the Commission de Diffussion de la

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Télévision par Reseaux Cables (CODITEC) as the corporate voice of the industrial lobby (72) to urge decisive action from the public authorities and to mediate between the firms and the Government (Dyson and Humphreys:1987, Bettrand:1985). CODITEC, on one hand, was stressing the necessity for a cabled France in terms of hardware and software markets, while estimating over-optimistic scenarios regarding the size of cable market and the number of new jobs; its arguments teased the Government rather than being pragmatic. Contrary to the British case, the French stressed hardware, rather than programming services. On the UK side, there was a partnership between US-UK hardware companies which eventually split up: GEC-Jerrold; Plessey-Scientific Atlanta and Racal-Oak. In France, the Gonflans Sainte-Honorine would construct the optic fibres and LTT, SAT, Velec-ET the electronic components (see also Part 4).

In the Unisat consortium, we also see a joint venture of two denationalised industries, BT and British Aerospace, whereas in France, the whole TDF1 project was given to the Eurosatellite consortium, which included the 'national champion' Thomson. Another major, but 'outside', actor in the Unisat round was RCA with its extremely competitive and attractive prices for a cheaper RCA system at half Unisat's demanded costs.

On the programme-providers side, there was much US penetration in the UK, especially on Screen Sport and Premiere, as well as Robert Maxwell with Mirrovision channel. In France again, there was a more solid national approach. One main source was the INA, which stored all state-channel programming after their commercial exploitation for five years in a computerised catalogue - IMAGO - and helped the Mission Cable to gather 2000 programming hours. A2 and TF1 set up a multipurpose subsidiary to cooperate with cable, whereas FR3 was supporting 3 of the 12 pilot projects. The film industry, with its Archives du Film with a 700,000-film (not only French) potential and Gaumont, film distributor, suggested a film channel for cable. In contrast to the UK, Loi 82 noted that there would not be US-style commercial cable programming but the HA and Mission Cable engaged the multimedia groups Havas, Gaumont, Parafrance, and Hachette to produce light commercial programmes. The press was also interested but sceptical about participating. European suppliers, such as Sky, were interested in supplying cable systems but, in contrast to UK cable rules, French cable

depended on stricter government rules, creating problems for providers.

Nevertheless, in the BSB round, five known consortia submitted applications (73). The new media magnates, Murdoch, Holmes à Court and Bond, were all there. Carlton Communications, Saatchi and Saatchi, Granada TV, LWT, Anglia, BT and Virgin were also present. The electronics outfits, whose expertise and capital investment would force the crucial link between the hardware and the home, were Ferranti, Cambridge Electronics, Amstrad and City institutions. Most of the second-round bidders preferred to leave the satellite-provider question open. Generally, the bidders were rental retailers, City institutions, electronics firms, programmers and the newspaper and advertising industries.

A major actor in both DBS and cable TV, but notable absentee from both UK DBS rounds, was Robert Maxwell. That he always had a channel on TDF1 made the other actors see him as a strong potential competitor. Having been politically aligned with the Labour Party made him unpopular with British Conservatives, but not to French Socialists. Maxwell, with another Socialist 'sympathiser' media tycoon, Berlusconi, was allocated TDF1 transponders and played a important role in TDF1. Although Maxwell and Berlusconi were seen as competitors, it seemed that they joined forces to 'conquer' European media. They always seemed ready to enter the field, which was the most important reason for the French Government to leave out French media groups, such as Hachette, Hersant and CLT, who were the big losers. In both countries, newspapers and communications groups were anxious to catch up with the DBS train to diversify their empires, but both political and financial problems associated with cable and satellite TV impeded any major developments

### 3.4.1   IMPLEMENTING CABLE AND DBS

A multiplicity of actors with competing interests usually create 'noise', a common phenomenon in the world of policy, and this noise makes effective action much rarer (Jenkins: 1987; 226). But implementing a policy is often influenced by the organisational context in which it takes place, as well as the interactions (or transactions) between the major players.   The issue in France and the UK was the introduction and regulation of the new media. Simple enough

one might think: a policy/programme clearly in the public
interest; after all, who does not want what cable and DBS
promise? The problems are related to the financing of these
ventures and, in effect, who would eventually pay.
Admittedly, in both countries, cable networks were for the
national benefit but it was individually, nationally,
privately or publicly too costly. Moreover, as financial
trouble is often related to the technology requirements, it
seems certain that additional problems will also emerge,
especially when the organisational context involves
principal actors with contradictory aims.

In both countries, there was a lack of co-ordination on who
implemented, what was implemented and, finally, why there
were conflicts with other main actors in the process.
Pressman and Wildavsky (1973;xi) note that the
implementation process is often a series of interrelated
decisions involving many, none of whom has any marked
degree of control over the situation. That was the case
with cable and DBS development where both countries had
control and political problems because of the complex
organisational framework on one hand, and the fact that
implementation was divorced from policy, on the other.
Since implementation is related to an interaction of
actors, it has been largely political. Dyson and Humphreys
(1988a;112) note that implementing public policy was
characterised by unforeseen disagreements, delays and
disappointments. Heroic feats of coordination and control
were less evident later. These problems were technical,
financial and politico-administrative. Technical problems
are examined in Part 4; here I look at the politico-
administrative and financial problems, but these two are
often interrelated.

### 3.4.1.1 FINANCIAL PROBLEMS AND COMMERCIAL UNCERTAINTY

In both countries, the actual costs for the new media, and
cable network's construction, in particular, were greater
than the expected. In the UK, spiralling capital costs and
a phasing-out of capital tax allowances for new investment
(announced by the Government in the March 1984 Budget),
meant that cable's development would be cautious and
primarily responsive to an uncertain demand for more
entertainment programming. In fact, cable was not the only
industry to be adversely affected by the Budget decision,
although the damage caused was probably not as great as
was made out at the time (Hill:1985). However, the decision

became embedded in the minds of most in the financial community as a factor making investment in cable much less attractive than it might had been (Cable Authority, Annual Report 1986). British stockbrokers and potential investors were sceptical about the profitability of wideband systems. If there was profit to be made, it was felt that it would only be in the longer term. In retrospect, the boom on the stock market offered many more attractive prospects, such as the privatisation of BT, British Gas, etc. Kitkat and Aitken, a stock exchange firm, surveyed about 50 investment institutions in 1982; some were mildly enthusiastic about cable expansion but most tended to be lukewarm, severely reducing hopes for a private sector-funded expansion on cable systems Hughes:1983).

Much of the City's caution was due to the huge capital investment required (74). The City thought that financing cable systems would involve a substantial proportion of cash flow in the form of investment payments, while the Government's tax policy was diminishing any profitability. Moreover, there were few indications of the demand for these services, or the willingness to pay a modest subscription of £8 a month (Hill:1985). Incidentally, prices were much higher than had been predicted. Although inflation was one reason, it was difficult to explain the difference between the £15 planned, and £30 demanded by Clyde cable, for example. This discrepancy was related to the technological problems of providing such advanced cable equipment. The fact that the range of programmes was limited in 1984, since only Sky was operational, made cable less attractive. With one or two exceptions, cable operators were receiving and distributing all the same channels -- fewer than anticipated.

In France, the Plan Cable was, as noted above, to reflect the 'economié de mixte', i.e. the partnership between the state, SLECs and industry. In effect, the state would provide the bulk of funds needed for the construction of fibre-optic networks (75). The municipalities were to provide 30 per cent of the costs of the network (76) and be responsible for financing local production in relation to a special effort from the film industry. Private, or even public, actors were expected to find a further FF1.8 billion. To what extent these calculations, mainly made by DGT, were realistic, was a moot point. None could accurately estimate the overall cost (77). As in the UK, the fundamental questions concerned profitability and take-up rate, But the Government's requirements further worsened

the whole effort. First, it pushed for a fast cable development, not restricted to powerful financial groups. Second, cable should be developed according to the Plan's longer-term objectives. Not surprisingly, as in the UK, the response from interested parties was lukewarm. Manufacturers, programme-suppliers and municipalities were reluctant (78). The only source of optimism came from CDC, but local cinemas and leisure interests viewed cable as a threat.

Moreover, the arrangement between the DGT and the municipalities created problems. At the beginning, the municipality's contribution was FF 1500 per connection to cover installation costs, and a monthly rental of FF140 per subscriber, making the municipalities wonder whether such a heavy investment could be profitable (Green:1984). This started a debate involving the Ministries of Interior and Finance; a comprise was reached where by the DGT would initially assist with financing building up the networks. The DGT would also encourage the municipalities to enter financial partnerships, negotiating the terms of agreement on a case-by-case basis. Nevertheless, the municipalities remained sceptical, arguing that the risk was enormous (InterMedia: May 1984;2). The DGT estimated that the mean cost of a system was FF7000 per connection in 1985, quite different to the previous FF1500 (79). This situation created an environment of ambiguity concerning cable's financial feasibility. In France, the reluctance came from the municipalities; in the UK it was from City investors.

Comparing the two countries, France and the UK, despite following a different path, eventually put 'all their eggs in one basket', i.e. the state in France and private funds in the UK. While France based its policy on an economy of supply, the UK adopted one of demand. Both approaches, however, appeared unprepared, less flexible in dealing with financial problems and largely associated with political concerns and technical difficulties.

Furthermore, both British and French DBS projects faced similar financial problems. Although a DBS system is not as expensive as cabling a country, the investment is enormous and the risks cannot be ignored. On the other hand, proper commercialisation of reception equipment and attractive programming are also essential for its success. A basic problem concerned the launcher. Since the 1980s, DBS economics changed dramatically because of the adventures of Ariane and the Shuttle, removing a clear distinction in

terms of cost-benefit, between light- and high-powered satellites. Both launchers charged the satellites roughly according to their weight. The disaster of the Shuttle, and the failure of Arianne in 1985, however, postponed the launching and jeopardised space programmes. Consequently, this increased the insurance policies for satellites. By and large, the main risks for investors were: (i) the failure of the launcher -- insurance was to cover the cost of new launching, but with a delay of two to three years before completion and launch of a spare satellite; (ii) difficulty in operating of the satellite -- TVSAT has been the most recent example; and (iii) the tremendous increase in insurance costs caused by the launchers' accidents. Incidentally, the failures also created a backlog of satellites waiting for a spare slot. This situation has become an important problem for ventures such as BSB which has to compete with other 'birds', such as Astra, which are already operational.

Both Unisat and TDF1 faced financial capital problems also. Unisat's case was, however, more obvious since the 'Club of 21' could not buy a cheaper RCA(US)-made satellite, due to the Government's insistence on a British system. Thus, the 'Club' found that it could not risk a huge amount (approximately £50-60 million) on such an insecure and risky venture. TDF1's capital investment was also huge (unit cost for satellite and launch in 1986 of £50 million). Here the state appeared unwilling to commit itself. For both ventures, the target was to sell dishes but due to the problems with the standard (see Part 4), the mass production of dishes, which would decrease their unit price, never happened. Thus, the City did not envisage a substantial investment in initial years, even for BSB. Incidentally, the Théry Report posed further questions regarding both the necessity of high-powered satellites and the emerging problems with the travelling wave tubes on TDF1 (see Part 4).

This uncertainty raised questions from French programmers about the profitability of leasing one of TDF1's transponders. The price of a transponder was also uncertain (80). Nevertheless, programmers like Maxwell and Berlusconi appeared to be committed to TDF1 rather than the 'Club of 21', mainly because the French Government backed the TDF1 venture, making it look more 'certain' than Unisat. To conclude, in both countries, cable and DBS faced similar financial problems, largely associated with the commercial risk of those ventures. This uncertainty, to some extent,

caused problems exacerbated by politico-administrative difficulties, always present in the implementation process of public policies.

## 3.4.1.2  POLITICO-ADMINISTRATIVE PROBLEMS

When the organisational framework involves interactions between principal actors with competing aims and interests, effective government performance is rare.  Cable and DBS development in both countries is no exception, since the policy performance has confirmed that public policy-making is too varied and complex. In addition, the financial and technical problems came to accentuate the politico-administrative difficulties, which were themselves significant. Moreover, the organisational framework involves an institutional perspective of performance and change, which insists that past choices constrain present actions, that the preferences and capabilities of individual actors are conditioned by institutional trajectories which are dependent on their own logic. Institutional structures persist even if circumstances change. Thus, according to Krasner (1988;71-2), prior institutional choices limit available future options since the possible options at any given time are constrained by institutional capabilities, and these capabilities are themselves a product of choices made earlier. Finally, this perspective implies that something persists over time, and that change is not fluid or continuous or instantaneous and costless (Carroll: 1984; 73-4).

In the UK, while the DTI was looking for technical and economic opportunities, the HO was struggling to maintain a delicate balance in Britain's audiovisual landscape. Thus, rhetoric and practice were combined in a tussle for power between the two institutions with respect to broadcasting control. A similar relationship was emerged between the CA and Oftel (81). Moreover, in the Unisat project, both the BBC and IBA/ITV tried to use the venture as a 'political football' in their search to end financial difficulties. Even the number of companies involved in the 'Club of 21' was unmanageable, since each was seeking individual profit. Moreover, their dealings with the Unisat consortium accentuated their differences, mostly using what was laughingly known among them and the DTI as the 'fruit bowl' argument (Cable and Satellite:April 1985). These problems related to setting up the Peacock Committee:  the SMATV's liberalisation decision indicated not only a conflict, but

also a lack of coordination, on public policy involving policy and politics, eventually creating uncertainty among the players involved.

In France, however, the politico-administrative problems were much more apparent. At this point, the portrayal of the French state as a monolithic Leviathan is rather illusory. In fact, the French state has been extremely fragmented. Moreover, the French government is not a cohesive body with a single set of policy preferences. According to Mazey (1986;420), French bureaucracy is neither as monolithic nor as isolated from politics nor as self-interested as conventional, legalistic descriptions suggest. Conflicts within the executive are institutionalised within the administration as members of ministerial cabinets. Local field services and administrative agencies adopt the position of their minister in an attempt to preserve their own power, which is, of course, contingent upon that of their minister. Conflicts in cable took place at government and local levels, whereas it was mainly at the government level for DBS, where conflicts took place among ministries and some institutions too. More widely known conflicts were those between the Ministries of Interior, the PTT and Culture, as each of them tried to defend its respective constituency, and, for some, to get a larger slice of the new media 'pie' (82).

Additionally, it was not certain how much the PTT and DGT wanted cable to succeed after 1984 because cable broadband systems could potentially challenge DGT's monopoly status on telecommunications. The DGT's attitude changed between 1981 and 1984. From 1984, the DGT was against cable because it could not afford the whole financial burden. This attitude must be seen in light of the 1986 elections and the potential victory of the Conservatives, who could deregulate the telecommunications section. However, the most famous fights were between the DGT and TDF. The former was arguing that its less-expensive and technically less-complicated communications satellites, such as Telecom I A, could to transmit programmes to head-end operators, who would then distribute them to subscribers (Kuhn:1986, Missika and Wolton: 1986). In effect, just before the second TDF1 round, Jéan Dondoux, the DGT's DG, publicly announced his support for fibre optics and expressed his fears that electoral suggestions - i.e. supplying the cheapest possible programmes in the shortest possible time - and lack of funds (83) might threaten the cable project.

He also argued that it was necessary for the Government to make a clear decision on the matter, recommending that high-powered satellites should be abandoned or replaced by medium satellites and that regulation over cable TV, but not satellites, would be possible. These arguments clearly expressed the DGT's opposition to the individual strategy chosen by TDF. This was an example of lack of coordination and policy fragmentation; the conflict was inevitable because the DGT and TDF, two antagonistic bodies, had to 'cooperate' on projects heavily related to their future status and existence. The DGT's aimed not only for the Plan Cable, but also for the satellite TV business to justify its third Telecom I platform. However, until 1984, TDF remained weak compared to the DGT. As Brenac et al. (1985; 108) note, TDF could not initially respond to the high-tech developments as DGT did. DGT managed to win the first round, but in the second TDF1 round, and especially with the Conservatives in power, TDF's status was re-established. Both Britain and Luxembourg were preparing their own 'birds', so France had to be present.

There was another conflict at the local level between the PTT (or the CNET in particular) and the SLECs, the former had the upper hand in negotiations with the latter. Setting up of the Mission TV Cable to implement the Plan Cable did little towards helping the SLECs. Moreover, various questions arouse of the municipalities, ability to manage television without any experience (Le Monde: 2 February 1984), and to what extent cable TV could be used for partisan ends by local authorities (Pineau: 1984) (84).

On the political level, French Conservative Opposition argued that the whole venture should be opened up to the private sector, crushing the DGT's monopoly over the networks, whereas the British Labour Party remained largely a spectator without convincing policy alternatives. French cable was somewhat contradictory to the Socialist decentralising policy, but since the state was playing the central part, decentralisation at that stage was hard to develop. When nothing goes well, when financial and technical problems increase, when the interested and involved parties disagree at all levels, conflicts arise, 'noise' is inevitable and delays result. In both countries, there were striking problems of compartmentalism of governments with interdepartmental disputes leading to the failure to deliver or, as Dyson and Humphreys put it (1988; 6), 'necessary follow-up measures'.

## 3.5.0  CABLE AND SATELLITE FOR THE GRAND DUCHY

Luxembourg is the only small country in Europe with its own satellite system and high cable penetration. Considering its tiny size, it is a unique case. Nevertheless, both cable and satellite systems are owned by private concerns, following CLT's example. Thus, Luxembourg has been a big importer of programmes via cable, and cable TV is totally unregulated. In 1986, its 106 cable systems were either entirely run by private operators or involved in minor municipal participation. A survey in 1980 concluded that 61,000 connections to cable networks were registered (50 per cent of TV households) whereas in 1985, these connections reached 80,000 (or 70 per cent of TV homes). Within the cable networks, which are at a more advanced than those in Belgium, the Coditel company is the dominant operator (85). Moreover, cable TV is backed by private capital.

There has been little legislation; public regulation is minimal, covering only some basic rules such as the operation of cable networks and the reception of satellite signals. The PTT is, however, concerned about dispersing cable TV, the differing technical capabilities and the pricing policies in connection costs, which varied between LuxFr 10,000-30,000. Videotext was to be introduced after 1986, organised as a centralised system (86). The press has shown a keen desire to enter this area. Finally, financing takes place on a subscriber basis, similar to cable, or with some public subsidies (Hirsch:1986a;193). Commentators argued that the Government had to introduce comprehensive legislation both in cable and videotext services. A coherent framework is clearly needed for the Grand Duchy if it wants to avoid mistakes such as with the CLT.

Luxembourg's satellite TV project, GDL (87), announced in August 1983 by Werner's Government and named the <u>Coronet project</u>, entered a new period with the Santer Government. The <u>Société Européenne des Satellites (SES)</u> (March 1985) renamed the project Astra, it was launched in November 1988. <u>Astra</u> has been widely marketed as a product of Europe and a result of a Luxembourg-led initiative to which many European individuals and companies committed themselves over five long years. The project experienced two rounds, like British and French projects: the Coronet venture, lasting from 1983-1985, and the Astra project, starting in 1985 and lasting until its eventual orbit above the equator in November 1988. The names of both rounds are taken from

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the names of their respective projects. Satellite TV shows the Luxembourg governments' willingness to secure the country's participation in Europe's future audiovisual landscape. However, the Coronet venture faced strong opposition from the international community, being accused, especially by France, of being a 'Coca-Cola' satellite because of its US connections. Due to the minor progress of the whole venture, the Santer Government restructured the project, giving it a more European flavour and guaranteeing bank loans until the Astra project could be self-financed. If the Luxsat project (see Part 1) provoked alarm in Eutelsat, France and West Germany, Coronet caused panic. Astra also had to face similar reactions, mainly from Eutelsat, who saw it as a potential competitor. But Astra eventually managed to overcome these hurdles. There is also the question of whether smaller countries, which inevitably play a 'wait-and-see' role in new media developments in their effort to harmonise with their larger neighbours, are by definition condemned either to later entry or a secondary role in the satellite business.

Both Werner's and Santer's Governments followed a market-led approach concerning the country's satellite. They also found themselves in the middle of internal and external pressures. Their mistake was to involve foreign shareholders, as in CLT and cable, without drawing any lessons, especially from the CLT case. Both governments supported GDL projects in a hostile international arena -- perhaps the Santer Government more constantly. However, the latter's early mistake was to leave CLT in a comfortable position without involving the company in this 'national' venture. Both governments followed an extremely liberal, market-led, traditional approach concerning both cable and satellite TV. In conclusion, public policy has been minimal and quite general for the sake of entrepreneurialism.

### 3.5.1  A 'BIRD' FOR THE GRAND DUCHY: AN ACCOUNT

When CLT publicly announced its abandonment of the Luxsat project in early 1983, the Werner Government decided that a satellite for Luxembourg should still be the objective; it came up with a new plan involving American expert, Dr Clay Whitehead, who would promote a privately owned satellite to use the broadcasting frequencies. Whitehead and his company, Coronet SA, were to provide the technical expertise; finance would come mainly from Europe, with a little from the US. The project caused most concern to the CLT, the French government and, in particular, the European PTT's administrations, which saw Coronet as a challenge to TDF1 and the Eutelsat venture, respectively.

Coronet aimed to establish the first private satellite TV distribution company in Europe, enabling viewers to receive 16 channels or programmes by using only one reception antenna. It differed from other projects by intending to operate the satellite, but not programme it. Coronet, as a sub-franchise holder, had the exclusive right to operate a television distribution satellite in Luxembourg's allocated orbit position. The franchise holder was a company called 'Société Luxembourgeoise des Satellites' (SLS), formed on May 25, 1984, whose aim was to sell private investment in the project with the SLS while the government maintained a majority institutional control. The principal shareholders of SLS were public Luxembourg financial institutions; the Government granted SLS the exclusive right of operating a communications satellite for television distribution. In this sense, Coronet was still a national telecommunications satellite. The second major shareholder in the venture was Coronet SA, headed by Clay Whitehead (88). Coronet SA would be responsible for financing, acquiring, launching and operating the satellite. Coronet's Europe-wide, low-cost, multilingual distribution network would enable European programmers to develop both pay TV and advertiser-supported services for the European market (Hirsch:1986c).

The total cost to launch Coronet was estimated at $180 million in 1984 prices; it was meant to be operational by early 1986. Following developments in the US and Canada, Coronet intended to use a medium-powered satellite (levels of per cent 50- 53 dbw), built by Hughes Aircraft (see also Part 4). As noted above, Coronet's significance was its concept as a wholly private-owned satellite project designed technically, politically and financially to tap

the potential of the European commercial market.

However, this was an optimistic vision which exposed the project to Eutelsat's direct hostility (see later). The financing of Coronet SA was expected to come from a number of equity investors, together with leasing or other asset-based financing from a group of European investors. But the project had to face the hostility of its large neighbours, France and West Germany, the European PTTs and opposition at home from the Socialist Party. French and German hopes for Eutelsat were raised when Jacques Santer succeeded Pierre Werner as Luxembourg's Premier. But the Santer Government confirmed its backing for Luxembourg satellite system by changing the name of the satellite and the structure of the operating company's shareholding. The new government saw a Luxembourg satellite as a guarantee of continuing autonomy between the Grand Duchy and its two, much larger, neighbours France and West Germany.

When the Socialists were in opposition, preparing themselves to take over Werner's Christian Social Party/Democratic Party Coalition in the June 1984 general elections, they accused the Werner Government of risking CLT's opportunity to join the French, of being careless with the country's economic interests, also stressing the US connection. The Santer Government regarded Coronet as an ill-conceived idea, making it clear that the CLT would get priority. Additionally, after the 1984 elections, very few in the Grand Duchy believed in Coronet anymore (89).

Meanwhile, on October 26, 1984, an agreement was signed between France and Luxembourg concerning the two CLT's channels on TDF1. To a certain extent, this indicated that the policy of the Santer Government was centred on CLT's future. This agreement was a real bonus for both the Government's and CLT's ambitions. The French, however, pointed out that they could afford this generosity because they believed that the agreement would signify the demise of Coronet. In addition, threats came from the West Germans who argued that they would not approve downlinks; the need for Franco-German industrial support for Luxembourg clouded Coronet's future.

Coronet would have great difficulty surviving without these two key markets. Thus, the Santer Government decided that it would be better to get rid of this project by withdrawing the concessions given to Coronet SA. Then, on March 1, 1985, the Santer Government decided to give the

DGL project a new image by forming a new company, the Société Européenne des Satellites (SES). The Government argued that Coronet had failed to raise the necessary capital - not a very convincing argument as SES had initially only to raise half of what Coronet SA had already achieved. This venture cost the company a total of $20 million, it employed 300 people and paid almost 60 per cent of its revenues in taxes and royalties to the Government.

According to some observers, the Government had pledged to the French and the company made good progress, but by the end of 1984, Coronet SA had virtually no backer in the Government, leaving the company weak. Coronet SA, according to its proponents, spent more than half of its budget and two-thirds of its management time dealing with 'government matters' instead of building the business, which would eventually be regulated and tax-paying (Koltai:1986). Then, Whitehead who had invested a great deal of money and effort, was left with a consultancy contract with SES. However, Luxembourg still remained a convenient place for solving problems of satellite-delivered television services.

The Santer Government had realised that with Coronet's American image vehemently opposed in Europe, the GDL project would not work. It needed a large number of European shareholders who could act for the project in their countries of origin (90). Thus, the second round commenced on March 1, 1985, with the establishment of SES as the operating company. The project was now called Astra, after the satellite's name. Its launch was originally scheduled for 1987, but was eventually launched by Arianne in November 1988 (Johnson 1989; 5-6).

The project was similar to its predecessor, Coronet - a 100 per cent privately owned satellite TV. But it would be mainly European flavoured because its 11 original shareholders were a collection of European banks and financial institutions. The satellite chosen was 'US-made'. SES, with initial capital of $5 million, began discussions with both US and European manufacturers but received of little response from the latter. The main reason was that SES put an 18-month delivery date in the tender, knowing that the average construction time for a satellite was about 3 months. It also knew that RCA was building a satellite ordered by COMSAT but later cancelled. Thus RCA was awarded the tender.

Astra, like Coronet, is mainly a communications satellite for television transmission of 46 watts, offering 16 channels that could be received with a 65 cm aerial. Located at Betzdorf, SES has launched a very ambitious marketing campaign and plans to become Europe's 'hot bird'. In its difficult days, two British companies, BT International and Thames Television, came to back it but the real progress came, of course, before its launch, when Rupert Murdoch gave it credit in summer 1988 by announcing that his Sky 'range' channels would use Astra transponders. Nevertheless, Astra, like Coronet, faced Eutelsat's hostility, which cooled off in 1987. However, Astra remains a high-risk venture, is more expensive than Eutelsat and it still has no back-up satellite (91). As Hedges (1989;22) put it, 'the stakes are high, the odds are steep, but there are gamblers ready to bet on the satellite space race'.


## 3.5.2   CORONET AND THE INTERNATIONAL POLITICS

The Coronet project's significance seems to be that it 'collected' all the opposition, not only from the home Socialist party, but also international criticism from France, West Germany and Eutelsat. Coronet mainly faced international anger, rather than the organisational problems of projects in the UK and France. But Coronet, like Unisat and TDF1 or other satellite projects, was full of holes, making it vulnerable to internal pressures.

Eutelsat was Coronet's main opponent (92); its attack was staged before the 17th meeting of the Eutelsat Assembly of signatory parties in Paris (14-17 May, 1984). The General Secretary of Eutelsat submitted a note on Luxembourg recommending that the Assembly conclude that the proposed Coronet system, or any similar European system having the intention of providing international telecommunications services in Europe, be regarded in a similar way as Intelsat's competitors over the Atlantic basin (93). Then, in the deregulatory mood, the first 'breaks' of the British Telecom monopoly, the PTTs considered that the whole market might become open to internal and external competition. The aforementioned note also recommended that all CEPT administrations not allow access in their respective countries for any type of international traffic carried via Coronet or any similar system.

Luxembourg rejected this recommendation, considering it an insult to its sovereignty rights. It regarded this note as

full of misconceptions about Coronet's primary purpose, i.e. providing audiovisual services, not international facilities or international public telecom services. In the other corner, Eutelsat insisted upon arguing that Coronet could cause it 'significant economic harm' (94) (Financial Times: 31 May 1984).

Eutelsat's main problem was that it could not legally back its monopoly on international TV relays in Europe; with the advent of pan-European satellite-to-cable services, the PTTs' monopoly was weakening. Thus, Eutelsat viewed Coronet as a first step towards an 'open skies' regime, as in the US. Once Coronet was established, it could then be easier for other European countries to deregulate their monopolies. Eutelsat's main problem was that no 'international police' existed to stop such ventures, although the organisation argued that Coronet was violating at least three international telecommunications treaties. Since 'international police' were not available, Eutelsat went more political by accusing Coronet of being driven by US private interests - in the spacecraft and distribution of TV services - and that these interests would feed Europe with US programming via Coronet. This argument found more supporters, especially in France and West Germany.

The French, considering Coronet a rival to their project, accused it through the words of the PTT Minister, Louis Mexandeau, of being a 'Coca-Cola' satellite which would attack France's artistic and cultural integrity (Financial Times: 31 May 1984). In addition, Premier Fabius, backed by the Minister of Culture, Jack Lang, viewed Coronet as the Trojan Horse for US television (Le Monde: 17 May 1984). West Germany appeared to be more careful in its accusations, but after consultation with France's Premier, Chancellor Helmut Kohl declared a careful and close examination of the project. Coronet SA argued that it was only the operator of the satellite system (Koltai:1986) and that the accusations had neglected the various precautions taken by the Luxembourg Government. In effect, the agreements between Coronet SA and the Government excluded US interests from the majority of Coronet's equity, as well as excluding US media groups from Coronet's transponders.

The accusations that Coronet was not European enough in terms of programming, equipment, new jobs, etc, were refuted by arguments that it was spending much important time and money proving its 'Europeaness', instead of trying to look at the real difficult business tasks. It claimed

also that all of its channels would be only used by European programmers; no more than 10 per cent of its equity would be held by Americans; agreements with equipment suppliers would be made with preference to European firms; and the satellite would be launched by Arianne space. They claimed that the a US satellite was chosen because no European manufacturer made a serious bid (Hirsh: 1984).

Moreover, some in favour of Coronet asked whether Europe could still afford this sort of chauvinism since technology and innovation respect neither nationality nor boundaries, nor can be contained in any geographical area (Koltai:1986). This, however, is not quite true. As noted above, few European countries have the production structure to feed multichannel and transfrontier television for the simple reason that the production sector has been limited or fragmented to a European one and the new channels are heavily US based (see also Part 4). On the hardware front, there were also European manufacturers, such as Eurosatellite and Satcom, able, even with a time-lag, to manufacture a medium-powered satellite if they were asked. But from the very beginning, the choice had already been made between US firms Hughes Aircraft and RCA Astra-Electronics. For Eutelsat, having the previous 'open skies' policy in the US as an example, it was reasonable to protect its rights. For both the French and the West Germans, Coronet was obviously a rival to their national projects. Regarding the consumer electronics market, it would be rather difficult for the European manufacturers to cope with the Americans and Japanese when the standardisation of equipment was non-existent (see Part 4). Finally, the equity of a company can rapidly change hands through various means, and the names of shareholders could still remain the same. In Coronet, the Europeans had one more reason to be afraid because the 'father' of Coronet was an American with experience in telecoms affairs.

Nevertheless, the Werner Government succeeded in making Eutelsat withdraw its note and replace it with a more general text - a resolution not aimed specifically at Coronet, simply restating the case for maintaining a single international telecoms satellite in Europe and refraining from any arrangement which could lead to the establishment and use of any new satellite system providing international telecommunication services which might cause considerable harm to Eutelsat. Within Luxembourg, apart from the Socialist Party's opposition, CLT was reluctant to go to

Coronet for various reasons: on one hand, it was largely dominated by French influence, and on the other, CLT was promised the two channels on TDF1 (95).

Astra, as Coronet's successor, inherited similar problems, especially Eutelsat's anger, which readdressed the 'economic harm' argument. Three years later, Eutelsat had learnt an important lesson. To remain the main, or the only, provider of satellite capacity for television purposes, Eutelsat had to considerably upgrade the quality of its services. Therefore, it planned a second-generation system, modelled on the Coronet Astra type, due to be operational in 1989. Moreover, Eutelsat became entangled in a legal framework to fight Astra. The real core of the dispute was the applicability of the coordination procedure concerning economic harm according to the Eutelsat Convention, again involving the Government and the SES. The Santer Government filed a legal opinion (February 1986) pointing out that Astra services did not constitute 'public telecommunications services' as defined by Article 1(c) of the convention, therefore Astra had no obligation to coordinate with Eutelsat, and the Government claimed that there was no way for the state to compromise on its sovereign right (Interspace: 1 December 1986) (96).

BT's announcement that it would lease 11 of Astra's 16 transponders changed the whole game. After 18 months, Eutelsat doubted that Astra would not cause it 'significant economic harm' and opted for a coordination on four transponders. This seemingly arbitrary figure took place after evaluating BT and Luxembourg PTT capacity that they would have placed with Eutelsat. Thus, at the end of 1987, Eutelsat and Astra set down the 'principle-of-coordination'. Any existing or new channels could leave Eutelsat, in addition to the four agreed, but they would have to agree with the organisation. Eutelsat also claimed that any start-up channels booking on Astra would have to be coordinated on the basis of opportunity costs to Eutelsat. The whole arrangement created a precedent for the mood of any future coordination. BT therefore gave prestige to SES when badly needed and broke the position of the European PTT's towards similar ventures. The fact that BT also helped SES to reach a 'coordination agreement' with Intelsat (September 1987) indicated a hard time for Eutelsat. Thus, Astra directly affects the prospects of Eutelsat II and vice versa. What may result, however, seems to be the weakening of Eutelsat's monopoly status.

The Coronet and Astra projects faced similar problems. The international anger also indicated the possibility of a small country being ambitious and having similar projects to those of her much larger neighbours. The external realities and pressures played the principal role in developing both projects rather than the state policy. State policy, to some degree, is associated with the traditional 'free-way' entrepreneurial policy adopted by the Luxembourg government (97). Such a strong statement is, to a certain extent, unfair since a small country either has to play a game given to it by its 'big brothers' or find some funds, mainly from abroad. Small countries, however, can also be used by other external interests to play their own games simply because some of them, Luxembourg in this case, have opened themselves completely to external investors in their anxiety to restructure their economies . The basic problem arises when the state policy leaves everything to them, without taking domestic and international implications into consideration.

## 3.6 A POLICY FOR CABLE AND SATELLITE TV

Both France and the UK saw a dramatic change in their respective cable and satellite TV development since before 1981; there was a consensus to discourage this development because of the considerations given to cable and DBS, either domestically or internationally.

1982 was an important year for both countries concerning the new media. In the UK, it was the year of IT with plenty of propaganda regarding the communications technologies (Murphy: 1983; 128-9). A similar cultural context was built in France by the Nora-Minc Report (1978), Farnaux Report (1982) and the latter's concept of 'filiére éléctronique' (see also Part 4). In the UK, such an industrial development would rely on a national electronic grid, based upon expansion and integration of cable systems, through which the vast amount of electronic data, crucial to an 'information society' could be transmitted. DBS and satellites, in general, would come to fill the picture. This environment was consistent with euphoric hype about the prospects of cable and DBS.

Throughout 1982, the British Government's rhetoric of reducing state intervention contradicted its practice of selectively funding industrial development. This lack of coherence threw government policies on communications and

IT into chaos (Hughes: 1983;6). In British cable and DBS there was no general plan but both were associated with hurry and industry hype, a condition largely reflecting an overall lack of a national communications policy in the UK. This also indicated how fragmentally the Government understood the relationship between regulation and technological change in communications. The situation was associated with an absence of detailed government studies of the new media. Reports on cable and DBS originated at different times, from different departments and represented different interests (Negrine: 1988; 228). The overall result was a series of ad hoc committees attempting to respond to contemporary developments, resulting in policy formulation by the back-door. This approach guaranteed fast responses, as the 'slim volumes' to current developments in the communication sector (Tunstall:1983, 1986a). It also, to a certain extent, avoided forward planning and sifted public discussion (Hughes: 1983; 3). Moreover, the Conservative's policy has a 'privatisation by default' approach due to the general adopted policy towards the market and public sector. Negrine (1988;228) notes the establishment of goals at the political level without due consideration being given to (a) the impact of the political policy goals and the regulatory framework on the funding of the new media; (b) the nature, and economic foundation of the specific media; and (c) effective coordination of the respective regulatory and departmental bodies to achieve coherence in planning and policy-making. Thus, it could be seen as an 'anti-planning' policy (Green:1984) in contrast to French 'planning' policy.

To better understand this French planning attitude, one must go back to the general context. France is a 'société planifiée' (Francois:1978), and French planning has been a myth. Through various mechanisms, the state has also been in a position to control allocating credit to the industry by sometimes using its power to enforce an industrial strategy (Zysman:1983). Generally, the Plan of the French economy was the performance of the state's industrial strategy to be implemented by hybrid actions taken by many different agencies. A central figure here was a strong agency (Ministry of Finance) to coordinate, in collaboration with some interministerial committees, the effectiveness and implementation of the Plan.

Under these conditions, a simple distinction has been made between an 'indicative' and 'coherent' Plan. In France, as in other capitalist countries, the Plan is indicative

(Francois:1976) because it defined the suitable and possible objects by proposing them. It is an information 'sûr le possible', but does not carry elements of planning policy. In addition, the Plan's success, with respect to its performance, is associated with politics. Hall (1986;113) notes that with the declaration of Plan objectives, some actors would be affected more than others and would react, impeding rationality. This is also related to the debate on social and political choices (Bonnaud:1986). Broadly speaking, this situation intensifies (98), rather than reduces, social and administrative conflict, questioning the existing policies, punctuating the inadequacies of the regime and threatening the strength of public policies to be approved by the majority (Hall:1986, Birnbaum:1977, Danderdorf:1969). Some of the above-noted features of the Plan could also be applied to the Plan Cable. Cable TV had economic, industrial, social and cultural dimensions (La Correspondence Municipale: May 1983) and also involved various administrative bodies and one interministerial mission (Mission TV Cable). Moreover, it was involved with politics because of conflicts among administrations, local authorities and with the the central government. Plan Cable was indicative too, because fibre optics was not the only option.

For other reasons, the Socialists' cable policy was partially planned. Secondly, and most importantly, the new terrestrial channels indicated (and manifested) a lack of cohesive policy. The Bredin Report's suggestions regarding complementarity between cable, satellite and terrestrial television did nothing to restore a coherent general television policy, but ignored the problem. The Bredin Report also showed that the Government surprisingly started abandoning its cable policy at a time when the DGT compromised with the SLECs. Therefore, there was a turn in the cable policy. This became obvious when the Government realised the gap between its Plan Cable aspirations and the local and economic realities. Thus, the Government changed its policy by looking at both coaxial and optic fibres, as well as at the broadcasting dimension of cable TV.

On the TDF1 satellite project, the Government remained largely undecided. Barrach and Barratz (1962) argued that a non-decision was essentially a product of a decision - the results would be difficult to detect. Such 'decisions' are instrumental in preventing an issue potentially threatening to the state interest from reaching a decision-making body

in the political system. An undecided policy could be considered in several ways through the setting-up committees, enquiries, etc. (Jenkins:1978; 118, Webb:1972). It seemed that the French Government followed a non-decision policy on the TDF1 project because it took a non-definitive decision with respect to TDF1 in the first round. Three other factors could lead to the same conclusion: (i) the TDF1 project was envisaged by d'Estaing's Administration, while the Socialists had neither declared any satellite TV project in their 1981 election campaign, nor committed themselves to a DBS policy; (ii) the famous Moinot Commission had not recommended a national satellite service, suggesting only that any satellite system should be managed by a new regulatory body; and (iii) the Gerald Thery Report (1984) concluded that major improvements in the effectiveness of reception equipment for satellite transmission had cast doubt on the need for high-powered satellites, considering them too costly. However, the Thery Report did not recommend ceasing DBS.

The above indicate that the eventual government policy, via a 'non-decision' path, was somewhat negative. Moreover, the DGT and the whole industry lobby were more in favour of cable for obvious reasons. The space industry had lost its faith in high-powered satellites due to the changing demands for medium-powered satellites (see Part 4). On another level, this salient abandonment of the TDF1 project was rather a wise policy because cable was given priority within the information society framework. Simultaneous TDF1 development could have jeopardised the whole plan. In addition, DBS could not only compete with cable but also the newly formed C+. Nevertheless, this policy was largely associated with the depression in cable development. Thus, the plans for modernising France faced a real risk. The Government saw DBS as a means of convincing its electorate of its plans for modernisation (see Part 4). Consequently, in 1985 TDF1 appeared to have the advantage. TDF1 was also given a commercial approach, abandoning its previous plans for psb DBS channels. DBS policy seemed, if not haphazard, at least incremental, but without declared aims. For example, setting up TPS confused instead of clarified the game. Mitterrand's personal involvement further complicated the whole issue. The announcement of the new terrestrial channels posed questions about their impact on both cable and DBS channels. Looking back, one could not be positive whether the Socialist Government had really decided to proceed with the TDF1 project.

Rhetorically, in either cable or DBS projects, any initiative came from the state. Thus, the state: (i) determined the technology (optic fibres, high-powered satellite); and (ii) played the dominant role in funding both projects, unlike the British. Overall, it was a policy that followed the traditions of statist modernisation and, not least, involved the complex ideology of a government that fused together a faith in economic modernisation and statism with the new theme of autogèstion (self-management) (Dyson and Humphreys: 1988a; 310). Theoretically, the Socialist Government's policy could not be coherent, despite giving this impression, since political ideology, tradition, pragmatism and speculative politics were interwined with the broadcasting and new media strategies.

In the UK, the Conservative Government adopted a clearly incremental approach based on a series of small steps holding market and entrepreneurial orientation and action. Thus, one sees market-led development and competition with technology choice left to industry. This policy was more applicable to cable than to DBS. However, the overall policy for new media in the UK was characterised by a step-by-step method, supposedly reducing uncertainty by testing a number of options. The latter would help it collect information and facilitate a decision on the best course of action. But not so. The framework intensified the uncertainty. First, the DTI's dominance over the HO was not a good sign. Second, some of the ITAP's concepts were idealistic. The Hunt Report also created uncertainty about the future of any particular medium of information transmission. Will entertainment concentrate on cable, satellites (99) or a mixture? Will business data be transmitted on cable, microwave or radio? There was a great deal of misunderstanding and lack of information about how far the cable industry had developed, and about the nature of the new business it involved. By contrast, the second ITAP Report, Making a Business of Information (1983), emphasised the dangers implicit in excessive fragmentation of government responsibility and industrial representation in IT.

It was somewhat unclear whether the Government saw the IT revolution, including cable, as being market- or technology-led (Irwin:1983). If it were market-led, explicit recognition of the problems encountered in the development of an infant technology appeared to be lacking. It needed a management approach that would appreciate both

the advisability of proceeding incrementally and the specific market failure problems requiring interventionist policies (Gibbons et al.: 1984). The Government looked to the market, but as far as technology was concerned, the DTI appeared to lack faith in an unfettered free market. Equally, however, the Government was reluctant to commit state money for large investments opposing the French government. The whole idea of company taxation further increased the existing confusion concerning the driving purpose and plan of cable development. The issue of tax allowances was usual in other sectors of the industry; it was applied to cable since it was in its infancy and regarded as a long-term investment. Surprisingly, the Conservatives appeared to be 'dirigists', perhaps to a lesser extent than the French Socialists. But this kind of dirigisme, also seen in terrestrial television policy, was one of the Conservative Government's contradictions.

The British cable plan, if it existed, was that while entertainment would provide the basic turnover for different cable companies, IT (home shopping, specialised services, etc.) would provide the 'jam investment'; in France, the Plan Cable took a more technology- and industry-led approach. The British hoped that cable expansion would be 'entertainment-led' through pay TV delivered to subscriber's homes through high-capacity cables. Once in place, these cables could also be used for transmitting business data.

How realistic was this plan? The cable companies did not have the incentive to upgrade their separate networks since they would get pay TV on all four national channels under the 1984 Bill's recommendations anyway. Moreover, upgrading the old systems required a huge amount of money. The expectation that private industry would modernise cable networks or build up high-tech systems was also unrealistic because the investor expected quick pay-back, easy money, and large revenue streams from the 'interactive services'.

Cable has been financially successful, it is essentially an entertainment-led industry. This has been largely attributable to the tax structure in a given country (e.g. limited partnership in the US) or government involvement/ownership (e.g. Belgium). In this respect, France's Plan Cable appeared to be more realistic because the state was committed to 'feeding' the industry until it 'stood up on its own feet' and to follow an 'économie de mixte' throughout privatising the tasks policy. The French

mistake was heavy state involvement. In contrast, the UK had the tax-structure or the state investment to really make cable successful. Thus, the franchise holders became cautious about their investment plans. The general disappointment reflected the original expectations, not the reality, of cable; cable has been regarded as an essentially long-term investment.

Many think that the Conservative Government emulated the US model. On the other hand, US cable is not a business, but an industry, in that it has its own manufacturers, wholesalers and retailers like all other industries (100). The US has a long payback, as many of its cable systems were only introduced where there was a great demand (101). In other words, the US experience suggests that financial success breeds success, but also that failure breeds failure – a situation largely forgotten in Western Europe (102).

Similar problems emerged in the Unisat round. There was more confusion over the eventual policy option: market-led or technology-led, free trade or state-led policy? If, within this context, one adds the Government's insistence on a 'British-made' satellite – much more expensive than other foreign systems (technology-led) – and on private funding without any public subsidy (market-led), one sees a confused policy. While in France one notes general government tendency to back the new media, in the UK there is a tendency to 'pick' winners and back them by restricting market forces, under the disguise that certain safeguards are needed to protect established industries and new firms. But that is not quite the case. In a wider picture, one sees the setting up of the Peacock Committee and liberalisation of SMATV. In other words, more ambiguity which, finally, means an inconsistent policy. The policy is closer to, albeit more complex than the incremental bargaining model offered by Linblom (1977): the ideal versus the real: British technology funded by private sources versus public money and foreign technology.

To an outsider, the Conservative Government's cable and DBS policy appeared contradictory. This contradiction consisted of the Government's attitude for free market (here via private funds and development) associated with a strong element of dirigisme (insistence on technology). This contradiction was realised in the second round when the Government followed a strict market-led policy without any obligation in technology and psb guidelines. Cable was a

similar situation with the tax allowances of the 1984 Budget's decision. The White Paper's announcements for a fifth and sixth channel surely do not favour cable's promotion. Furthermore, there was no knowledge of consumer demand in France or the UK. On the other continent, Americans subscribed to get better quality reception and, in country districts, to see programmes available in the cities. About half the subscribers also paid extra for a premium service like Home Box Office. The simple conclusion was that US consumers merely wanted to have decent reception and movies uninterrupted by commercials, both of which were already available in the UK.

Additionally, VCR penetration, although high in the UK (44 per cent in 1985), compared to 33 per cent in the US, and 8-10 per cent in France in the same year, makes new media less attractive. People rent VCRs for a minimum of six months and return them until there are more new movies available. Therefore, VCRs compete directly with cable premium pay TV channels. Then, the policy of tax allowances in the UK made borrowing very difficult. But financial institutions do not lend money without a reasonable certainty of return. They will do so after each cable system has been built up and run long enough to prove consumer demand. Therefore, in both countries, government policies concerning the development of new media were incoherent and unrealistic, but for different reasons. Consequently, progress in both countries was inevitably slow with no signs of the pace quickening.

For Luxembourg, satellite TV was seen as a considerable attraction for the country's future and a help to restructure its economy. A satellite would fit with this objective by making the Grand Duchy a programme-production centre. The Werner Government, despite domestic and international opposition, defended Coronet and shared responsibility. It followed a strictly market-led approach based upon the concept of entrepreneurialism - the traditional Luxembourg way, largely followed by the British in the BSB round. This must be stressed because in those days, the entrepreneurial-led policy was not at all typical in Europe.

The Santer Government, despite following a similar policy, gave a European flavour to the whole Astra project, supporting it by guaranteeing the SES's financial debt. It was also directly involved in the Astra venture as both investor and guarantor without devaluating the market-led

principle. Surprisingly, Luxembourg provided a rather coherent strategy for the projects development. The only criticism was that Werner's and Santer's Governments again allowed foreign interests without guarantees into the Grand Duchy. It is quite difficult to criticise this because Luxembourg needed (still needs) these kinds of investments; it is obliged to follow such a 'welcome-investment policy' from abroad.


## 3.7   SUMMARY AND CONCLUSIONS

Both France and the UK were enthusiastic about cable and DBS since both were closely associated with the IT concept, and the restructuring of their respective economies and industries.

In cable, both countries started ambitiously with similar targets but followed different policy paths to complete their objectives. However, both failed. It could be said that the state is too bureaucratic and obsolete to develop a new medium such as cable; but the private sector cannot take on this role either, since developing a new product is associated with too many risks for an investor seeking short-term returns. Perhaps the middle way followed by Luxembourg on the Astra project, i.e. state's guarantee concerning the project while asking the private sector to finance, could be a lesson for the other two countries. Thus:

1. While the UK followed a succession of <u>ad hoc</u> committees that produced 'slim volumes' on cable, France's policy was based upon the Plan Cable, working within the framework of Loi 82 and its revision in 1984.

2. Both the UK and France sought a speedy development in cable, Britain through private means and 'light' regulation, France via public funds but with less 'light' (although still liberal) control.

3. The DGT was France's major player, whereas BT led Britain, although it had a smaller say in cable. In France, the municipalities played an important role throughout the SLECs, while British cable was given solely to private operators. The industries in both countries lobbied for cable, but were reluctant to commit a large amount of money due to low penetration and the inconsistence of cable policies in both countries.

4. While the UK followed an 'economy of demand' policy in cable, France adopted an 'economy of supply'. The economic rationale did not efficiently reduce the incoherence of the adopted cable policies in both countries. The Plan Cable, for example, little considered how the plethora of new channels would be ready to feed already-produced programming.

5. Setting up the CA and Mission Cable was representative of the British and French way of responding to new issues. A new body functioned as a buffer between cable and the private sector and government in the UK, as well as promoting the whole field, whereas a new interministerial committee coordinated the implementation of cable decisions, mainly on programme production. However, in both countries one sees a lack of coordination and conflict between the principal actors (DGT, TDF in France, DTI, HO in the UK).

6. In DBS, all first rounds in the three countries were associated with pressures in the political arena, as well as financial and technical problems. The fact that high-powered 'birds' were considered obsolete technology accentuated their problems. Again, Luxembourg was different. By using its medium-powered satellite project, it came in a somewhat better place but its association with US interests involved it in international politics.

7. Policy confusion was common to all three countries, especially France and Britain. British cable and DBS were largely contradicted by a wish for a market freedom-led development with a strong dirigiste element - dirigisme that did not support or guarantee such high-risk and uncertain return ventures. In France, the Socialist Government implemented the Plan Cable and followed a 'decision-less' policy on DBS, indicating an unwillingness to commit itself to TDF1. However, in both ventures the policy adopted also created confusion by putting rival and antagonistic bodies together.

8. In Luxembourg's Coronet satellite project, the Government's basic mistake was to give the impression of the project serving US interests. Its characterisation as a 'Cola-Cola' satellite was associated with French antagonism and paternalism, demonstrating how external pressures influenced the state's action and decision. The latter not only applied to Luxembourg, but also to much larger

countries such as the UK and France, which appeared to
continue their own DBS projects for international sales and
culture protection.

In all three countries, the prospects and optimism for the
new media have been revived by the successful launches of
Astra and TDF1, and by the anticipated launch of BSB. Due
to the transnational character of satellites, satellite TV
is becoming an internationally competitive industry; the
viability of each project can be assessed in international
terms. Therefore, either TDF1 or BSB have to compete with
Astra, while Astra has also to compete with Eutelsat's
second generation, medium-powered satellites (Eutelsat II).

BSB does not consider that Astra, despite carrying 11
English-speaking channels, will seriously affect its
penetration, mainly to British households, because Astra's
signals need bigger dishes - about 60 cm - whereas BSB's
signal needs a dish no bigger than a dinner plate.
Incidentally, the British Government certainly did not plan
for the first of the new channels to come from Astra. In
the longer run, Astra has won enough frequencies to
broadcast 48 channels from 3 satellites. So, even in its
first year, British viewers should have a choice of around
15 English-language channels (11 from Astra, 4 from BSB).
As things stand in 1989, anyone hoping to receive all these
satellite programmes will need - in addition to their
existing TV set and aerial - two extra dish or flat-plate
aerials on a roof or high wall, plus four decoder units
piled on top of their TV set. They will also have to pay
three subscriptions, totalling around £30 a month, to keep
the extra electronics working (Fox:1989; 6). However, these
considerations are mainly for the British market. Astra
also has to compete with TDF1 and Eutelsat; its choice not
to commit itself on a standard for transmission may
complicate things in the future. Moreover, TDF1's
successful launch in late 1988 could test Astra in central
Europe.

Finding a satellite signal is not easy, since even one
degree difference can spoil reception. Moreover, the
incompatibility of various satellite systems complicates
things for the viewers, only benefiting the cable operators
who can offer their subscribers  a pick of services from
every satellite. In the late 1980s, cable and satellite
seem complementary, rather than antagonistic, as they did
in the mid-1980s.

# PART FOUR: TELEVISION'S INDUSTRIAL DIMENSION

In this part, both the hardware and software (programming) dimensions of broadcasting, particularly the new media, are described. Using itself as an umbrella, the EC produced policies on both aspects, while individual members, such as France, the UK and Luxembourg, also tried to implement policies on these sectors. What will stand out in this part is the fear that race has already been lost to Japan and the US.

## 4.1.0  FROM HARDWARE TO SOFTWARE AND VICE VERSA

During the 1980s, the relationship between broadcasting and the new media to the economy and industry has been recognised. Broadcasting had previously been viewed as a strategic sector of the service economy, offering new opportunities for employment in a rapidly growing industry. This has been seen in terms of both hardware and software (programmes).

The hardware aspect of broadcasting has been largely associated with the concept of Information Technologies and the necessity of Western economies, on one hand, to restructure their mature industries, and on the other, to promote a comparative advantage in the international markets (Luyken:1986; Dyson:1986; De Jonquieres:1986; Locksley:1987). This situation results in broadcasting being regarded as a part of the IT revolution and, to a certain extent, splitting up the boundaries between broadcasting and industrial policies. In the EC, in particular, member-states were called upon to respond to the dominant position of the US and Japan in this sector. They had to 'marry' the conflict between their domestic industrial need for access to that technology and the inward investment and market dominance of US and Japanese multinational firms. An example could be the relative 'consumer electronics' (1) sector in the Community. According to Club de Bruxelles (1986), world production of consumer electronics goods was $50 billion in 1985, ($55 billion in 1985, i.e. +10 per cent); Japan alone accounted for 44 per cent of overall production ($21.5 billion), and for no less than 86 per cent of video recorder production ($8.17 billion out of the total world production of $59 billion). Apart from the sectors of colour TV and magnetic media, the US and EC recorded massive deficits. In 1984, EC production covered 58 per cent of domestic needs (42 per

cent had to be imported), 1 per cent of US requirements, and less than 1 per cent of Japanese needs. Incidentally, 30.1 per cent of EC imports came from Japan, 2.3 per cent from the US and 10 per cent from the rest of the world.

In comparison, the US produces 40 per cent of domestic requirements, while the remaining 60 per cent of imports come from Japan (38 per cent), the EC (1 per cent) and the rest of the world (21 per cent). In 1984, the Community's trade deficit with Japan in this specific sector amounted to $3.6 billion (Club de Bruxelles: 1986). Of the 11,886,000 TV sets bought by households in 1985, 10,510,000 (89 per cent) were made in the EC, 700,000 (6 per cent) in Japan, and 85,000 (1 per cent) in South Korea (2). To make matters even worse, European industry is simply unable to build up export potential funded on large home markets for advanced equipment. EC products are inappropriate for American markets, for example, shaped by city administrators, demanding highly sophisticated services (English: 1984; 266).

Programming is another major problem. According to the EC, the four largest member-states produce around 1000-5000 hours per year of films, TV films, series and documentaries. As the Community enters the 1990s, the annual demand for programmes is expected to rise to 300,000-500,000 hours. Assuming that 50 per cent will be bought from non-EC countries, and that 25 per cent will be repeats, the European programme industry will have to produce between 75,000 and 125,000 hours of material (DE VRIES Report: 1985; 16-17). Again, the fear is that it will be bought from outside - mainly from the US - unless Europe does something.

The proliferation of new channels, either via terrestrial or satellite-to-cable frequencies, not only means new consumer equipment, but additional programmes to feed these networks. Programming also has economic value since the demand for new programmes evaporates a surplus for the industry. However, in the early 1980s, programming's industrial aspect seemed to be undermined by the hardware aspect of the new media, translated into big risk investments in space and electronics. Programming was not considered a prime source for revenue. The so-called 'chicken-and-egg' problem fits this case well since a little later, the decision-makers realised the equal importance of programming and hardware.

On another level, it was clear in the early 1980s that the major challenges for broadcasters in relation to the new technologies were largely a subsidiary of the industrial imperative. Cable- and satellite-associated electronics were seen as a panacea, an area of investment and growth for the European governments faced with a recession of record depth and duration (Locksley:1983;131). European governments turned to the hardware industry as a saviour, investing considerable political prestige in various new projects, principally to capitalise on indigenous expertise in the sector (3). Their major concern was to produce and sell these electronic products successfully (McKinsey:1983), to allow their traditional industries to decline while providing employment for their skilled workers and generating enough income to aid the support of displaced workers (Locksley:ibid). This is closely related to Marx's and Schumpeter's ideas about the process of development (4). The foundation of this process is innovation, not changes in customer demand, where the former is considered to be a changed form of organisation, product process or sources of supply. According to Schumpeter (1976), the process was encapsulated in the phrase 'wave of creative destruction'. Locksley (1983;130) points out that capitalism could be seen as a process of restructuring, in which different groups, sectors, industries, communities and countries experience a redistribution of their relative positions (5), leading industries to improve their performance to get a comparative advantage in the international market. Both cable and. DBS and its associated electronics fit well into IT's field and IT's macroeconomic perspective. Apart from reasons of national prestige, there was now an increasing awareness that a substantial world market for these products was likely. Thus, both France and the UK, while adopting different policies, had the same target: to put their industries in a strong position to compete for these world markets, especially against the US and Japan.

This form of 'positive restructuring' is often guided by the state. However, restructuring is mostly the outcome of decisions taken by firms driven by the profit motive and also by state's delays. Nevertheless, mature industries give away their resources and new undertakings emerge, but they do not necessarily emerge in the same location and certainly not in a profitable industry. Broadly speaking, the state undertakes a support role in relation to the restructuring process since it responds mostly through various measures to allow business interests to realise

some proportion of their capital outlay (6). These measures are required to promote greater efficiency and competitiveness. In other words, an industrial policy is needed.

According to Hills (1984; 10-39), although defining industrial policy is difficult due to its overlap with other areas and policies, it could be seen to comprise the mechanisms by which governments seek to control the changes in the domestic economy brought about by alteration in comparative advantage in the international economy. This becomes much more complicated because governments have to work within certain parameters of what is feasible and acceptable. Hills (1986;123-4) suggests that the mechanisms used will first depend on the political system (whether it is centralised or decentralised); the 'core' ideology of the nation towards markets (i.e. whether companies should be autonomous or subordinated to the state); and the international structure of capital within a market.

Finally, the market-led versus state-led approaches for developing new products seem to have priority, especially with respect to the industrial dimensions of cable and DBS. Burden and Campell (1985;48-51) have constructed a typology distinguishing these two approaches. A market-led strategy is one of disengagement as it reduces intervention towards private capital and seeks to break down barriers to the competitive process. A state-led policy restructures through state incentives, regulation and modifying market forces. The instruments available to the state to pursue these strategies can be divided into five policies on: market discipline, competition, financial assistance, regional assistance and ownership. These forms of positive restructuring overlay the fundamental restructuring process. Where economies are interdependent, the state's actions will influence the strategies of other states. For example, if France sets the objective of 'reconquering the domestic market' in electronics, this will impinge on the success of policies followed by other EC states and, of course, a plethora of community-level intervention policies. Clearly, the restructuring triggered by the advance in electronics conforms to the patterns outlined above.

In 1981-1986, French and British economies badly needed to restructure their mature industries to become internationally competitive and successful in their home markets first. An early start in France and the UK in cable

and DBS could generate new product development, while a policy of programme production by imposing quotas, coproduction and increased independent production could provide a basis for internationally buyable programmes.

Because cable and satellite TV markets are still being created, there are no definitive or reliable data - only forecasts, speculations and estimates concerning their potential growth. In 1981-86, a number of market research estimates for new media in Europe had been published (7). A Frost and Sullivan report (1983) noted that these forecasts would depend on the type, number and range of services since their growth would be the determinant variables concerning costs and rate of time scales for returns on investment. On the other hand, the growth projections further complicated the picture. While CIT's scenario in 1982, with respect to the European cable market, was that the market would be around 20 to 34 million by 1992, CIT's estimates in 1984 for 1992 were much more modest, i.e. 17-18 million cabled households with an annual growth of 3 to 4 million per year (8).

It was assumed that the West European aerospace industry would make a large contribution to communication satellite's technology over the years, although the countries themselves had few commercial space launches. The 1986 Frost and Sullivan report noted French and West German satellite plans for the rest of the 1980s. It also assumed that adding revenues together from satellite operation, sales and launches, and sales of dishes would put the 1990 European market about $711 million. An EC report estimated turnover for 1987 at £150 to £200 million (DE VRIES Report: 1985; 14). Moreover, the 1981 Mackintosh Report's estimates for a 10-year DBS investment implication were conservatively calculated at $332 million for a three-channel system, (9), with annual operating costs of around $4 million. The EC estimates that for viable information and communication networks to be established throughout the Community, investment of over 100 billion ECU is needed in the Common Market.

4.1.1 INDUSTRIAL POLICY AND IT IN 'SOCIALIST' FRANCE

Since World War II, French economy has followed a pattern of state-led growth (10) because the architects of post-war France decided to use the state to stimulate socioeconomic change, aimed at economic growth and economy (Hall:1986;139). Thus, the state has traditionally been

both protector and entrepreneur, not only to intervene but also to assume responsibility for leadership in economic affairs (Shonfield: 1965;86). Consequently, the French state has been variably referred to as the 'player' and the innovator'(11) (Zysman: 1983, Rhodes: 1988). This interventionist role (12) has been related to the concepts of dirigisme (13) and statism (14).

On the other hand, among West European countries, France possesses the distinct peculiarity of having pursued positive industrial policies for a long time (Stoffaes: 1984; 225). However, this industrial policy was related to the fear of a technology gap summarised in the 'le défi Americaine' (American challenge) (15) concept, and to the ambition of becoming a technoscientific leader (16). France had to face US superiority in strategic technologies such as computers, aerospace and nuclear energy. Thus, French policy since the Liberation tried to create and develop strong domestic capability in certain advanced technologies that spearheaded the industries involved. These technologies have been often referred to as 'national champions' (Grane: 1979; 39) (17). Broadly speaking, the objective was the same in each case: large-scale technological developments heavily funded at huge economic and financial costs. However, these technological schemes rarely materialised as anticipated by their visionaries (Green:1981, Zysman:1983, Arduch:1984). The famous 'L'Affaire Bull' failure had a profound impact on the European opinion of the technology gap. In a competitive and private market, a different policy was needed (Zysman: 1983; 162).

In the late 1970s, France saw spectacular modernisation of its telephone network, and 'a buy French' user policy on computer via the successive plans Calculs (18). Central to this approach was the notion of a partnership between public and private capital formalised in a number of state programmes with the various Plans (e.g. digitalisation of telecommunications network (Télématique plan), the Symphonie (DBS) project). The Socialists, in opposition, criticised the Conservative Government for failing to promote both IT and the industrial policy in France, arguing that the Conservatives could not provide policy continuity, research and development funding, sufficient use of public procurement, as well as control of subsidiaries and aid to industry (19). On the other hand, in their 1981 Electoral Campaign, they were declaring that their responsibility was to invest in the future. When they

came to office, however, they had to face economic realities in their modernisation effort. Thus, their economic policy adopted a mixture of Keynesian techniques and dirigisme to provoke steady expansion of the economy (Hall:1986;164). In industry, their aim was to 'reconquer' the domestic market and 'get France out of crisis' (Rhodes: 1988; 78) by nationalising and rationalising industry for production and for research, training and diffusion of technological culture (Morran: 1985; 123).

Three industry ministers, Dreyfous (1981-2), Chevenement (1982-3) and Fabius (1983-July 1984) were called to implement this policy but the inflation of 1981 had some serious side-effects that forced the Government to take the austere measures of 1982-3, limiting the state's manoeuvrability. IT, however, was seen as a strategic industry that would close the 'technology gap' and make French products more competitive in the international market. Thus, a privileged role was given to the filiére éléctronique'- but not to the 'creneux'-, a kind of process of vertical integration in which all activities of the economic process interconnect in a complementary fashion (20) so that the output of one activity constitutes the input of the other (Morran: 1985; 123). In other words, the filiére' concept stressed the unity (21) needed if French products were to be really competitive (22). The key was to develop the weak points by taking advantage of existing strengths (Stoffaes: 1984; 289). An overall framework for development was created by the Programme d'Action Filiére Eléctronique (PAFE), a plan rather more symbolic than operationally significant (Rhodes: 1988; 79). The state now controlled 50 per cent of production across the 'filiére' and 70 per cent of the electronics sector through the nationalised C11-Honey Bull, Thomson-CSF, Matra, Alcatel Electronique (a division of CGE) and CGCT (CITT's French Subsidiary) (Locksley: 1983, Levacic: 1984; Braillard: 1984).

On another level, the 'filiére' was the recognition of the weakness of the French electronics sector. The state, through a protectionist policy, would reconquer the home market and would, via financial transfer, rationalise industry's output. Then, the logic of the 'national champions' would facilitate the state's strategy to make French products competitive in the international market. This strategy led to a number of state-sponsored development projects, including the Plan Cable. On the other hand, French firms and the Government realised that

they had to collaborate with other Europeans to compete against US and Japan. Thus, Thomson, Bull and GCE were involved in the EC's Esprit programme and also researched computers and telecoms with other Europeans (23).

The Socialist Government's dirigist plans underline the political, technical and financial constraints within the country and also the willingness to modernise the industry (Rhodes: 1988, Green: 1988). Therefore, cable and DBS must also be seen within the 'filiére' concept since both optic fibres and satellites were seen as 'shop-windows' for the international markets. Both cable and DBS, on the other hand, demonstrated that while state enterprise was successful in certain fields, notably telecoms, it was highly unsuccessful in others, notably cable TV. Therefore, state involvement does not really guarantee industry success.

## 4.1.2  INDUSTRIAL POLICY AND IT IN 'CONSERVATIVE' BRITAIN

The term 'industrial policy' means different things to different people, as was obvious within the British government. For some, represented by the DTI secretary, Mr Paul Channon, the Government had been pursuing, since 1979, a coherent and consistent industrial policy, designed to establish a framework for enterprise in which industry and commerce could thrive. Those represented by the 'Heseltine School' put more emphasis on the need for the Government to decide which industries - and which companies within those industries - should be encouraged and supported (24).

The Government's strategy was not to intervene in industry. Lame duck industries were targets and grants were abolished. Contrary to France, public funds could be saved and industry rendered more competitive if nationalised industries became more profitable. On one hand, it made a remarkable attempt to reduce state intervention in the economy by selling off many of the nationalised industries and reducing the funds available to the private sector. On the other, in those areas where the Government remained involved in industry, its actions were much more selective and direct than the policies of the previous Labour government. The DTI had a legitimate role in ensuring that industry interests were taken into account in Government policy. The Government also renewed its interest in microeconomic measures to restructure the economy. Unlike French Socialists, it followed a privatisation program (25) and also took more selective forms of intervention, aimed

especially at high-tech industry because, as in France, it was regarded as a beneficial long-term investment in industry performance. Principal objectives of this microeconomic programme were, according to Hall (1986), to limit the rate of growth of the money supply; reduce the size of public sector deficit; cut total public spending and lower levels of taxation.

As a result, the Government progressed slowly and soon found that it had to prioritise these goals. In the UK's IT policy, the various industries were traditionally treated separately (Hills: 1986; 127). Telecoms, computers and microchips were separated, cable and DBS were split from the whole IT sector. Unlike the French 'filiére' concept, the British observed, if not a lack of policy on the IT sector as a whole, at least separate policies for separate parts of it. Moreover, while the 'filiére' was regarded as a means of establishing and reinforcing a French presence over the whole domain, British policy moved to dismantle the public utility altogether (Sharp: 1985; 127).

According to Hills (1986;127), the implication of this separate policy was that one part could conflict with another. A traditional example is BT, which has been regulated by Oftel, but Oftel cannot regulate BT on cable and DBS. While France followed a policy of nationalisation, the UK followed one of privatisation and encouragement of market forces. As in France, the electronics sector was perceived as one of the few bright lights in the general gloom, but the UK saw the private sector providing the needed boost. ICL - a leading computer firm - and other members of the National Enterprise Board's group of high-tech firms were returned to private hands; others went either to Japan or to the US to 'get technology' (26) (Locskley: 1983; 133). Lastly, in contrast to French anxiety, there was less worry in the UK about foreign technology and encouraging direct foreign investment, especially from the US and Japan. This is partly because of emulating the US model that the market in the IT sector will yield optimum results (Robins and Webster: 1986a; 126), partly because the UK was a late starter regardless of the Imnos programme, and partly because of the realisation of IT's international character by huge corporate ventures.

## 4.1.3 IT AND THE EUROPEAN COMMUNITY

According to the DE VRIES Report (1985;15), the price the

EC was paying for the absence of a common market in telecommunications and broadcasting was an expected growth rate of only 6.7 per cent a year, from 1982 to 1987, compared with annual growth rates of 7.8 per cent for US and 10.1 per cent for Japan. Europe's comparative strength was expected to decline even further. On the other hand, the Commission was very active in encouraging technological development in its member-states on the basis of IT. EC projects, known by their acronyms, such as FAST, RACE, ESPRIT or the wider EUREKA initiatives (27), were very closely related to the hardware aspect, but in 1986 the Community suffered a lack of cash, particularly  for its research programmes (Wardropper: 1986).

The Commission had tried to implement a policy promoting Europe-wide action to counter the decline of IT in Europe; the above-mentioned programmes were launched to fulfil this aim. In short, it put forward a policy for the whole IT industry, calling for common standards, increased industrial cooperation and the opening-up of public telecoms procurement markets to competition between member-states. It also proposed a common family on standards for satellite transmission and tried to 'wake up' Europeans on HDTV (see later). Additionally, the Commission had to face the well-defined Japanese investment strategy, which had gradually been increased within the EC. They had also set up a certain number of production - or rather assembly - units in the Community (28). Through the RACE programme, the EC aimed to develop the technological infrastructure required to establish broadband integrated communications in the 1990s, while ESPRIT and EUREKA played an important role in sharing awareness of the global challenge. But it has yet to be proven that intra-European collaboration can form the basis for profitable commercial ventures or that it will make the largest tasks of restructuring European industries any easier.

The situation has been similar in the space industry, where Europe used to be in the shadow of the two space superpowers (US and USSR) (29). Here, the initiative came from France's ambitions to collaborate with her European partners to become a third power in space (Gilpin: 1968). After some ups and downs in European space history, the European Space Agency (ESA) was formed (30). Its main development project has been the Arianne rocket launcher, mainly paid for by France and West Germany as the largest contributors in the Spacelab, and the communications satellite programme undertaken at a national and regional

level. The Symphonie project between France and West Germany was the only practical result in the difficult times the Europeans had in forming their space programme.

France and West Germany were also in favour of establising national broadcasting satellite systems early, while the other countries preferred a phased joint approach, starting with an experimental phase. Both governments and industries in France and the FRG wanted to compete in the expected space industry boom, preferring an operational system, abandoning ESA's L-SAT programme (experimental purposes), leaving the British and Italians to this task (31). While France was too active in space matters, Britain took a narrow look at space programmes without any strategic plan, without a major expansion of investment and activities. Establishing the British National Space Centre in 1985 was only a halfway initiative since the centre was not strong enough (Sharp and Sherman: 1987; 4-7).

France was realistically ambitious, fearing the confusion and political delays of other European countries. Apart from the international level, France was concerned with its own national development, pushing towards broadcasting satellites (regarded as a boost for the industry) in collaboration with West Germany. Another consideration was the fate of the Ariane space programme, which was at the heart of France's satellite strategy, to ensure a leading role in the satellite business (32). The continuation of satellites was essential for Ariane's space programme. Moreover, potential competition from other launchers by the end of this century (33), its own failure in 1986 and the Challenger disaster (34) forced Ariane to adopt more commercial strategies. Yet, in space industry, investors, insurers, business people and politicians all needed confidence.

Apart from the Shuttle and other US launching systems such as Thorn, Ariane has to face possible future competition from China, Japan and the USSR. China has already developed a space programme for the 1990s. Japan, which actually has little power to compete in commercial terms, has decided to market the H2 rocket programme. The USSR is already a competitor but due to Cocom rules, which do not allow export of enhanced technology and satellites to the USSR, its competition has been uncertain. Consequently, it was necessary for the French Government to back Ariane's commerciality. Announcing that Ariane would be the launcher of TDF1 and TVSAT reconfirmed its confidence in Ariane

after the 1985 failure (35).

## 4.1.4 FROM CONVENTIONAL TV SETS AND VCRs TO HDTV

European firms were doing well in the TV-set sector despite Japanese dominance of TV tube production (English: 1984; 244). France used the 'national champion', Thomson, for manufacturing TV sets; Britain not really recovered from its collapse in the 1970s. The whole British industry was subjected to competition policy and price investigations. By 1983, British manufacturers were protected from Japanese imports since the Japanese used a different system and British Pal had to be licensed by AEG-Telefunken (36). Then, both Labour and Conservatives welcomed direct Japanese investment (37). Japanese firms saw Britain as the best EC country for locating manufacturing facilities (38). Additionally, they were integrated into the British network of producer-government relations (39).

The VCR situation was identical in the EC, France or Britain. At the European level, three VCR formats – Beta, VHS and V-2000 –competed for consumer acceptance. The European V-2000 from Philips and Grundig could not compete with Beta and VHS from Japan; Philips and Grundig (40) produced 5-10 per cent of world production (Japan Times:4 February 1983;7). To make things worse, Japan's 10 exporters have 90 per cent of the EC's VCR market. The Community imported about 5 million VCR units in 1983, up from 2.8 million in 1982 (English: 1984; 246), alarming the EC enough to announced raise tariff quotas in 1985 on VCRs from 8 to 14 per cent. The problem remained the same however, since the Japanese had already penetrated the European market, mainly through their 'joint-venture plants' strategy in the Community. The extinction of V-2000 resulted in VHS becoming a de facto standard. Nevertheless, the EC's Trade and Industry Directorate, representing the major industrial European firms, negotiated with the Japanese Ministry of International Trade and Industry (MITI) in 1983 to limit Japanese exports of VCRs for 3 years to 4 million per year, including 600,000 units to be constructed in Europe (41).

In France, due to the electronics industry's difficulty coping with VCR demand, the Government took restrictive measures, 'Poitiers' procedures (42), an approach adopted by the Community in 1985. These practices were intended to help a national champion produce competitive VCRs. The launching of C+ fell within this framework since it was

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viewed as a rival to VCRs. On the contrary, in the UK there was high VCR penetration as well as importation. This situation has made some wonder whether the Conservative Government's policy took into consideration the interaction between VCRs and satellite channels. As with TV sets, Japanese firms based in the UK were producing VCR sets, but almost all components were still imported. In 1986, VCR penetration in the UK reached 46 per cent, in France 8 per cent, whereas in other industrialised countries, such as Japan, the US and West Germany, it was 60 per cent, 33 per cent and 18.1 per cent respectively (Channels of Communication: August 1987).

The VCR situation, in particular, has created another fear for Europeans in the case of High Definition Television (HDTV). As with VCRs, they were in danger of losing out to the Japanese. Europe's failure, in both TV sets and VCRs, to invest adequately in these new technologies, despite record sales,demonstrated the depth of fragmentation of the European market, as well as the lack of a individualist, compartmentalised approach on behalf of the Europeans. This is one of the prices Europeans have to pay for the absence of a common market. This failure also indicates the lack of coherence on a political level, either national or supranational, since the VCR was given so little attention compared to the obsession with other broadcasting affairs.

Nevertheless, the policy adopted on HDTV indicates that Europeans have drawn on some of the above lessons. HDTV is the third TV revolution following black-and-white and colour TV; it was invented by the Japanese broadcaster NHK (Nippon Hoso Kyokai) and developed by Sony. According to McKnight (1988), it was a desire for preeminence that pushed the Japanese to propose a global standard for HDTV (43). They sought an economic advantage in manufacturing hardware. The Americans supported this, but for a different economic motive: globalisation would open up the market for standardisation and sale of TV programmes in a period when the debate over standards in Europe was intense (see later) (Rapoport:1988). These Japanese proposals caused Europeans to unite, coordinated by the European Community, backed by politicians and manufacturers, most notably Philips and Thomson/CSF. Europeans were now gearing up to develop their own HDTV standard, called HD-MAC, basically associated with the Eureka project. Incidentally, terrestrial broadcasters' participation in HDTV broadcasting would help them survive against competition from non-broadcasting media (Cable, DBS, VCR) (Ramasastry:1988;34).

The EBU's technical committee expressed qualified support for Japan's HDTV before the International Radio Consultative Committee (CCIR) meeting in Dubrovnik in May 1986. European industrialists, broadcasters and PTTs decided, at the EC Commission's instigation, to 'stand up and fight'. Here, it must be remembered that the Japanese entered the foray for HDTV nearly 15 years before the EC, because competition from Korea and Taiwan in the US market (in which they were the undisputed masters), led them to improve quality to maintain prices. Once again the EC reacted just in time to start work on entirely new technologies.

Others said that the EC entered the foray at the same time as Japan, but following a different route. Japan's basic objective was to improve the quality of production, whereas in the EC's prime concern was to adopt a uniform approach to broadcasting by satellite (see later) since the quality of the European image (PAL/SECAM) was superior to US/Japanese image (NTSC) (44). Following six months of meetings and discussions, the Europeans, and especially the UK, West Germany, France and the Netherlands, finally adopted common positions within the framework of the various representative organisations (EBU, EC, CEPT). They were granted a two-year breathing space to come up with a valid alternative to the proposed Japanese system (45). Through its EUREKA and RACE projects, they joined forces with other European companies, such as Thompson, Philips, Thorn-EMI and Bosch, to develop a broadcasting standard compatible with existing equipment.

France took a more active approach by abstaining from the aforementioned EBU meeting and making an alternative proposal for armchair technology. This was drafted by a working group headed by Michel Oudin of SFP. The group included representatives of the public television companies, TDF and the National Motion Picture Centre and the division of electronics industries and computer science from the Industry Ministry. The French idea is simply to upgrade the world standard already agreed for digitally coding a conventional television signal of 526 - or 625-line pictures, instead of the Japanese 1125. Digitalisation is easy to suggest but hard to realise, which is why the Japanese system will initially work with analogue signals.

Once again, the decision has been more political than technology-led, since in the long term, the US and Japan

hope to create a new international market for domestic television receivers. Now viewers and cinema-goers around the world are condemned to poorer-quality pictures than they already receive, when the aim should be to produce better pictures. The consumer cannot have better and brighter pictures on TV because the industrial hardware game has been too closely associated with the quest for more television. However, all HDTV approaches depend on the arrival of DBS because traditional terrestrial transmitters cannot cope with the band width of the signal involved. But, the European strategy is only consumer-led because Europeans have to fight for HDTV on Japanese terms. The European strategy is still a network-led strategy and there is still some reluctance to absorb the full implications of the combined effect on the technical and regulatory changes (Baker:1988;47-8).

What might happen can be seen in the theory of Tsunio Morita, Head of Sony's HDTV in the UK: 'one day homes will have two quite different TV sets. There will be an ordinary TV set for casual viewing of programmes like news. Then there will be a large, flat-screen HDTV for special viewing, like sport or feature films' (New Scientist: 8 May 1986,39). In other words, it could be another version of the three incompatible present colour standards after the disagreement of 1965. Or,as Keirstead (1988) puts it, 'the world of HDTV has become three islands, Japan, North America and Europe'. Until they reach agreement on MAC packet standards (see later), the Europeans will find it difficult to compete with Japanese or US HDTV versions.


## 4.1.5 CABLE AND IT...

The British Conservative Government's enthusiasm for the information society was as comprehensive as the French, though the Thatcher Government manoeuvred uneasily between the desire to take a leading role and its hostility to state dirigisme. But its discourse remained as unauthorised as ever, looking in vain to Mr Baker when he was made responsible for IT (Collins: 1986a; 294), to the slim documents in comparison to the concrete theoretical framework derived from the NORA-MINC report and after. Moreover, the British telephone system was bad compared to the newly digitalised, superior French system. However, BT's monopoly was ending with the linking of Mercury's telecoms system, competition in supply of terminals, radio telephony, and value-added services -- all introduced

through the 1984 Telecommunications Bill.

If 1982 was the year for the Plan Cable in France, it was also the year for setting up the ITAP committee and the Hunt Inquiry. Both conceived cable TV as a tool of special interest, as the spearhead of a new growth 'information economy' (Locksley: 1987, Collins: 1986a) Similarly, the French government's enthusiasm for IT was analogous to the Third Revolution (Green:1988); the enthusiasm for cable TV had little to do with traditional broadcasting or with local community television (Kuhn:1985). Rather, cable TV in France was pushed due to the development of fiber-optic technology, which was seen as an essential element of France's adjustment to the changing world economy. France, which had never fully completed its industrial revolution, was seeking to ensure its place in the 1980s communications revolution (Pigeat:1983). It is necessary to emphasise that the Socialist Government's motives for cabling the country were first industrial. In the UK, the ITAP argued not to adopt the US model, but a more sophisticated system to generate a great deal of economic activity, including telecoms, consumer electronics and services. Thus, economic and industrial arguments also took priority in the UK, encouraging the development of cable systems.

Technological development and innovation in France involved the state as a client and provider of funds, and industry to accelerate high-tech development. Thus, one million francs would be invested in 1983, 2 million in 1984-1985 and the industry would be given a regular programme and figures to develop optic fibres (Le Monde: 5 February 1982). The French PTT Minister, Luis Mexandeau, had said 'the French industry of telecoms is confronted with a reduction of orders on telephone equipment. If the industry cannot dispose an internal market sufficient for the new technologies regarding the optic fibres, it will lose the international market and thus we will meet a big crisis in our employment' (Le Monde 20 November 1985;22). By cabling the country, the DGT simply confirmed these Government views, as well as the Government's leadership, in exploiting the new technology's industrial potential.

Similarly, in the UK cable was seen as profitable since the investment for half the homes of the UK would be £2500 million consequently stimulating economic activity, British industry and, thus, employment (ITAP: 1982; 27-8). Underground installation would create thousands of jobs and the DTI/HO Report The Development of Cable Systems and

Services in 1984 pointed out that jobs would be created especially for those concerned with the design, installation and maintenance of cable systems and programmes. Moreover, the construction industry would benefit from 2000 jobs, as well as consumer electronics, cable manufacturing, suppliers of studios; some 5000 jobs would disappear if commercial cable ceased.

In both countries, cable expansion was, therefore, perceived as a source of new wealth (and of electoral success). Apart from creating employment in both countries, as in Europe in general, the cabling of France and the UK was to build an Integrated Service Digital Network (ISDN) or, in French, a Réseau numérique a l'Integration de Service (RNIS). The pro-cable lobbies in both countries were persuasive, creating general euphoria about the benefits of cable expansion calling it the Third Age of broadcasting, a social and economic blessing to the consumer and prosperity for their respective nations (Hutchinson: 1984, Veljanovski and Bishop: 1983).

The British Government was not convinced that cable TV should be used as a policy instrument to promote the fibre-optic industry, particularly in view of its opposition to any element of public subsidy to cable (Evans et al: 1983; 37). By contrast, the Socialist French Government gave fibre optic's priority to encourage the industry to expand enough to compete in the international market (Green:1984; 17). The French fibre optic capacity was, however, small. The Fibre-Optic Industries (Conflans Sainte-Honorine, LTT and SAT) could not produce the number of switches ordered by the DGT. By the end of 1984, the DGT had only 120,000 switches amounting to FF700,000, against the 400,000 it had suggested earlier. The further 180,000 were due to be ordered by the end of March 1985 but by late 1985, coaxial cable could be used widely, allowing the use of cheaper switches. The announcement of new terrestrial channels provoked a depression of the early optimism for both cable and fibre optics. A similar problem arose over switching gear. It was proposed that by 1985-1986, the local cable operators would utilise a kind of integrated circuit produced by RTC (a subsidiary of Philips). The problem, once again, was how to produce and develop mass and indigenous capacity quickly. A number of French firms had expertise in the related telecommunications area and several contenders (including French and foreign firms) were working on 'models' for specific towns, such as Thomson for Lille, SAT for Biarritz and Philips for Metz.

However, no single group had the capacity to tackle a national network (46).

In the UK, short-term licences were awarded for upgraded systems. The application of advanced technology, although still a factor in deciding franchises, did not represent the central issue, after the first euphoria. In 1985 technology was de-emphasised, as in France. The DTI was prepared to be more flexible on technical specifications and timetables for cable building but wanted a commitment within three years of a franchise award to install a network capable of interactive communications with up-stream ability of 80 kbit/second, enough to carry telephones. The DTI also saw the merit in the operator's argument over flexibility of roll-out; only an estimate of homes passed by certain dates was now required, rather than specifications of which areas would be covered at what rate (47). Regardless of various facilities provided by the Conservative Government, its general cable policy that the establishment of a broadband cable network would act as a locomotive drawing prosperity and a raft of information services, remained a dream. Similarly in France, critical delays and the failure of orders made the industry cynical about cable. Therefore in both countries, the 'cable grid' as a new industrial revolution, remained only a theoretical possibility.


## 4.1.6 ...AND DBS TOGETHER

The case for DBS is also clear. In the UK, the HO's report pointed out the relationship between DBS and industry, stressing the likelihood of a substantial world market in DBS and associated equipment over the following decade, which would also help the market for IT. The aerospace and electronics industries would benefit directly. Similarly, as we see in France, DBS had more to do with space than TV policy. The Socialist's priority was to keep the Arianne case alive, giving credibility to its services in an era of potential competition and the turmoil of the Shuttle disaster and Ariane's failure.

Nevertheless, France followed a 'national champion' policy. Matra and Aérospatiale were the main rivals, the former being nationalised, the latter already state-owned. The Government then attempted to rationalise the orientations of these two competitors by making them collaborate in two relevant sectors: Matra in telecommunications satellites

and Aérospatiale mainly in broadcasting communications satellites. Because the market was rather small, as well as costly and risky, France preferred to collaborate with another country (West Germany) to carry the task of launching the DBS 'birds' together and to control the recently ambitious West Germans in the space gamble. In other words, France followed its space policy in building up satellite systems. On the international level, it formed the Eurosatellite consortium, with the Germans to manufacture and sell high-powered satellite systems (48). Also, the costs, investment and risk of launching were too high for such a venture. For example, the TDF1 and 2 ventures represented approximately FF 25 billion. The unit cost for a satellite system and launch was approximately FF 500 million in 1986. Therefore, both governments heavily supported these projects, in contrast to the British government. By following this policy, the French and German companies would have the necessary expertise to gain some of the scarce export orders. For example, Matra had contracts with China to build the Chinese telecoms satellites, whereas Aérospatiale, with Eurosatellite, was to build the second generation of Eutelsat satellites.

In the UK, there was a kind of 'blessing', rather than state support, although the HO Report stressed that UK exports of satellites could be strongly influenced by both the decision for a UK DBS service and its timing (HMSO:1981; para 7.1 and 7.2). A Key Note Report in 1985 pointed out that the British aerospace industry was hugely diverse, the range of products available from the UK being surpassed only by US and USSR industries (49). It was believed that, as in France, there was a huge market for satellites overseas that offered the prospect of big profits for UK manufacturers (Locksley:1987) (50). To be successful, however, UK manufacturers must be able to demonstrate a successful domestic system. To this end, DBS should be backed by the Government. The Thatcher Government spend only marginally more each year on its space programme than India and, as a percentage of the GNP, the effort was actually far less (Rodgers:1987); no extra funds for space activities were involved (Key Note Report:1985). In the second DBS round, BSB will use two satellites from the US Hughes Aircraft HS376 costing £200 million. Hughes offered an irresistible combination of price, financing, delivery and launch, overshadowing other offers by RCA and BAe (51). BAe could also build the system but the policy was for a 'free-choice' satellite system by the operators, leaving the British aerospace industry highly sceptical about its

future.

The high-powered satellites ('big birds') faced definite rivalry from medium-powered satellites. Basically in Europe, 'big birds' were regarded as obsolete technology after 1984 (Marsh:1984). The main idea behind DBS and high-powered satellites was that their signal could be picked up by a conveniently small dish. According to 1977 wisdom, when the European plans for DBS were laid, each satellite channel would need more than 200 watts of power in the case of TDF1 or TVSAT to allow DBS in the UK. In the mid-1980s, technology has changed perceptions. The key component of satellite reception equipment is an amplifier that magnifies the signal scooped up by a dish without drawing in background noise. This is crucial because the television signal that reaches a home dish is about a million times weaker than a broadcast signal picked up by conventional aerials. In the 1970s, the sensitivity of these amplifiers was improved by a factor of four, i.e. what a dish can achieve with a 50-watt signal from a satellite today, it needed a 200-watt signal to achieve in 1975 (Economist: 1986; 75). Moreover, these 'big birds' can carry up to four channels, but a medium-powered satellite, looking at the Luxembourg and some US examples, is to have DBS channels with 16 transponders. In financial terms, this means the more channels you install on a satellite, the cheaper it is per channel. An additional problem on TDF1 was the travelling wave tubes built by Thomson-SF. In 1987, they were built by ITT's subsidiary in Italy. This factor, however, was one of the reasons for the delay of the TDF1 launch also making French companies, Aérospatiale and Matra, and also BAe, look towards medium-powered birds(52).

### 4.1.7 DISH YEARS AHEAD?

Jacques Pomonti, the TPS and INA president, in a Financial Times conference held in London in 1985, said that the benefits would come more from the components of the satellites than from the birds themselves. One such component is the dishes that the proponents of DBS believed would sprout from the rooftops. If, for example, 10 per cent of viewers purchase individual dishes at a cost of £200 each, the total domestic market would amount to £3-400 million. The actual size and growth, however, depend on whether DBS programmes are attractive (i.e. programme quality and choice, price of dish, ease of installation and use of dish), and the extent to which individual reception is preferred to SMATV. 1989 has been considered the 'year

of the dish', but the same can equally be said of 1985, 1986, 1987 and 1988.

All the major European electronics companies - from Thomson and Philips (France) to Amstrad and Sinclair Research (UK) - have announced their plans for developing suitable receiving equipment. Whether the market will justify their optimism remains to be seen; the manufacturers themselves, regardless of the successful launches of TDF1 and Astra, have been plagued by uncertainty. They cannot offer the product at a reasonable price. BSB still hopes for a mass-market demand for TVROs, which will be in full swing by 1990. Forecasters say it will take up to the year 2000 to persuade 750,000 households to buy a satellite dish. Then, most satellites are going to be incompatible with each other. For example, Astra and BSB are targeted at the same market, but they transmit on slightly different frequencies within the Ku-band. This means that manufacturers will not get the economy of scale they need to bring down the cost of the equipment. At worst, consumers could be so confused by the different products - a case reminiscent of VCR format -that they decide not to buy at all. For example, purchasing a dish is one-off investment. If the consumer believes further changes in receiver technology are inevitable, he will be less willing to buy. The hopes in the first year to sell about 400,000 and 200,000 units in France and the UK, do not take into account that manufacturers will deal with a product for the first time. Adding uncertainty over transmission standards (see following pages), the whole issue does not guarantee good business conditions.

In the UK particularly, the TVRO market has been deregulated since May 1986; until late 1986, the HO issued over 1100 licences (Cable and Satellite: May 1986). At a rate of £1500 per installation, the business concerned had been worth £2 million (New Media Markets: 29 May 1987). This was not spectacular but frightened cable operators and the Unisat consortium into thinking that TVRO and SMATV's liberalisation would compete with cable penetration and DBS dishes. This indicated how vulnerable the business was. An old, but also fashionable, option has been renting rather than buying, particularly popular for TV sets in the UK, unlike Europe; the rental chain's involvement has been pivotal in building up the TVRO market. Dish manufacturers in the UK are British and foreign, not strictly EC. In France there was a policy for either French (Thomson) or EC (Philips) dishes. In the UK, it is possible to market

'Taiwan-made' dishes, along with the French Ferguson (but its current range has been based on American TV receivers modified for European use), Luxor, the Scandinavian electronics manufacturers (sister of Salora), the Japanese NEC and the British Rediffusion (53).

It could be said that the British Government gave no special attention to either protecting the British dish and the consumer electronics industry or, as in cable and DBS, to its development, whereas the French Government, throughout the D2-MAC policy, adopted a rather protective attitude. This is important because the dish aerials and related electronics in early 1980s have an estimated turnover of £150-200 million (DE VRIES Report: 1985; 14). The Thatcher Government's belief that private capital should be able to take advantage of the potential for profit in IT, wherever possible, has made British industry lose its advantage over the MAC standard (see next section), while creating problems for the rest of European industry due to Japanese dish penetration.

## 4.1.8  LUXEMBOURG'S SATELLITE TELEVISION

Luxembourg's main objective in the satellite business was to attract investment, particularly foreign, and to make the Grand Duchy a European programming-production centre. Both Coronet and Astra had chosen US-made, medium-powered satellites, which can cover about 90 per cent of the metropolitan western European areas during a lifetime of 10 years, beginning in 1988. The implicit assumption was that broadcasters would use the PAL transmission standard rather than any MAC version. Adopting PAL made Astra compatible with all current European TV sets, although sets geared up to SECAM would only be able to show monochrome video pictures. In early 1986, SES invited the European manufacturers to a presentation of Astra's specifications; as a result of that meeting, a working party was formed (54). About £20 million would be invested in Luxembourg's channel and telemetry uplinks and their associated electronics. However, a contract placed for the telemetry uplink went to TWI Electronics, a US company which would supply the reception equipment under the supervision of RCA Astra Electronics, the satellite supplier. American satellite, American reception equipment: both indicate that France and Eutelsat's anxiety was not groundless. SES argued that it was keen to have European companies supplying the consumer equipment in the light of its satellite being US-made, but European suppliers apparently

could not compete on this $10-million telemetry contract.

SES claimed that a 65-cm dish would be appropriate for reception, despite some technicians' disagreement (55). SES used the 16-channel argument to make Astra attractive enough for consumers to buy an antenna at £200 when mass production starts. It also argued that Astra's signal would have immediate access to the existing TVROs (56). As is known, Luxembourg does not have a satellite industry, thus it is beneficial to choose the optimum technology. European manufacturers, such as Eurosatellite or Satcom, already built these systems but SES was in a rush to get a satellite as soon as possible. The US companies were ready to offer their systems at competitive prices. Both governments, even Santer's, observed the procedure. This is one of the consequences of a strictly market-led approach and the attitude of a small state participating in the high-tech gamble, to attract foreign investment and restructure its economy. The competitive prices of the US firms show something else as well: the US has a comparative advantage in this sector (price, skilled labour and technology) making it hard for rivals. To uphold their competitive edge, Europeans need access to bidding opportunities for sales in foreign markets. Without foreign sales to allow for increased production runs, they argue that US industry must be restricted to its own market.

Whether or not one US-made satellite creates a breakthrough to European industry and technology is a matter of personal opinion. But when this case creates a model for successive US satellites, Europe's whole attempt to compete with such powerful rival is destroyed.


## 4.1.9 THE PROBLEM WITH THE TRANSMISSION STANDARD: THE MAC DEBATE

The debate over transmission standards has rocked the future of satellite TV so far. Originally, it was proposed as a technical breakthrough by the IBA in its C-MAC form and quickly became a banner around which politicians rallied. D2-MAC resulted from the Franco-German collaboration and both governments declared it to be the new European transmission standard.

Until 1989, no European manufacturer had managed to produce the D2-MAC or C-MAC packet decoders at a price- and - quality level sufficient to meet consumer demand. Mass

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production is not expected before 1990, making the satellites unattractive for both consumers and programmers during the first theoretical year of their existence. The success of satellite TV is largely based upon the ability of broadcasters to make money charging viewers who see a particular programme or channel. To do this, the programmers ask for fewer encryption systems, preferably only one. The C- and D2-MAC debate increases the need to cooperate on technical standards. To make matters worse, C-MAC and a new MAC, the B-MAC, in Norway (57) have been declared compatible in theory, but no one has been able to determine what this would cost the consumer. This is especially important since the MAC 'family' is considered a first step towards high-definition systems adapted to European technical parameters and industrial potential in the race against the Japanese HDTV system. MAC can improve picture quality and will be used later for terrestrial broadcasting, ending the archaic division in Europe between PAL and SECAM, bringing sound and picture quality improvements to all viewers in the second stage. The importance of common standards, especially within a fragmented Europe, could be seen in the TV market where Philips has to supply over 100 different types of TV sets to meet differing European standards (English:1984;244). This section tries to describe and analyse the MAC debate and the associated problems for the European industry and consumers.

## 4.1.10  THE EVOLUTION OF THE 'MAC FAMILY'

Up until 1981, it was assumed that DBS broadcasts in Europe would be based on the transmission of conventional television signals, i.e. 625-line pictures using either the PAL or SECAM colour system. Both systems were developed about 25 years ago and designed for terrestrial broadcasting on AM (Amplitude Modulation) not on FM (Frequency Modulation) that must be used for a satellite (58). Unfortunately, broadcasting on FM tends to produce much picture noise (or grain) on heavily coloured parts of the image. Furthermore, colour information is interleaved with brightness information in conventional systems (PAL or SECAM), meaning that the picture shimmers whenever the image carries a lot of details (59). The BBC and IBA were actively pursuing different lines of development with a view to making sense of the extended bandwidth available to satellite users. The BBC saw the whole issue more narrowly than the IBA, going for an extended PAL system, whereas the IBA chose a Multiplexed Analogue Component (MAC), which

would precondition the emergence of HDTV systems and be suitable for European use (Powel:1982, Lucas and Windran:1982). The MAC system (incorporating separate component signals) could be suitable for large screens, high-definition displays and high-quality signals. Its superiority was clear, thus, the UK Pratt Report recommended it as the technical standard for various seasons (60). Then the IBA came up with C-MAC, an improvement of the MAC system (Winrdman et al.: 1983).

In 1983, the EBU proposed three methods for sound transmission and chose C-MAC as the European standard (61) after a long study, but also argued the need for compatibility between D2 and C-MAC. (Waters:1986). Later, the EBU compromised, making the D2 and C-MAC versions compatible, but D2-MAC was not a full broadcast signal. However, by late 1984, the British and French seemed prepared to compromise with the solution of '20/10'. At an EBU meeting in Spain (April 1985), after the French threatened to walk out, the EBU agreed to document the D2-MAC as a full broadcast standard rather than as one suited for distributing converted signals down to narrowband cable systems, thus the EBU compromised in the true sense of the word. This compromise was because the C-MAC version is superior to D2-MAC and D2-D-MAC is also a downgraded version of D-MAC (as its name suggests, it has half the subcarrier capacity - four instead of eight) (62) (Torsteensen: 1986, Dosh: 1985, Burkitt: 1986).

European manufacturers welcomed that decision and realised that the new developments should be instantly applicable. Then, the compatibility of MAC packet systems with the HDTV system made the Europeans push for a 'Euro-MAC' option. However, C-MAC was resisted in favour of D2-MAC; the industry, fearing the Japanese competition, was trying to find ways to make the MAC versions compatible. The decision of France and West Germany to go on with D2-MAC in the satellite link gave an impression that D2-MAC would become a de facto standard. The UK, through the IBA, now openly indicated it would accept the D-MAC as the standard. To make the things worse, the Norwegians adopted the B-MAC version and the manufacturers were confused. In a technical sense, if MAC is related to enhanced television, the D2-MAC version is inferior to C-MAC because D2-MAC cannot accommodate the data burst needed (63). The programmers and the UK Cable Programme Providers Group have also backed a MAC system compatible for all versions.

The European Commission asked, in a final Directive (COM (86) 146 final) in 1986, for a common family for satellite transmission standards (i.e. the MAC family and, also, throughout the Eureka project, has pushed for it on a more practical basis) (64). In Britain, the Government has, until now, backed C-MAC for UK DBS, although the Home Secretary has indicated that commercial forces will affect the final decision. Generally speaking, the UK Government did not adopt any particular strategy for developing and imposing C-MAC, perhaps because of the disappointment in the Unisat 'crash'. The French, as will be shown later, followed a more precise policy on their standard.

## 4.1.11  THE FRENCH WAY: FROM SECAM TO D2-MAC?

Three different colour TV systems exist today: the US NTSC, the French SECAM and the German PAL. All three were competing to become the European standard and all three were incompatible. Therefore, there was international interest in adopting a single colour television standard for all of Europe. The competition to become this standard was politically intense; the nation whose system was selected would gain large economic revenues and political prestige (Grane:1979;6-8).

To an extent, the traditional French policy regarding SECAM was similar, to that of the Socialist Government on D2-MAC. Firstly, if SECAM was adopted as the standard, it would serve as an ambassador for French technology, opening up international markets for French television equipment. If D2-MAC was adopted as the European standard, it would help the credibility of French technology as a leading industrial power for enhanced equipment in the reception of DBS television. Secondly, if SECAM was not chosen as the European standard, the French could ensure the development of their colour television industry by creating a different market for its products. If C-MAC was the single standard for DBS in Europe, D2-MAC would go on the TDF1 and TVSAT systems, ensuring the German- and French-speaking dish markets. Here there was no case for non-tariff barriers as with SECAM. Thirdly, if SECAM was the standard, it would promote the French culture via the sale of French TV material. If D2-MAC was the standard, it would help promote French culture through the direct reception of satellite programmes as well as the sales of French dishes. Both could also be used as symbols projecting France's space glory. Fourthly, for the manufacturing of SECAM TV sets, France used the 'national champion' strategy, Thomson-CSF.

The same company was also being used in collaboration with Dutch Philips to construct D2-MAC and reception equipment. According to Neil (1988), the national champion concept does not fit well in this case, despite unquestionably close industry-state cooperation. This study's view is that the 'national champion' concept could not remain the same as de Gaulle's vision on SECAM because France is within the EC framework. Now, collaboration with other European 'national champions' (Philips) is necessary. The French concept of 'national champion' is also adopted by the Eureka project, proposed by Mitterrand.

In terms of strategy, there were slight·similarities between the two cases. One dimension used by the French in their European campaign presented SECAM as a European standard. Although MAC was a British invention, the fact that the US intended to use it for their own USC1 DBS gave the impression that D2-MAC was more European than MAC - an impression stimulated by the French. In the case of SECAM, EBU's studies concluded that no single standard was better under all conditions; now they decided that C-MAC was superior to D2-MAC. The French threat to walk out of the EBU if the organisation would not adopt D2-MAC as a full broadcast standard forced the EBU to accept the French terms. The French could do this because they had drawn their lessons from the SECAM case where they did not appreciate both Germany's technology and alliance. In the SECAM case, the French did not realise until the end that they needed the backing of another strong, West European country. They chose the USSR because they could not go elsewhere. In D2-MAC, as well as in the satellite gamble, they considered the West Germans as a strong ally for France's ambitious plans on satellites. The German market could also be lucrative and this collaboration meant that the risks, as well as the profits, would be shared.

In both satellite and reception equipment ventures, the risks have been too high and France, despite ambitions, does not have the means to take them all alone. It could not ban other European manufacturers from 'building up' dishes since the Common Market perspective impedes any strict national approach. Therefore, the Government decided that it would be wrong if did not allow Philips to make dishes. Philips is not only European, even though multinational, but has large-scale interests in France through its subsidiaries. A French technical argument is that if one is in the UK or France and wants to receive both TDF1 and BSB, one needs two dishes due to the birds'

different orbital positions. A not - too -convincing argument, however, since a dish can be mobile.


## 4.1.12  THE MAC DEBATE: THE COMPANIES' THORNY ISSUE

MAC, either D, D2, C, B, E, or as 'MAC family' in itself, constitutes a technological and industrial stake for European reception-equipment manufacturers. Estimates of the potential dish market put it in billions of pounds but the companies involved, such as Philips, speak about modest productions of 100,000 units in the first year, 300,000 in the second, and eventually a million in the third (Cable and Satellite: November 1988;36). It is worth remembering, moreover, that it will be a long time before viewers actually see MAC signals because they will all have to be changed into PAL or SECAM for their existing TV sets. This is why Sky TV uses PAL on Astra and WH Smith TV has also chosen PAL, with a provision to change to MAC when reception equipment becomes available.

On the other hand, Philips and Thompson have practically formed a consortium, including Salora, ITT's International, Fuba and Logica to 'create one European Satellite Television Transmission and Scrambling System' (65). Meanwhile, a rival consortium, the so-called Anglo-Nordic Group (Philips (UK), Plessey (UK) Tandberg (Norway), Nordic VSLI) have been working on a 'multi-MAC chip', expected by the end of 1989. However, the whole situation creates not only confusion but also higher prices. In consumer marketing, smaller markets through disparate standards mean higher prices for equipment and slower, much slower, take-off. In broadcasting terms, this condition diminishes any hopes for pan-European television services. The whole issue has also been influenced by the 'chicken-and-egg' problem, i.e. between programming and equipment, because companies, especially in the mid-1980s, were (and still are) hesitant to go on with cable's limited penetration but programmers need the manufacturers commitment for mass production. Will the 1989 Sky venture on Astra change things? Perhaps, even though Rupert Murdoch does not really believe it.  The MAC issue has been the only way for European firms to confirm their influence on the European market and to make this MAC market the cornerstone of their strategy in the 1990s (66). Here again, the French seem to lead the way. The DGT is to buy a million D2-MAC dishes (over perhaps 5 years) in relation to C+, which is planning to use D2-MAC for its encryption and is translated to a possible 3 million units

of a similar specification to replace the decoders currently in use (Cable and Satellite: January 1989;34).

The dual standards have affected both consumers and manufacturers. For the consumer, the confusion over MAC makes him unwilling to buy. This uncertainty also leads him to doubt the necessity of a new dish, delaying immediate purchase. For manufacturers, this has meant higher production and marketing costs, as well as a lack of firm commitment to the product.

A solution would be a satellite receiver that included not only the MAC versions but also PAL and SECAM, something pursued by Astra in the late 1980s, leaving the choice, in the absence of such a standard, to each programmer. It would be ironic if, in view of 1992 and the vision of a united Europe, politicians still played with the strategies and terms of PAL and SECAM to compete with Japanese and other Far East products. Japanese telecoms deregulation and the JCSAT and SCC satellite ventures will bring Japanese electronics companies to satellite services. By this time, European satellite services will be operating and a real testing period will begin. If the Japanese and other Far-Eastern satellite suppliers are ready with large quantities of new equipment to supply it, readied by the competitiveness of their internal market, another European game appears to be lost already. This is reminiscent of the VCR situation, but with an extra twist. With VCR equipment, there was initially confusion between the three systems, but consumer demand was high enough to support all sales until the market finally standardised with VHS. With satellite dishes, market demand does not seem high enough, causing the whole satellite industry to suffer (Bradshaw:1988;2).

## 4.1.13   SUMMARY AND CONCLUSIONS

In France, the UK and Luxembourg, the logic behind the development of cable and satellite TV was clearly industrial, at least initially. In France and the UK, because cable and satellite involve many business activities, we do not see any political debate about the desirability of their development. In France, managing the new media, rather than their quality, was the issue and, to some extent, there was a 'silent consensus' between the political elite regarding government plans.

In both countries, as in other major western countries,

cable and satellite were seen as the locomotive for the British and French 'information societies' in general, and the IT infrastructure, in particular. This concept is easily seen in France with the 'filiére éléctronique' concept and the Plan Cable. Thus, the expansion of broadcasting media was seen within the 'filiére' and was justified by the country's industrial need. The latter meant that broadcasting decisions were influenced by the industrial policy framework. The new media technologies were part of the Socialist Government's strategic concept that the domain of communications could save the manufacturing and service sectors of the declining French economy. The British Conservative Government and private concerns related to hardware which were lobbying for the development of new technologies thought similarly.

To a large extent, the French Socialist Government continued the ways of the previous Conservative Administration, but appeared more committed to leading France in IT. Major sectors of industry were nationalised to rationalise industry's outcome, whereas the British Conservative Government's heavy commitment to 'roll back the boundaries of the state' left this rationalisation to the market forces. In the UK, the choice of network design, the scale of investment, and generally, the nature of growth and demand were left to the market. DBS took a similar approach with the difference of a 'British-made' satellite in the first phase. Both cable and DBS were basically industry- rather than merely entertainment- led.

In France, cable and satellite TV interlinked with other objectives. Firstly, as in the UK, they could stimulate employment and investment in fibre-optic industries, satellites and related components. Secondly, they could ensure or win exports for French industry in a key sector of economic activity, and protect potential weakness in the general communications field. Thirdly, they could provide the business and service sectors with an interactive communications system important for the future way of doing business. Fourthly, cable and DBS could be a part of the Government's general objective for modernising economy and society. Fifthly, they could ensure France's place as the third space power and give credibility to the Ariane programme where France has been the major contributor. Sixthly, a share of this 'prestigious France' would be given to the Socialists as the major contributors to modernising or restructuring modern France after de Gaulle. To understand how broadcasting was under a general

industrial policy framework, one could look at Canal Plus which, while no new technology for transmission for the service was required, gives an industrial view because descrambling devices, new VHF aerials or multiple TV sets had to be purchased in many cases to receive it; one must also consider that C+ has been used to compete with VCRs, especially Japanese ones.

In both countries, in sharp contrast to 1982, cable is now realised through less-expensive technology rather than via optic fibres, which are now not considered good for short-term results. By contrast to the initial years, when the medium, especially in France, appeared to be more important than the message, by the end of 1986, the message was considered equally important. In the early 1980s, the message with its meaning, quality and power was a problem for the next stage when the new media would be well developed. In the mid-1980s, the attractions of the message took more careful industrial consideration. However, during the whole period there was non clear indication to what extent the heavy VCR penetration or new channels on over-the-air frequencies would compete with cable and satellite TV's take-up rate. Moreover, SMATV and TVRO look as if they will grow inside and outside cable franchise areas, but liberalisation policies, like the British Government's, might compete with cable's take-up in the foreseeable future. The industry in TVRO and SMATV in the UK is penetrated by overseas companies and interests, reminding us of the open-market policy in VCRs adopted by the UK's Conservative Government. This open market may be good for foreign investment (especially Japanese) but gives little consideration to British industry, contrasting sharply with the French. Finally, as in France, the message in the UK will take priority for cable and DBS TV development since both are entertainment-first industries.

## 4.2.0    THE INTERNATIONALISATION OF TELEVISION AND THE DOMINANCE OF US PROGRAMMING

During 1981-86, it was (and still is) thought that European TV programmes could be an answer to US cheap exports. This idea related directly to the potential proliferation of new channels, and also to the increase of programming hours, meaning that Europe would need additional programmes. Television Task Force observed that while broadcasting hours have increased in the last 10 years by 30 per cent, the amount of original programme production has diminished by an average of 45 per cent (EIM: 1988; 77) (67).

According to Commissioner Carlo Ripa di Meana (1987), responsible for the EC's media policy, 'the US industry was the only one to have penetrated all the world markets; although its 1987 cinema production was 360 films, compared with almost 600 films in Europe, most US productions were shown on every continent'. More seriously, 80 per cent of TV films and programmes produced in European countries do not leave their country of origin, i.e. they do not even circulate within Europe. This is supported by the findings of the 1983 and 1985 Varis analyses, which indicated that the bulk of imported programmes (44 per cent) originated in the US while more than 10 per cent of the total transmission time in western Europe was filled with US programmes.

Clearly, unless European film production does something, we will witness a higher importation (and production) of US programmes. However, US programme dominance over international markets in general, and western Europe in particular, is nothing new. Many analysts have tried to explain the strength of US products in the world market. It is tempting to resort to traditional arguments: high production, technical standards, an efficient marketing and distribution system, professionalism, power to impose block booking, the mastery of adventure and action, carefully planned scenarios, the 'pilots' system, rapid rhythm, the star system, etc. Another reason is the notion of 'cultural discount' (Hoskins and Mirus: 1988; 499-505), meaning that a particular programme, rooted in one culture and thus attractive in that environment, will have diminished appeal elsewhere as viewers find it difficult to identify with its style, values, beliefs, institutions and behavioural patterns. On the contrary, US programmes are characterised by low cultural discount due to their long-standing experience of producing material appealing to a wide range of diversified audiences. The consequence is programming designed for the lowest common denominator (Collins: 1986b; 67-8).

Audience maximisation, on the other hand, leads to revenue maximisation - the major objective of US programmes. American producers regard programmes as products and see viewers as consumers, whereas Europeans are used to talking about programmes within the public service prescriptions. The difference is that a profit-oriented producer should increase his production budget to the point at which the revenue associated with the anticipated increase in audience is just offset by added production expenses.

Because TV programmes are predominantly public goods, a decision to increase a production budget will influence a larger potential audience in the larger market than in a small market (Wildman and Siwek: 1987; 74). Therefore, the calculus of profit maximisation dictates that budgets for programming produced for larger markets will be bigger than budgets for programmes produced for smaller markets. The implications for trade in TV programmes budgets in larger markets are straightforward. US producers enjoy a large market, Europeans a smaller one. Thomson (1986) notes that the US industry has been able to deprive its chief European competitors of their outlets in other parts of the world since the World War II, permanently damaging the ability of, for instance, French and German companies, to recoup their investments in foreign markets. Having to share their domestic markets with US films and being excluded from the US market by vertically integrated majors and collusive trade practices, condemned European producers and distributors to the periphery of global film trade.

On one hand, there was a highly professional and mature industry which developed a commercial model of entertainment without equal (Mattelart et al.: 1984; 96-7); and on the other, a European industry struggling to compete with 'Hollywood products' (read US programmes), even in their own domestic market. Statistics show that total foreign revenue for US distributors rose 34 per cent (to over $2 billion) between 1985 and 1987. Television alone leaped 53 per cent (to $480 million) in the same period. Some US companies reported a 50 per cent increase in 1987 alone (Guardian: 29 August 1988; 19). Films produced in the US in 1983 cost $11.8 million on average, while average film budgets from French and Italian films in the same year were in the $1-1.25 million range. (Wildman and Siwek:1987;75). Comparable data on TV production budgets is not available, but according to Wildman and Siwek, the relationship is similar. Indeed, a one- hour episode of Dallas cost about $1 million in 1985 prices, whereas an hour drama in the UK cost about £ 200,000 (DE VRIES Report: 1985; 18), and a 55-minute episode in France (1982 prices) cost an average of £ 100,000 (FilmAction: February-December: 1982). The competition becomes much more difficult, considering that the 1985 Dallas episode was sold for about £21,000 in France and for £25,000 in the UK.

A number of US production company executives expect the upward trend to continue. There always will be a market for US series in foreign countries, and this market may be

expected to grow with the number of new channels available. The Television Task Force gives two reasons for this: the cost per hour for purchased programmes tends to rise as competition to secure them increases and channel schedulers tend to favour programmes that cost less to bring to the television screen than do original productions (EIM: 1988; 78). Both elements clearly favour US programmes.

Comparing France and the UK, the the UK's position is, so far, the most favourable: its receipts from exports in 1985 were 440.6 million ECU for cinema films and 187 million ECU for TV programmes; while in France the corresponding figures were only 54 and 1.6 million ECU (EIM: 1988; 82). Furthermore, the UK makes some 16 per cent of the imported programmes in Europe (Varis:1985). Language plays in important role for the promotion of British programmes to international markets. To an extent, US domination over international markets and the internationalisation of the English language, as the lingua franca, helped British productions' relative success, compared to its European counterparts.

### b4.2.1 PROGRAMME QUOTAS AND THE STATE

It is tempting to explain the success of US programmes through their design and formula, rather than trying to find an answer to the issues raised by these programmes within the programmes themselves. This approach makes us forget the historical development of television. The answer should perhaps be seen in the weakness or strength of a programme industry in a particular country. If a programme industry has not been developed, it is partly because of the weak development of capital in the cultural industries, itself linked to the fact that a public service implies the sacrifice of economic profitability. This is partly true. The state has made many attempts to establish and develop its domestic programme-production industries both in the UK and France. This policy has been supported by import controls, screen quotas or state loan production designed to assist and establish an infant industry that could then mature enough to compete both domestically and internationally.

The EC Commission reckoned that the lack of production material would pose a major threat to the European TV industry by the end of the century unless steps were taken. Its policy on this subject, more visible in the final Directive, proposed a quota for 'EC-made' programming,

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rising from 30 per cent to 60 per cent within 3 years, which must not be news, sports, advertising, or teletext (Directive: Articles 3, 4, 5). It had initially planned to accommodate small countries with heavy imports, encouraging them to import more from their EC partners. However, the exception of news and sports created a gap that allowed US news and sports channels to broadcast in Europe with little or no European programming. The Commission aimed to control the channels operating very cheaply on advertising, popular series and soap operas obtained at quasi-dumping prices from third countries. It was obvious that the Commission's major objective was twofold: to impose barriers to US programming entering EC countries and to endorse increased trade in programming between both traditional broadcasters as well as newcomers, especially transfrontier channels. In this the Commission was also backed by the European Parliament, which wanted a European television channel (OJEC: 5 April 1982) with a pure European perspective (OJEC: 30 April 1984) (68). Finally, amending the Final Directive, the European Parliament became stricter than the Commission. It modified the proposed 30 per cent quota to 60 per cent while asking that independent production should be increased to 10 per cent (69). But in mid-1989, the Commission speaks about a 'majority of programmes' rather than numerical quotas - a provision identical to the proposals of the CoE.

Not surprisingly, the French Minister of Culture, Jack Lang, in the 1984 meeting of EC Ministers of Culture took a very active role against the 'wall-to-wall Dallas'. Surprisingly, in 1989 he stated his opposition to any quotas, either obligatory or voluntary, declaring the Directive 'buried'. He is pushing for a plan that would obviate any quota by requiring TV stations to devote a certain percentage of their turnover to production, as with C+ (Television Business International: July/August 1989; 2). The anxiety about Americanisation had a central place in French programming policy and culture (see later). The Socialist Government regarded television programme production as basic to its economic and cultural status. Although cinema attendance was declining, France produced some 150 feature films a year, but its 6 TV channels screened 1200 feature films annually. Looking at the TV programming guidelines, there are similar (if not identical) quotas to those proposed by the EC. These applications of the programming regulations - monitored by the Service d'observation des programmes (SOP) -which answered directly to the Prime Minister's staff - meant

that 60 per cent of programming time, consisting of non-documentary works produced for television or the cinema were reserved for works originating in EC member-states. Moreover, France had been the first European country to try to copy Dallas, committing substantial resources to the attempt and imitating not only its content but also the production process, a policy reminiscent to its hardware strategy. Thus was born the Châteauvallon 'feuilleton' (70), a series of 26 episodes (Silj et al.: 1988; 122). Châteauvallon was introduced when Dallas was at its peak and caused great concern over American pre-eminence in the TV market (71).

In comparison with the UK, France, according to Table 10 (page 302), broadcasts more US-made programmes than the UK. The official quotas on public service networks in France allowed only 8 per cent, whereas 14 per cent was allowed in the UK. Both quotas are misleading since these official figures change with the composition of imported feature films or series. The picture also changes if one concentrates on programmes transmitted during prime time. Dunkley (1985; 100-1) notes that the UK's 14 per cent quota is misleading when examining this percentage from 7:00 pm to midnight. In his 1982 example he shows that between December 15-21, 26.6 per cent of the BBC's and 36.6 per cent of ITV's prime-time programmes were American.

Nevertheless, in both countries, as well as in other EC countries, Dallas and US serial fiction in general, always lost when competing with European-produced fiction. According to Silj et al. (1988; 199-204), however, if each country's national programmes occupy the top positions in the audience ratings, the public's second choice is never programmes produced by other European countries. Silj also concludes (op cit., 203) that in the UK, it was extremely difficult to find a US programme in the first 5 slots on the BARB chart of the 100 most-viewed programmes; in general, the quota of US programmes in the Top 100 was not more than 20 per cent (72). 'Entertainment' was (and still is), without doubt, the category of programme most imported by Europe's public TV networks. The figures for some stations make alarming reading, suggesting that own productions account for less than 30 per cent of all programmes (BEUC:1987;62). France imported more than the UK.

The situation with RTL becomes much more confusing. Contrary to common belief, films screened by RTL are more

European than those of both French and British channels. Moreover, RTL is much less American than French and British channels. In comparison to West Germany and Italy, France and the UK are less European. Moreover, the new networks appear to follow the same pattern of importing more entertainment programmes. There is not a systematic study on this subject, but it seems fair to say from the 'hints' in the market that the share of imported programmes is very considerable. Regarding the new terrestrial channels, 50 per cent of La 5's programmes were of Italian origin, and 80 per cent of its series came from the US. It is obliged to broadcast an average of 25 per cent of French-made films over 5 years and, of course, it will also have to obey the EC quotas. RTL+, on the other hand, gave precedence to European films (37 of the 43 films showing in 1986 were produced in Europe) (BEUC: 1987; 63).

There seems to be a similar pattern for satellite-to-cable channels. In the UK, Children's Channel programmes were mainly from the US, 30 per cent of Music Box's programmes were US while the rest came from the EC. Screensport, despite producing 20-25 per cent of its programmes, also depends heavily on programmes from the US sports satellite network, ESPN. In 1984-86, Sky Channel claimed that more than 30 per cent of its programmes were US, 20 per cent of various origin (non-English), and 30 per cent Australian. Various commentators put the quota of US purchases at more than 50 per cent.

Some conclusions could be drawn regarding the success of programming quotas:

1.    In general, quotas have been established to assist either an infant domestic industry or to make it competitive in both domestic and international markets. Implementing such policies is usually unsuccessful. As in the 1950s, the US answer to such measures has been runaway production where subsidiaries available in the UK, France or Italy turned from making US films to British or Italians (73). Thus European countries subsidised their film industries instead of making them rely on the box office.

2. Implementing French quotas has mainly been based on a system of tax-shelters (see later). Quotas depended more on principle and less on the actual content or origin of programmes. On the other hand, British quotas were based on the traditional 'self-discipline' approach, i.e. respecting the general 14 per cent quota, rather than on strict

guidelines. Although the strict 60 per cent objective was adopted in France in the late 1970s, 10 years later, only A2 had just managed to reach the 60 per cent level of EC programmes (including repeats) (EIM:1987;92). In 1989, TF1, La 5 and M6 are to be disciplined for their excessive screening of US programmes.

3.   Lessons drawn from the French experience did not seem to be adopted by the Commission, since the latter proposed quotas similar to the French - a requirement not even fulfilled by French channels. It seems difficult for EC broadcasters to respect these quotas, especially smaller countries or stations. CLT, for example, argued that the Directive should not have been extended to programming areas because quotas would artificially stimulate demand for a product in short supply, not increasing EC productions in prime-time as long as US series remained popular and cheap. Through these quotas, the Americans argue that there will be a dearth of competitive programming in the market and new media will not be able to grow. This is the reason for backing Lang's 1989 idea of fostering European production rather than quotas because the Americans confident that European will continue to prefer US products to buying from each other.

5. In the UK and France and other EC member-states, given the threefold increase in the number of programming hours expected in the near future and the lack of 'deep libraries' of commercial feature films, a larger share of total programming will have to come from US-based libraries. Industry analysts point out that the clearest winners from the trend toward proliferating television channels in Europe are US studio companies with large libraries of valuable feature films (Wiley: 1989; 49). Thus, it seems that quotas will have little effect.

6.   The EC quota system has barely considered the small country. The larger EC countries are better equipped and prepared than their smaller partners. It is hard for countries like Belgium, Greece, the Netherlands, Portugal or Luxembourg to compete equally. The potential that some of them hold for much larger foreign markets - such as Belgium to France, Portugal to Brazil, etc. - is not great. For example, the Belgium film market is heavily dominated by French feature films (Mattelart et al.: 1984; 96). It would be unfair to claim that the Commission tried to undermine the smaller countries. It attempted to find ways to overcome the 'défi Americaine'. Since the programming

sector is identified as one of the few labour-intensive economic sectors whose market is expected to expand over the next decade, the Community tried to protect one of its more promising industries.

7.   Programming quotas at the EC level, as with hardware, show that a domestic/nationalist protection is replaced by a supranational one. Therefore, policies protecting programme industries, policies imposing quotas or even differentiated quotas during the following decade may become much more complicated and important than the national ones. This situation again demonstrates the state's position between external and internal factors, actors and pressures.

8.   Reactions to the proposed EC quotas were divided into favourable, favourable with some alteration, neutral, and hostile. France, presumably due to non-official reaction, must belong in the 'favourable' category, whereas the UK was opposed to the principle of quotas with the HO, preferring a 'reasonable proportion of EC programmes'. Although Luxembourg did not establish its own position, it was hostile since CLT was against and SES unfavourable. Although quota policies do not always work, without them Europe's production industry would lose its competition with Hollywood products.

In conclusion, import quotas could undoubtedly stimulate the quantity and viewing of domestic productions - but in the short term. In a long-term competitive audiovisual landscape, however, quotas tend to undermine these objectives. The proliferation of new channels in relation to the increase of VCRs, could undermine these restrictive practices as well as the development of strong infrastructures for the new television environment, capable of supporting both production and the general media scene. An alternative to the 'European programme famine' could be coproductions.


4.2.2   TOWARDS COPRODUCTIONS...

In its effort to stimulate EC production, the Commission also, in the Final Directive, asked for coproductions amongst EC producers, and sketched the definition of 'European criteria'. Article 4 of the Directive set out what was to be understood by works of 'Community origin': (a) those originated by producers in a member-state; (b)

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those originated by producers in more than one member-state; and (c) those originated by producers in one or several member-states and from third countries, where the EC's share of the total production cost is greater than 70 per cent. However, the 'EC origin' definition was criticised because it was based exclusively on the nationality of producers (74). Article 4 stated that coproductions and co-financial productions between producers in member-states, and those in third countries, were to be considered as national productions from a member-state. Coproductions were defined as films produced within the framework of reciprocal international agreements. Co-financed productions were defined as those produced according to national regulations by producers in one or more member-country and producers in one or more third countries. For both coproductions and co-financed productions, the artistic and technical contribution from the member-state(s) must not be less than 35 per cent.

Similarly, France and the UK imposed some principles for coproductions. In France, decree law 59-733 of 16 June 1959, last amended on 16 November 1986, dealt with financial support from the state for the cinema industry and set out the conditions for 'grants-in-aid'. However, it laid down a number of criteria which these coproductions had to meet to benefit from financial aid. Decree 85-983 of 17 September 1985, passed by the Socialists, established the conditions which cinematic and audiovisual quality must meet for the fiscal advantages laid down in the decree 695 of 1985. These decrees were specific and aimed to eliminate confusion. State aid was to be no less than 15 per cent but no more than 50 per cent; the original version should be in French; French scripters must participate; it must be filmed in approved studios located in metropolitan France (75), etc. In the UK, Paragraph 4 of the First Schedule of the 1985 Film Act also provided criteria, similar of France, regarding the nationality of a film (76).

The coproduction target has been difficult and sometimes tricky, regardless of these criteria. The 'runaway productions' loophole in quotas has been replaced by another American producers' strategy: 'international coproduction', which means co-financing, joint acquisition and, finally, money savings in contrast to the EC's policy. The Marco-Polo case, a 10-hour series, is a good example. It was a coproduction between RAI, Italy's public broadcaster; NBC, a US network; Proctor and Gamble, the soap company; Dentsu, the Japanese advertising agency; and

the People's Republic of China. Despite RAI's colossal outlay producing these series 'internationally', the final outcome was total dependence on the US. Scripts and stars were overwhelmed by Americans, the shooting was in English, but ironically, the project was to have an 'Italian-epic' style. However, this production was regarded as European due to RAI's participation. Another example was Anno Domini, a 12-part NBC, BBC, Canale 5 (Italy) coproduction with a $34 million budget.

C4 adopted a European dimension by coproducing with other Europeans. Since 1982, it coproduced programmes such as The Price with RTE (Ireland). Recently, in collaboration with ORF (Austria), RAI (Italy), ZDF (FRG), A2, SRG (Switzerland) and RTV (Spain), it produced the Euro-cops series, each of them contributing DM 15 million the project (Financial Times:19 March 1988). French/European coproductions have been more frequent than UK/European, despite the BBC's coproduction strategy (77), since the early 1980s, to share the costs of programmes (such as Anno Domini, Fortunes of War). ITV has followed a pre-sales agreement, mainly in the US.

More specifically, the MEDIA project, concerned with producing and distributing audiovisual works intends to involve funding for European coproductions, as well as encouraging multilingualism. It aims to encourage cooperation between countries by creating new formats and scripts, specifically by setting up script-writing scholarships. The MEDIA programme is within the framework in completing the Single Market by 1992 and promoting a competitive European audiovisual industry. At a proposed EC cost of £40 million, it will create a European film distribution system to facilitate exchanges of national productions and support pilot projects on R&D of computer graphics (78).

One must mention the TV5 French satellite-to-cable attempt, as well as the unfortunate Europa TV, which was the major beneficiary of the EC's encouragement policy towards European programmes. Other French attempts are the so-called 'SEPT' (Société d'Edition des Programmes de Télévision) and France's 'hidden' seventh channel. This was created because of a report in 1984 asking Pierre Desgraupes to take action with respect to the new situation of the French media. Although his project was not implemented, being too expensive, SEPT was set up. It functioned under the Chirac Government as a publishing

company, similar to C4; instead of producing its own programmes, it coproduced culturally orientated ones with other European channels and independent producers aiming at building up a stock of programmes for the future TDF1 satellite.

In conclusion, the French seem, not surprisingly, to follow a similar course to EC-expressed policy on coproductions. On the other hand, British producers and broadcasters have 'gone European' for coproduction without state incentives. It appears that market principles can also succeed in this situation.

## 4.2.3   ...AND INDEPENDENT PRODUCTIONS

Under Europe and Britain's new adopted policies, the clear winners seem to be the independent producers. On the EC level, the Commission, through Article 5 of the Directive, asks for an initial 5 per cent of the broadcasters' programming budget to go to independent productions. This percentage will be progressively increased to 10 per cent within 3 years. The MEDIA programme is also intended to promote independent production in cinema, television and video, particularly in the major European audiovisual markets. The Commission's policy on this issue was modelled on C4's independent production success (Table 13).

It could be said that British broadcasters, including the pioneer C4, were more committed to independent production than their French counterparts. C+ or 'SEPT' were mainly influenced by the 'British way'. In France, however, because the channels had to buy from the SFP (see later), they could not use largely independent productions. The independents asked for protection and quotas on public broadcasters imposed by the state. In Britain, especially with the White Paper, independents seem to be the main beneficiaries. Both the BBC and ITV committed 100 hours for independents in 1987/8 at a cost of £5 million, 200 hours in 1988/9 at £10 million, while the goal has been 500 hours for the network, and 100 for the regions for 1991/2 (EBU Review:March 1988; 17).

Regardless of the exact programming hours, independent production is important for various reason:

(1)   Since their beginning, public broadcasters in the whole of Europe have had their own productions. Own productions were (or were supposed to be) a first-class

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cultural weapon, although they were sometimes costly. With independent producers, they seem to follow a more cost-effective rather than culture-effective programming policy.

(2)   Public service broadcasters's role as broadcaster and producer appears to be transformed to 'publisher-contractors'. In future, private TV companies with a large production staff and well-equipped studios, such as Thames and London Weekend Television, might become 'publisher-contractors' with a small number of commissionary editors and no production staff at all.

(3)   The weakening of television trade unions (see also Part 2).

(4)   Financial pressures on existing broadcasters will encourage a drift away from staff production and the farming out of an increasing proportion of programmes to a growing army of independents (Snoddy: 1989; VI).

Last, British and French independents have been concerned about their future (Broadcast: 18 August 1989, 21), particularly their independence. So far they have been considered independents because of their small size, which allows competition. They fear that because of the potentially profitable future of the sector, large new companies will be attracted to the domain (79). A kind of 'mergermania' could occur, as in 1970s with computers. There have already been signs of new entrants from outside the traditional independent sector in the UK (Island Records, Leo Burnut). Fears have been expressed that the independent sector will need a degree of media concentration and will coalesce into half a dozen super-independents, functioning on both international and domestic levels with some programmes commissioned to smaller companies to keep the 'character' of the sector!!

## 4.2.4   PROGRAMMING POLICY ON TERRESTRIAL TELEVISION

The French Government was more supportive of TV programme production than the British. But outcome was similar: broadcasters in both countries knew a dramatic increase in broadcast hours while their own productions decreased (Table 11). However, British channels offered a wider range of programmes to their viewers. Programme quality was again similar. Finally, in both countries we see major broadcasters getting the bulk of advertising revenue and the smaller ones around them trying to get a share of the

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'pie'.

According to Blumler et al. (1986; 167), the range of programming available in the UK was the most extensive of traditional broadcasters from other countries. The choice in peak viewing time was also extensive in the UK. In terms of overall range, according to this study, the greatest variety was provided by the BBC, ZDF, RAI and ABC. The BBC, in comparison to TF1, provided a wider range of programmes. However, it must be noted that the pattern of French terrestrial television has a similar trend to its British counterpart. According to SOP, of the 10,869 hours transmitted in 1981, premium material accounted for about 8 to 9 per cent, light 12 per cent, informative 23.3 per cent, while a large percentage (about 17 per cent) was cultural programmes, thanks to the Minister of Culture, Mr Jack Lang. It is most interesting that within Plan IXeme (1984-88), priority was given to developing the 'industries de la communication' -a budget of FF21 million was allocated for that purpose. Once again, the relationship of culture and economy involved more than one ministry. The Plan had four main axes (Miege et al.: 1986). The first concerned financing and developing those industries, the 'Institut de Financement du Cinéma et des Industries Culturelles'(IFCIC) (81) in 1983. The second was to find ways of making the industry more competitive through the 'plan-researche-image', by modernising its techniques or using new production methods. The third axis was to make the public broadcasters order new productions. The forth was concerned with decentralising production based mainly on FR3. Its regional programming had to be increased from 6400 hours in 1983 to 13,000 hours in 1988, as well as creating regional production centres in collaboration with the Ministry of Culture . The whole aim was to 'reconquer' the home market and to support its commercial markets overseas.

That policy hoped to help the industry resist foreign competitors or maintain its position in this sector. However, the number of French films produced between 1981 and 1984 was dramatically reduced from 208 to 136. On the other hand, in 1984, the public service channels helped produce 53 new films, financing them with a total of FF133 million, in order to help cinema to find a 'nouvéau souffle'(Bredin Report: 1985; 125). Canal Plus must be included in this category of helping the film industry. In the same year, C4 ordered 236 hours of original programming, of which 114 hours were drama and fiction in

coproduction with 30 different French producers.

Practically, this 'politique de soutien à la production' was cinematically inspired i.e. supporting programme production and co-financing film budgets. This can also be seen in the regulations of decree law 1985/893 of 17 September 1985, as well as in the regulation of 31 October 1985 on shares issued by film and audiovisual industry finance companies (SOFICA). The production sector was also dominated by the public company, 'Société Française de Production', which was based on a system of compulsory orders. This meant that each channel had to order a certain amount of programming from the SFP according to their operating conditions, FF602 million for TF1, FF571 million for A2 and FF45 million for FR3. But during the last 10 years, the results of this 'paradoxical system' (Lacan:1983) have caused problems. The state-run channels, facing financial constraints, started buying US material 10 times cheaper than the French programmes. Thus, SFP presented a deficit because 95 per cent of its income was based on the orders of state-run channels. Additionally, the increase in cost production made the French realise that its market could not support it. A programme like Les Enfants du Rock cost FF450,000 per hour; Châteauvallon FF2 million per hour; or a half-hour of news programme on TF1 FF200,000 (Nouvel Obsérvateur: March 8, 1987). New channels demanded more programming; French TV used to air 500 feature films a year. It 1989 roughly three times that many were broadcast. To make matters worse, feature films are the French viewers' favourite kind of programme. Then, the internal production of the channels represented 25 per cent of TF1 and A2's expenses, whereas their orders represented 90 per cent of SFP's activity (Bredin Report:1985). When Chirac came into power, he privatised SFP to have more flexible production.

The private production sector had developed in the shadow of the public service for two reasons: because it took a supplementary character within the psb framework and because its international coproduction strategy made it lose money. Thus, the production in private fiction was actually reduced by half from 1981 to 1984 (in 1981 it represented 150 hours, i.e. one third of total fiction production, in 1984, only 75 hours. This situation probably caused the Government to look at SFP's policy. According to SOP, there had been a general weakening of production. Thus, the broadcasting time in fiction was reduced from 479 hours in 1980 to 407 in 1984 (i.e.-15 per cent). During the

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same period, imported foreign films increased from 315 hours to 537 hours (+70 per cent), whereas the volume of first broadcast fell from 40 to 28 per cent between 1982 and 1984.

Both French and British broadcasters, while increasing their broadcast transmission time, had from zero to negative increase in their own programme production. The British Conservatives did not created any aid scheme, or 'tax-relief' measures for their producers, leaving the whole issue, apart from the remit of C4 for independent producers, to BBC/ITV (82). Basically, the Government aimed to increase production through independent production. It would be fair to say that during C4's five years in operation, hundreds of small independents were created to provide programmes for the new channel. Some of those, like People to People, were also intended to give a voice to the broadcasting silent majority: the non-white, non-male, non-Oxbridge, non-middle class. The hostility against corporatism was one of the main elements of the Conservatives' general policy. By and large, the Government did not have a policy like the French for creating incentives for film and programming production. The outcome was similar, however, i.e. a decrease of both French and British programmes. Although the 'Big Five' dominate ITV's general output, regional programming performed better in the UK than in France.

Regarding programme quality, the term 'quality' could represent various interpretations. In general, both British and French programmes stood well, despite rather 'lightweight' series in the mainstream of their schedules; pressure to move to more competitive and less quality programmes had increased. In France, particularly, competition between the six channels had led to more shows, varieties and US-type soap operas. The great difference between Socialist French TV and the deregulated TV under Chirac was that now everything was up for sale at the TV stations, including once-untouchable programmes, like films and the evening news (83). 'Even the weather was carved up as television became the advertisers' new El Dorado' (Jampol:1988;26). Where French TV once emphasised high-quality programmes, such as Apostrophes, TV channels in late 1980s sought light programmes, since the advertisers had (still have) a much freer hand. The programming strategy for all networks followed the classic pattern: films and major series were all shown during prime-time for maximum audience.

Although the effects of this policy are related to the Chirac Government, the Socialist Government stated the excessive competition which has led to an 'Americanisation' of French TV. Their British counterparts, on the other hand, had the choice of watching even high-quality documentaries in peak-time because of the so-called vertical duopoly in which broadcasters compete for audiences, not for the same revenue, by using high-quality programmes. But even given the wide range of programming, much material was middle brow and aimed at largish,- not huge - audiences (Tunstall: 1986a). Whereas the ITV figures between 1980-85 show little change in patterns of programming, the BBC figures show a fall in drama and an increase in foreign, particularly American, films. ITV has consistently shown a higher proportion of 'lighter material' than the BBC in peak-time, similar to the relationship between TF1 and A2 (84). Tunstall (1983;31) notes that in terms of scheduling, there was indeed the most brutal kind of direct competition in which similar popular programmes competed 'head-to-head' in the same time slot to attract viewers. This could also describe 1981-86 French TV, although the HA's attempt to harmonise programmes was less effective than the IBA's 'Programme Policy Committee'.

Creating C4 completed the duopoly system, giving each monopoly two channels: one for big audiences, the other for more selective and/or minority audiences. BBC1 and 2 enjoyed 46 per cent of the audience, whereas ITV and C4 took 54 per cent of it. The French channels have a similar pattern: TF1 32 per cent, A2 29 per cent, FR3 10 per cent; the 1988 pattern has been:TF1 45 per cent, A2 27 per cent, FR3 10.4 per cent, C+ 3.5 per cent La 5 10.4 per cent and M6 2.1 (Mediamétrie:17 May 1988, Paris). Putting these figures together, one sees that the big channels in the UK and France enjoyed 72 per cent and 85 per cent of the audience. One could argue that the new channels might stay small since the big ones would remain big, and the newcomers have to find either more aggressive ways of conquering the audience or of orienting their strategies for specialised audiences. One could also argue that there is not much space for additional channels, with the existing ones struggling to survive.

Advertising has become increasingly important, especially in France. Whereas advertising in the UK was controlled by the channels (ITV, C4), in France, deregulation led

channels to be under the advertising's thumb. In 1988, the previous Prime Minister, Jacques Chirac, admitted that advertising had to be reduced on the public channels (85). In the UK, control over advertising had been among the most comprehensive in the world. In France, advertising went up from 25 per cent to 27 per cent of the daily time in 1986, when the Minister of Finance proposed reductions of about 2 per cent of the expenditure on administrative costs.

Introducing new channels and loosening advertising regulations, as well as privatising TF1, has led the channels to be thrown open to advertisers and their US-tailored techniques: sponsorship integrated into shows like interviews, and bartering (advertisers furnishing shows in exchange for ad space) such as La Rue de la Fourtune (US replica of Wheel of Fortune) against ad space totalling FF90,000 a day. More important, the competition between the channels has led them to lower their prices, especially La Cinq and M6, but advertisers still prefer the nation-wide coverage of TF1, A2 and FR3, although A2 and FR3 have been declining. In 1988, TF1's advertising time was rapidly increased from 18 minutes per day to 8 minutes per hour (86). However, with the new channels, British TV may meet a similar situation. It is uncertain whether advertising expenditure will lead to new revenues which will, in turn, stimulate production.

It appears that the French Socialists again followed a voluntarist policy on terrestrial television programming, but it was largely consumed in plans and contradictions. To give an example: the cuts in 1984 on TV's revenue effected decreased production for the first time since 1980. Thus, in the first 4 weeks of 1984, 3500 hours were 'French-made', whereas 4330 hours were made abroad (87). Then, introducing the new channels obviously destroyed the balance of programming orientation, competing now for advertising rather than for programmes as in the UK. The UK, on the other hand, maintained its usual, middle-brow programming policy through the mechanisms of self-determination and self-regulation.

### 4.2.5 PROGRAMMING POLICY IN THE GRAND DUCHY

There were no specific guidelines regarding programming in Luxembourg, apart from general directions contained in the operating conditions of the CLT that the station should transmit high-quality programmes that must not offend foreign governments. Additionally, CLT had to provide

airtime, if requested by the government, for political or social programmes appealing to the Luxembourg audience. CLT's slogan had always been 'information and entertainment'; for 30 years, its programme-makers worked successfully under these guidelines, broadcasting films, news and popular series.

Programming policy depended largely on RTL's goodwill, since its broadcasting activities were mainly targeted for audiences outside the country; but some of them had to be for the Luxembourgers - not a very profitable market for a commercial broadcaster. Consequently, services offered· for Luxembourg viewers or listeners were underdeveloped. For example, only two hours per week were devoted to the country's TV programmes; radio in the Luxembourg language was only broadcast for about seven hours per day (Hirsh:1986a). This situation had, however, motivated some cultural associations such as Radio Organique, Radio Gregne Fluesfeukelden and some newspapers to offer a service dedicated to Luxembourgers. But until 1986, two of them were operating without a licence, outside Luxembourg's territory (80), whereas the third was broadcast from Belgium to Luxembourg. Some attempts to legalise local radio had been blocked by CLT's monopoly and by the government's preference for certain projects through newspapers. CLT initiated 51 per cent of its total programming output (magazines, game shows, variety shows, news flashes) 'in-house' and has been dedicating 2 hours airtime on Sunday mornings to special children's programmes, including animated cartoons and series since September 1984. However, 49 per cent of its programming was feature films and series and video clips.

CLT's recent failures in the satellite arena made some influential Luxembourgers lobby stress the government for a more nationally flavoured company. This is difficult since CLT's audience are in Belgium and France, not in Luxembourg.

### 4.2.6  PROGRAMMING POLICY ON CABLE IN FRANCE AND THE UK

In both the UK and France, one observes a relaxation of programming rules on cable and satellite channels. In the UK, most of the responsibilities were given to the CA by the 1984 Cable and Broadcasting Act. These responsibilities concerned the regulation of the content of cable programme services. Similar, and to some extent stricter, rules were also imposed on French cable TV, expressed in the decree of

18 January 1985. In the UK, however, a number of cable programme services were already being supplied to the public even before the CA was set up. These services were operating under the interim rules laid down by the HO, creating a pattern whereby the local cable operators were both the retailers of programme channels and programmes suppliers - described as programme-providers. The latter did not require the CA's licence or other approval to set up, but their services became subject to control when they were carried on licensed cable systems.

The major regulations regarding cable in both countries were:

1. Cable operators **must carry** the existing public service channels as well the five DBS channels in the UK, whereas in France, this requirement is supposedly _defacto_. UK cable operators also have to relay IBA and BBC radio services. Existing cable operators had their 'must carry' requirement dropped (88). According to paragraph 131 of the 1984 Cable and Broadcasting Act, the CA should be required to impose specific obligations on cable operators to provide services for minority and specialised interests. For example, it had been suggested that channels be reserved for a variety of different uses, including education, community access, local authorities, the deaf, and Christian organisations. The British Government thought it unwise to legislatively oblige cable operators to reserve channels for particular uses other than those set aside for the public broadcasting services. Thus, according to paragraph 130 of the 1984 Act, cable operators would be judged according to the CA's quality criteria.

2. In both countries, we do not see any specific rules imposing a high general standard, especially in **content and quality**, similar to those applied on terrestrial television, but cable operators broadcasts should not offend public taste and decency, especially in the UK. However, this shows that the British Government rejected Hunt's recommendation for adult channels, unlike France's C+. Nevertheless, this recommendation would be increasingly difficult to be adopted as a firm policy guideline.

3. In both the UK and France, **advertising** would be subject to similar rules as ITV and local radio in the UK, and to those governing commercials on public service channels. This was mainly because of problems receiving foreign channels and selling them abroad. Classified advertising -

channels supported by advertising and sponsorship - were permitted. However, the UK's CA concluded that the IBA's code of advertising standards, applied to cable programmes by the HO, were basically apposite enough not to warrant early efforts to draw up an alternative version in the 1984 Broadcasting and Cable Act. Nevertheless, it required the CA to consult the IBA's Advisory Committee on Advertising, but potential problems like misleading advertising were not addressed. The same applied to French cable's advertising policy. The potential possibilities of advertising revenue in the UK rather than in France were more closely considered, probably because British cable TV was more under market-forces guidelines, whereas French cable was an *économie de mixte*. In both countries, the advertising aimed to give local business the chance to advertise on local cable channels, providing them with considerable revenue. The French Government went so far as to assume that by the year 2000, all cable channels would be totally supported by advertising - a rather optimistic vision. In 1986, the CA issued a provisional 'Code of Practice on Programme Sponsorship'. Early sponsors on cable included NatWest Bank, Volkswagen, Coca-Cola and British Gas. Sponsorship was also welcome on French cable but potential sponsors saw little of interest and were mainly attracted by the terrestrial channels.

4. **Pay-per-view** (PPV): The British Government did not accept the Hunt Report's recommendations and permitted PPV; in France, C+ had already opened up pay TV. In the UK cable operators would not be permitted exclusive rights for major national events and events customarily covered by the public service broadcasters; the CA would draw up a precise list of these.

5. There were no precise restrictions on **foreign material** in the UK, whereas French restrictions were detailed. In France, according to the decree law of 18 January 1985, foreign channels (including RTL, RMC-TV) could not take up more than 30 per cent of a system's total capacity. Moreover, 15 per cent of the system's capacity must be 'local-made', whereas 60 per cent of feature films must come from the EC and 50 per cent from francophone nations. Films could be screened two or three years after their general release, a similar regulation to that imposed on the public service channels 'les canaux du basic', and could be broadcast at peak viewing times but they could not cast for advertising revenues. In short, foreign material must be limited to one-third of the networks' capacity,

although this measure would not be applied during the launch period. Finally, 30 per cent of each network's revenue would either have to be directly invested in programming or go towards financing new programmes (purchase and rights of productions). The latter indicated that the Minister of Culture's proposals or pressures at least had some influence. These regulations were quite hard, effectively killing the already-stagnant cable development in France.

In the UK, as noted above, there were no precise restrictions. Initially, a high level of imported programming was expected but the CA required franchise bidders to state the proportion of expected British or EC material. In granting franchises, the CA was also concerned that the production of UK-produced programming should increase over time. Cable operators were allowed to relay foreign programmes as well as the channels of other cable operators. The full rules covering non-British channels have yet to be established. Nevertheless, the non-quota on cable did not produce any immediate change in the character of British television, like the coming of cable itself. The effects might be gradual, and the consequences more complex (Hutchinson: 1984). It seemed more likely that British cable would be more influenced by US programming because little money was injected into the programme-production side. According to Screen Digest (April 1984; 67), the costs of making and distributing material proved prohibitive; future programme-suppliers would have had to find a way of producing material at a fraction of the cost if they were to use cable operators as customer.

Local programmes have been made on a modest scale. Cable operators, such as Aberdeen Cable and Swindon, who began with ambitious plans for local programming, were forced to spend a lot that was claimed by these services due to the small revenue. When considering applications for new franchises, the CA was required to take proposals for local services into account. Whereas in France, the Ministry of Culture had a considerable say on cable programming, in the UK, the HO significantly controlled cable, regardless of the 'light' regulation objectives. Both the HA and CA - especially the latter, since the HA had little say in cable - had to align their regulatory processes with those that occurred on terrestrial services. Interactive services were given priority in both countries. In France, they were to be provided by optic fibres under the Plan Cable. In the UK, the DTI made a total of £5 million available through

the Support for Innovation Programme to provide new systems and demonstrate that cable could be exploited for much more than programme distribution.

Economic sense was missing in both countries. Cable operators, whether private or 'mixte', like the SLECs did not understand the programming costs. The fact that none of them could afford to produce any programmes for cable TV illustrates this lack of realism.

## 4.2.7  THE NEW MEDIA AND PROGRAMMING DILEMMAS

The new media services, particularly satellite channels, troubled all the interested parties in the field because they had to adopt a programming policy to make their channels attractive to viewers. The American, and the already-existing European, evidence indicated that potential customers would only pay for better reception or something completely new. Since the former did not constitute an important problem, the latter was emphasised. Most newcomers concentrated on two options: either providing a general diet of new entertainment, or offering premium services modelled upon HBO- or C+ -type movie channels. It appeared that in both cases, the consumer would only subscribe when these services were offered fairly cheaply. It also seemed that larger nations, such as Britain and France, could not easily provide what was needed.

During 1981-86, decision-makers and programmers were anxious to find an appropriate diet to make new services successful. In the early 1980s, thoughts were on satellites carrying public service channels. Unisat was considered for the 'Best of BBC1 and 2' services, whereas TDF1 was to carry TF1 and FR3. However, Coronet's approach, going more for thematic and less for generalist channels, was found attractive. Both TPS and 'Club 21' changed plans, now adopting the thematic approach. 'Club 21' chose three services: films, news and general entertainment. Similarly, TPS was going for thematic channels, but saw them as complementary to national terrestrial networks and each other. Its thématique approach would encompass channels on sports, news, music, entertainment and cultural programming. The most successful and widely distributed general entertainment services so far have been Sky, TV5 and Super Channel. On the other hand, thematic - or narrowcasting - services were modelled on cable channels in the US, aimed to attract specific segments of the audience

(children, young people, women) or special interest groups
(sports, films, the arts) (89). Most of these services
aimed to attract segments of the audience whose numbers at
the national level were too small to be viable, but which
could become important as part of the larger audience
reached by transfrontier signals (EIM: 1988; 106). Those
thematic channels could be news and information (such as
Cable News Network or World Net from the US); popular music
(Tele 5 (FRG)); Music Box; MTV Europe (UK)); children's
programmes (Children's channel; Canal 1 (France)); sports
services (Screensport (UK)); film services (Premiere (UK),
Film Net (Holland); Canal Plus); arts and culture (Arts
channel (UK) women's programmes (Lifestyle (UK)); and
religious programmes (New World channel (US)).

The 1980s experience, however, has shown that broadcasters
feel more confident going for a mixture of either
generalist and thematic channels. Thus, BSB opts for four
services in its three channels: a subscription film service
- the Screen channel (90) a family service - Galaxy, based
on advertising; a news channel - NOW, supported by
advertising; and a day-time children's channel - Disney.
BSB's budget for programming stands at £110 million to
cover all four channels and up to 72 hours of programming a
day, which means it will remain a cheap channel. Similarly,
Sky Television on Astra adopted a similar mixture of
generalist (Sky) and thematic channels (movies, Eurosport,
arts, children). In their anxiety to get audiences,
broadcasters offer a variety of programmes and services.
The problems remain the same, however, i.e. whether and
when they will start making money. This question has
largely been unanswered. To calm the satellite broadcasters
down, regulators gave very loose guidelines regarding
content, financing and advertising, as well as quantity of
news programmes and quality in general. The IBA's
guidelines on DBS were quite contrary to its strict rules
on terrestrial broadcasting. As Robert Maxwell said,
'regulation is the death of enterprise'.

Another dilemma was who would broadcast the satellite
ventures: the state or private sector? Although the state
was seen as initiator at the start, very soon the
broadcasters were coming from the private sector. Even in
France, a partnership of state and private elements was
under either the 'société de mixte' umbrella or the state's
guarantee. Elsewhere in Europe, the so-called media moguls
were heavily involved - a revision of the previous press
moguls (91) - in most of the projects. This was inevitable

due to the economic rationale adopted by the governments for developing new media. Thus, Silvio Berlusconi, Rupert Murdoch, Robert Maxwell, Bertelsmann and Robert Hersant represented crossnational enterprises: the combination of TV operations with newspapers, periodical and book publishing, cinema production, radio and cable/satellite ventures to form horizontally integrated information empires. They had adopted a 'Euro-strategy' in both video and press but had also relied heavily upon consortia arrangements and political connections by becoming highly partisan in the political system. Berlusconi and Maxwell, for example, gained channels and transponders under the Socialists, whereas Hersant and Murdoch were seen as right-wing partisans, gaining momentum from the Conservatives. The Commission was also encouraging a European programme-production industry by providing a new style of commercialism, as described in Part 2. This trend obviously helped the moguls' strategies to enter new markets and new fields - mainly the audiovisual industry -with a promising future. A 1989 analysis by Booz Allen & Hamilton of recent corporate trends - Consolidation is Key to Euro TV survival under Publications and Media - points out that mergers, joint ventures and acquisitions are crucial for European broadcasting industry if it hopes to survive competition from the US (Screen Digest: August 1989; 170). It seems that media moguls in the late 1980s have been greatly involved in merger and joint ventures in European broadcasting.

Finally, new media broadcasters faced a problem about the content of their programming. Apart from some who found a solution by offering hard-core pornography films, the rest found it difficult to attract viewers. Their campaign for more choice and better programmes was not realistic since most offered 'oldies' or poor-quality programmes. Moreover, most channels broadcast in English, limiting their attractiveness to foreign viewers. Tracey (1987;78) analyses this 'facility logic' by using Super Channel's story as example. He notes that 'Super Channel's error' was to put together a naive equation: British television has masses of high-quality programmes appealing to British yuppies; since there are lots of yuppies throughout Europe, with lots of disposable income, if a channel can deliver those programmes, it will be a profitable business. This faulty logic grossly overemphasised social commonalties, underestimated the impact of national culture on TV-viewing preferences and ignored the fact that not all those yuppies reside at the end of a cable system. In other words, there

was no comprehensive, empirically and conceptually adequate model, only some scattered clues concerning the TV markets of the future.

## 4.2.8 THE NEW AUDIOVISUAL LANDSCAPE AND THE VIEWER

The 1980s, broadcasting policies have led to a consumer-driven broadcasting market. Consumerism attempts to redress the imbalance of power that exists between those who produce goods and services, and those for whom they are provided (Potter: 1988; 150). Encouraging the 'consumer-choice' argument played a major role in the media policies concerning the reshaping of the audiovisual landscape, not only in France and the UK, but in the whole of western Europe. Nevertheless, this argument differed from those of the early 1970s, when cable TV was considered by many progressives in western Europe not only as the ideal technology to end the centralised broadcasting systems, but as something that would also encourage interpersonal communication and democracy by stimulating participation in the local community in a society characterised by individual alienation and anomie.

Unfortunately, this was not the result with cable or terrestrial TV, or even radio. For example, the 'radios libres' in France had a completely different meaning then than it does today. Whereas free radio had once been an essentially non-profit-making activity by specific interest groups, generally of the Left, it now became big business. Even Reagan's political economy could not have gone further. Brecht's vision that radio was to cause the most thorough-going socialisation of communication took on a basis of technical possibilities, which still remain a Utopian vision. CLT, as shown elsewhere, preferred foreign audiences to its local people. In the UK, despite C4, the main mass networks, BBC1 and ITV, downgraded their quality.

Moreover, within this new media revolution, the term 'viewer' had also been transformed. Now other terms, such as 'participant' or 'consumer', are becoming preferable, 'indicating a radically different market-oriented view of the media user' (Negrine and Goodfriend: 1988; 306). Would the subscriber-viewer on cable be treated as a citizen or consumer? What interests would the new services show to the 'viewers'? What about the egalitarian aspect of public broadcasting? Some areas would be more expensive than others. Would their inhabitants pay more or not? What about the rural areas? Would cable TV be out of reach for the

lower-income population? To what extent would reforms on broadcasting affect the dominant ways, forms and flow of communications? Would the new services form new perceptions of information tools and/or information and communication together? Unfortunately, few social-science researchers have paid attention to the impact of the new media on the 'viewer'. On the contrary, most research is market-oriented, looking at him/her as a consumer. As Svennening (1987) commented, 'we know remarkably too little about how people view different programmes, what are typical forms of response to different programme types, how other demands on time are accommodated within the overall framework of television availability, and how TV and social life co-exist'.

Unfortunately, governments also pay little attention to the television viewer as a citizen, although they argue for him/her. Both the British and Luxembourg Governments, preferring market forces, did not really consider these issues. The French Socialist Government, moreover, did not try to tackle any of these social questions by approaching a rather 'techno-made' logic. All three, in addition to the EC's adopted economic rationale, fixed the citizen in the role of consumer with no right other than to choose services partially competing with each other.

The industrial imperative was preferred to build up the information societes, and open the door to experimentation strategies, which often contrasted with the extreme rigidity of what they were to serve finally leaving the field to be dominated by media conglomerates and tycoons. The French viewer went from being a silent partner to a valuable consumer; various agencies such as Mediamétrie, Sofres, CESP, Motivaction, or even the British AGB, tried to find his/her preferences on an 'already-served diet'. In both France and the UK, programme-makers and schedulers seemed puzzled by audience data in their attempt to find potential 'consumers' for new services. Various findings, as in France, have come out (JICARR, BARB), but were mostly made by the industry lobbying for new channels.

Generally speaking, the pattern of commercial TV programme viewing was very unselective; viewers would seem to watch whatever was shown (Curran: 1986b; 326). Moreover, marketing pressures had given rise to very different styles of production from those pioneered by the BBC. Since the late 1970s, there has been less drama, less variety and more conformist products. In the late 1980s, British drama

was threatened but bounced back. Its practitioners were now likely to do it more as a career than as a crusade. In France, as described elsewhere, game shows and cheap material had increased. Ironically, 'quality' has become the broadcasting buzzword in the late 1980s. In the UK in particular, somewhat unexpectedly, the debate on the future of broadcasting has shifted to a discussion of quality - its definition, manifestation, measurement and chances of survival after the new Broadcasting Bill.


## 4.2.9 PROGRAMMES, CULTURE AND ECONOMY

As noted programmes were initially seen as a subsidiary to the industrial imperative. Besides, culture was (and still is) always an industry (Miege et al.: 1986; 22). The industrialisation of culture was not a new phenomenon but its 'reconnaissance' progress went too fast. Thus, in the 1980s, the cultural industry became economically important (Miege et al.: ibid). For the Community, the programmes were linked to economic, technological and cultural development of the EC with the competition of the internal market in 1992. Moreover, the cultural dimension of the Community's audiovisual policy was to safeguard both national and European cultural identity (92). However, Mr Jacques Delors, the Commission's President, speaking to the European Parliament on March 12, 1985, gave the real dimension of that policy: 'under the terms of the Treaty of Rome, the EC does not have the means to improve a cultural policy. It will, therefore, have to tackle the problems from an economic point of view'. In the UK and Luxembourg, little consideration was given to any cultural invasion by foreign channels since they considered themselves the main exporters. The British Conservative Government, it must be said, was more open than it's Labour predecessor. It would also be quite contradictory to speak about information flow when the Conservatives, with the Americans, were the major proponents of the free flow of information and programmes in Unesco. Nevertheless, allocating the two DBS channels to the BBC in the first phase, and the regulations about pornography, public taste and decency show that the cultural impact was also considered. This was somewhat contradictory to the Government's general policy about programming flow, the minor incentives given to programme production industries, or the 'light touch' of the IBA and CA on DBS and cable TV, respectively.

In France, however, cultural considerations attracted more

attention, partly because of the active Minister of Culture, Jack Lang. Another reason was the fear that France would lag behind anglophone nations. The French were obsessed with American cultural imperialism and the UK 'spoil system'. A Unesco meeting on the national culture of France called for a crusade 'against financial and intellectual imperialism, that no longer grabs territory, or rarely, but grabs consciousness, ways of thinking, ways of living' (in Tracey: 1988; 16-7). In 1988, the Péricard Report noted that France's audiovisual presence outside France was going to adopt a 'backseat role'; there was also the feeling that it was quite difficult to confront the enormous US and Anglo-Saxon influence. France, regarding itself as the guardian of European culture (this could be seen in the accordance of the Directive to French TV guidelines), also had to follow an expansionist policy in this field. TV5 must be seen in this context (93). Introducing new channels without the appropriate preparations for new programming production showed a lack of coherence. Although Canal Plus and Régie Française des Espaces, the state production company, were entitled to draw investments for productions or the call for sponsors (Le Monde: 20 November 1985), the industry was reluctant and remained dubious about the return of investment (94).

Both Ministries of Culture and Communication objected to using cheap and popular programmes, which would be commercially and politically profitable. They insisted on general guidelines to defend national culture and foster the expression of local culture. In 1985, however, when the programming production situation became more visible, it was obvious that the French programme-production industry was much weaker than its British or German counterparts; the re-run stock of ORTF (mainly black & white) and state channels was only about 2000. Because cable audiences would be small for the years to come, commercial motivation for new productions would be low. This paucity was also due to 30 years of state monopoly and, within it, the oligopoly enjoyed by a handful of producers.

According to Flichy (1980, 1983), the problem was not just expanding the cultural industries to supply the home media but that French programmes could slow down the erosion of the French cultural position abroad. Bettrand (1985) notes that if French producers geared themselves up for export, they could take advantage of the spread of programming demand for new media and possibly enter closed territories, like the US. Or, as President Mitterrand himself declared,

'cultural industries are the industries of the future...
investing in culture means investing in the economy'. Loi
82 and the HA also warned against underestimating the new
challenge on French culture and French economy by the
accelerated and global evolution of the communication
industry (Libération: 28-29 April 1984; 2-4).

The above discussion indicates that while the programme
content of the media (old and new) was not given the first
consideration or priority in government development, the
message was not totally ignored. Both British, and
especially French, governments intended to grasp new media
development to benefit their home programme industries.
French programming quotas, particularly, must be seen in
this light, as well as the relation of C+ to support the
film industry.  In France the last decisions of the
Socialist Administration indicated that both programming
and cultural policies were more to impress French voters
before the 1986 elections. However, France and its Culture
Minister, Jack Lang, affected the way the whole issue was
approached since it was realised that the whole attempt of
the security of quality of culture could not be solved by
France or any single European state alone. Once again it
followed the two-dimensional policy, national and European,
in order to preserve French culture and Europe's perhaps.
The latter, as shown in Part 2, was taken over by the
European Community but again through an economic rather
than cultural logic.


## 4.3  SUMMARY AND CONCLUSIONS

The EC regarded the development of the new media as an
opportunity to restructure their already-mature industries
both in hardware equipment and software programme
production. The logic behind developing both cable and
satellite was in accordance with the industrial imperative.
The new services were seen either in Britain or France, or
even Luxembourg (as in the rest of the EC countries), as
somewhat similar to the steam engine – something that would
revolutionise economies and eventually lead to the
information society. In reality, they had to face
competition in both hardware and software from US and
Japanese products.

1. In France, the Socialist Government once again adopted a
paternalist policy in both hardware and software, whereas
the British Conservatives followed a rather market-led

approach but with a paternalist attitude concerning the programme content of the new media. France also linked its satellite venture with the fortunes of its space policy, whereas Britain appeared less interested in space policy.

2. Initially, the medium seemed to be considered more important than the message. It was soon realised that both were necessary to develop and establish the new media services. Therefore, software was given as much consideration as hardware. Besides, programming production is considered an intense labour sector with great potential for expansion and profit.

3. Programme producers and broadcasters in Europe, traditionally having had only the state public broadcasters as clients, now had the opportunity to sell their products to more available buyers. But European fiction programming was not enough to feed the existing and new channels.

4. A cooperative approach, either through coproductions or common ventures through Eureka or Symphonie agreement on hardware was implemented. The EC initiated this strategy. The MAC disagreement, however, indicated how important the nationalistic approach still was. The new fear of losing the battle made Europeans follow a collaborative approach and reassess their 'nationalistic' features.

5. Independent producers seemed to be the clear winners of the new policies on broadcasting, not only in Britain but in rest of the EC. Regardless of increased broadcast hours, programme production has either remained stable or even decreased. Thus, the fear is that unless the Europeans start producing programmes, the new channels will be used as new 'Hollywood windows'.

6. The 1981-86 period indicated that the message would not only be equal to hardware - medium - but might be more important since the new services needed more attractive programmes to appeal to the 'viewer-consumer'. This also indicated that more active policies would emerge in the years to come on broadcasting, but more in terms of production and less in terms of content.

7. Programming policy, however, could be applied in the same way to both terrestrial and new media channels because of the risks the new media faced in the first stage of development. Therefore, 'lighter' regulations were necessary. France, nevertheless, appeared to impose

somewhat tougher regulations compared with its British counterparts. Both C+ and C4 were seen to boost the film industries in their respective countries. However, both film industries remained in a state of decline. Both Britain and France appeared to have similar high-quality programmes with a strong public service element, as well as increasing competition among terrestrial broadcasters. In the UK, this competition led to a greater range of programming at any time compared to France. The 1988 White Paper, with 'quality' in the sub-title, refers to the 'quality of British Broadcasting' being 'safeguarded and enhanced into the next century'. Unfortunately it does not say how 'the quality of British broadcasting' is to recognised and cannot therefore say how it is to sustained.

8. In cultural terms, regardless of France's protective practices against a 'Coca-Cola culture', programming was seen more as economic-industrial product than a cultural one.

Lastly, the 1981-86 period demonstrated that new media cannot be dissociated from their industrial, programming and cultural dimensions. In other words, the new media once again verified Tunstall's 1977 definition: that the media are '<u>politics, business and technology</u>'.

## PART FIVE: BACK TO THE FUTURE?

## 5.1 OVERVIEW AND CONCLUSIONS

The deregulatory mood in the 1980s affected the adopted policies of the countries concerned in this project. While Luxembourg had a minimalist policy on public service guidelines, both British and French Governments felt that they had to reshape some of them. The British Conservative Government seemed to maintain a consistent policy where the public service element was apparent, whereas its French Socialist counterpart appeared to reduce this element. A comparison of the operating conditions of C4 and C+ shows the difference.

On the EC level, the Commission's proposals gave priority to advertising, considering it one of the main revenues of future television and setting out minimum codes for it. Advertising was also treated as a basic revenue source by France and the UK, since their new channels were advertising-supported, whereas Luxembourg was one of the leaders on the subject. The EC policy on advertising was influenced by mercantile ideas and ignored the transitional state of television. In doing so, the Commission pushed for liberalising public monopoly. Moreover, the framework that it had tried to set up was vague. Standards that were unacceptably low for one member-state might prove too high for another. In its policy, the Commission had adopted its usual 'harmonisation' attitude, which was translated to a straight compromise between opposing positions; a situation fairly obvious on issues such as on copyright, right to reply and protection of youth. Furthermore, in adopting a method of self-discipline, the Commission forgot that it was difficult to apply even general regulations to all countries with the same strength. However, the EC policy was similar to the one adopted in French television. Thus, France was one of the members in accordance with the Community's proposals for an audiovisual policy in Europe, whereas the British and Luxembourg Governments appeared reluctant since restrictions on both programmes and advertising time opposed the market-led approach adopted in those countries. However, the EC proposals aroused a big debate within Europe that will probably continue for a while. The Commission adopted 'middle-range', 'reactive-policy', which called for 'humanisation' and 'coordination' among the member-states. The Directive, in a more programmatic approach, was only one of the 300 planned

Directives; by 1988, only 100 had been approved by the Council of Ministers.

In the UK, the Conservative Government had to strengthen its position to 'roll back' the role of the state and initiated a series of 'forceful battles' with societal and broadcasting/media actors. The first result was a number of ad hoc measures derived by ad hoc committees producing a series of 60-page 'slim volumes'. These volumes recommended changes in broadcasting and communication which would overturn the existing order.

Ad hoc committees were also used to give an 'independent judgement by reviewing current issues in policy areas' (Marsh: 1987a) and to create a dialogue between the interested parties. In an era of widespread confusion about appropriate policy, the Conservative Government, with a strong belief in liberal economics, elaborated a similar policy on broadcasting. While the Conservative Government did not achieve a coherent media policy (the UK had never had a coherent media policy), it successfully put these issues on the national political agenda. Most importantly, the British Government might also believe that the broadcasting system is cybernetic: any change in one aspect of the system would produce responses elsewhere which, in turn, will generate feedback and additional rounds of readjustment. The Conservatives followed a step-by-step policy towards a deregulated broadcasting system. Radical questions, such as advertising on the BBC, received negative or less optimistic answers from committees and consultants, as well as ministers and markets.

In France, the Socialist Government was far more ambitious. The declared overall aim was highly demanding. Cable and satellite television were intimately linked to other objectives, such as telecoms and space. Television policy differed from that pursued by the previous government. The Socialists appeared to adopt three closely interlinked directions. First, to defend and reinforce the public service, which was under pressure from private groups and professional unions. Second, the belief in the new technologies - cable, satellite and pay TV - made them try to renew the audiovisual industry, thus engaging in the ambitious programme of 'cabling France'. Third, the freedom of communication clause in Article 1 of Loi 82, which said that the communication was free, and their support of radios libres. But most importantly, as Miege and Salaun (1989;59) note, the Socialist Government, 'rather than

trying to renovate the public sector or better still, define new and more appropriate missions for the public service, those responsible for modernisation tried... to develop an ambitious new media policy. On the basis of this policy they were going to organise a different system of networks in which the state kept for itself a driving role, not only in the planning and financial support of the networks but even in the preparation of the programmes'.

In Luxembourg, two slightly different governments had to find ways to secure the comparative advantage in their country as a location for international broadcasting; thus, to secure the Grand Duchy's future in the satellite age and to avoid depending on France again, as in the case of CLT.

In the UK, the Conservatives' policy in both cable and satellite was 'privatisation by default'. They believed that cable and satellite would have some impact and would eventually break up the duopoly governing the terrestrial frequencies. A step in this direction seemed to be the allocation of C+ to the IBA not to the OBA. Within this framework, one could include the Hunt Report's recommendations and the subsequent 1984 Cable and Broadcasting Act. The process, therefore, was to open the broadcasting system to more extensive private sector competition. This can be seen in the CA's 'light touch' or in the phrases for 'consumers' choice' rights, rather than the defence of those social and cultural values emanated by the public service concept. However, the relation between the last two appeared to be the Conservative Government's 'fatal contradiction'. There was a consistent policy of trying to help the traditional benefits related to public service broadcasting with competition - liberalisation which did not carry these elements. The policy towards liberalising British broadcasting seemed to be the ultimate goal. The first step appeared to be a policy towards competition, driven by new technology. If C4 could be seen as a preliminary stage, cable and DBS seemed to complete the first step. The next step was against the vertical duopoly, expressed in the campaign for advertising on BBC and the Peacock Committee. The latter heralded a major regulatory shake-up within the audiovisual sector. In these expansionist steps, however, the traditional moves appeared to be more successful - with the new effects (cable, DBS, advertising on BBC) not working. This indicated that even though the Conservative Government did not have a concrete media policy, it had a definite target: deregulating the

broadcasting sector.

In France, the Socialist Government's policy appeared more coherent than incremental in the beginning. Cable and DBS channels were to develop to assist the insufficient terrestrial channels. DBS would help and feed cable networks, also going to areas that would not have cable TV. The whole audiovisual landscape was to be slow, step-by-step, 'limited liberalisation', in which the state would have a major say. Loi 82 and setting up the HA indicated this. The legal framework created by the Act, regardless of its complexity and confusion, allowed some space for audiovisual liberalisation before it could become a <u>de facto</u> situation, as in radio. This whole framework indicated that the public initiatives were to be opened via a mixed system to private capital - very common in France. This policy, nevertheless, could not stop economic liberalism forcing its way into audiovisual systems - what the British Conservative Government was persistently looking for.

New channels, inevitable or not, further confused the situation. Whereas C+ seemed to be within the general framework or a part of the new cable channels, the new private channels indicated the opposite. This U-turn in Socialist policy should be related to the strategic U-turn of the Socialists towards a liberal economy, which was transferred into the television field by favouring private initiative. The Conservatives' increased power also demonstrated the preference of the French people for private initiative (e.g. conflict for écoles privées, pressure for liberalising the market, etc.). Therefore, the new channels had to fit in with this new conjecture. The Socialists allocated them to political sympathisers. Apart from this, the U-turn policy also indicated the Socialist's switch from the new technologies thesis to a policy of creating a private sector in the terrestrial audiovisual domain. This was important because on one hand, it showed that the state had lost some of its influence, and on the other, the state was still maintaining a determining influence on the PAF, now favouring private, rather than public, entrepreneurs.

Compared to the British Conservatives, the French appeared less persistent in their goals, more volatile to the political conjuncture. Thus, developing regulatory policies for television and the new media would reflect something of the heritage of traditional attitudes and practices in

broadcasting. The 1980s showed a reversal, with the traditionally ad hoc British Conservatives being persistent and the traditionally 'plan-seeking' French being volatile. Dyson and Humphreys (1988a;98-9) put this in terms of the difference between 'tradition' and 'modernity', and between restraint and promotion. Deregulation could be expected to embody a complex mix of the old and the new in both ideological and practical terms. Besides, as noted in Part 2, the rhetoric that the French state was a coherent unit was largely untrue. Deregulation also made both governments realise that the real revolution was to be on the terrestrial frequencies, rather than on new media, and that deregulation generated interventionist responses from the state to balance inefficiencies. This is equally important because, in contrast to the 1970s and early 1980s, since the mid-1980s, French and British broadcasters are witnessing fundamental changes in their sector.

In Luxembourg, the government had traditionally been a less-decisive actor. The CLT, pioneer of international broadcasting, was dominated by French and Belgian shareholders. The government also could not upset CLT since it was one of the Grand Duchy's major tax-payers. The principal actor, who lost power within the company in the 1980s, was France. Now other shareholders started imposing a different policy, upsetting the French government. This situation politically coloured the company. Within this picture, the Luxembourg governments played the role of observer, despite trying to influence the company. As a result, in 1986, CLT appeared to be seriously lagging behind in the race to seize a share of the European television market. This situation developed mainly because of France which, having lost control of CLT, consistently outmanoeuvred the company with the extreme causes of La 5 and TDF1. In Luxembourg, there was too large a gap between the international strategy and the requirements of a decent national media policy. Luxembourg's anxiety to be 'in touch' with international developments could not fit in with a national policy. What was worse, the country with a specialisation in international broadcasting appeared to be losing its important comparative advantage in the broadcasting world.

Creating Channel 4 gave the British government strength; a channel for minority and cultural tastes with relative success. C4 represented, perhaps, a reinterpretation of psb. Although the Conservatives did not follow the Annan recommendations, they gave the British public a very

progressive channel, as opposed to C+, through which the French Socialists gave their public popular taste, far from psb prescriptions. The decision to put C4 under the IBA's ownership was quite realistic, whereas the French Socialists could not afford to lose control of their majority stake. The new private channels, La 5 and TV6, were to be, 'by default' (especially La 5), for public taste.

During the same period, both British and French television had morning and daytime programmes, preparing themselves for 24-hour TV. Within this environment, the traditional stations realised that they had to develop new strategies for potential competition from the newcomers. In France, the programmes became highly competitive but decreased in quality.

The British government realised that the one-way attack against the BBC would not alone create considerable problems to the duopoly. Its first target was the IBA/ITV system. In France, the situation was different. Whereas the British were trying to break up the duopoly, the French were building one. Having the French Conservatives in office further deregulated television. Cable and DBS in both countries were a failure. Moreover, cable plans in both countries reflected the centralist political systems in either nation, regardless of rhetoric to the contrary. Despite the stress, especially in France, on local systems, the central elements were powerfully present. The UK was the only country in Europe, apart from Luxembourg, to insist that the entire capital cost of laying down cable systems be paid by the sellers and producers of the productions. But the UK was not tiny Luxembourg, and the financial incentives given in the start (tax allowances) were cut later. Therefore, private investors proved reluctant to invest money in such a high-risk business with low take-up rates. In France, the state was to lay down and invest the main bulk of money for cabling the country.

In both countries, the years of euphoria (1982-84) were replaced by years of scepticism and depression. The government plans, either based on the belief in entertainment-led services (UK) or technology-led services (France), were proved unrealistic. While the state was too bureaucratic and incoherent, the private sector could not afford the high risk of such ventures.

The British government was also unrealistic over Unisat

whereas the French appeared undecided over their own TDF1 project. The British Government, like the French, insisted on a British technology system, but without public subsidy, whereas the French would heavily invest in the TDF1 project. Insisting on a British system, which was much more expensive than its competitor and funded entirely by private money without any public subsidy, caused the project to collapse. It was clearly a policy where reality conflicted with the ideal. In the second round, the Government seemed to have learnt its lesson and asked for fewer obligations and gave very general guidelines; again, it expected the market to support the whole venture.

In France, the situation was equally strange. The whole period was characterised by hesitations and uncertainties. But the problems with cable development made the Government go ahead with DBS as well. The 1984 Théry Report, characterising high-powered satellites as obsolete technology in relation to technical as well as financial problems on TDF1, made the Government less enthusiastic about DBS again. However, this could not cause them to reject the project since it was tied in with industrial, as well as international political, considerations. France was a leading space nation in Europe and had to preserve its position. Satellites are proven lucrative markets, especially in terms of consumer electronics. Thus, the Government had, at least rhetorically, to continue a policy for DBS. This policy was again to be directed by the state, as in all major French projects. Because of the enormous risk, the Government preferred to continue collaborating with West Germany, a strong space nation, to share the risks. The Socialist Government appeared to leave the final decision over TDF1's fortunes, and thus the costs and benefits in political terms, to its successor, the Chirac government.

In Luxembourg, after the abandonment of the LuxSat project, the Werner and Santer governments decided that a Luxembourg satellite should still be the goal. Behind the main objective to secure the Grand Duchy's future on the satellite age, and avoid the French influence, the hope was to attract foreign investors for the satellite project. Both governments followed a strict liberal policy, similar to those on terrestrial and cable television. Following this, both governments adopted an international expansionist strategy, but Luxembourg did not have the means to influence such a strategy. Both Luxembourg's 'satellite rounds' faced the reactions of Eutelsat and

France and, to a lesser extent, West Germany. The Coronet project was accused of being a Coca-Cola satellite, whereas its successor, Astra, consistently attempted to maintain a strict European character. It was also accused by Eutelsat and France of being a 'US Trojan Horse' to European technology because of their choice to use a US-made satellite. For Eutelsat, moreover, both projects were seen as first attempts to break up its monopoly as a carrier of European telecommunications. The previous Intelsat example made Eutelsat a strong opponent to Luxembourg's satellite project. Luxembourg's case, however, did not answer the question of whether small countries that 'wait-and-see' in the new media gamble (in their effort to 'harmonise' with their larger neighbours) are, by definition, condemned to later entry into the new media business.

The external pressures were mostly coordinated with the internal ones. The Coronet project not only faced European hostility, but also had to face the home reaction of CLT and the Socialist Party's opposition. Thus, the whole project involved long discussions within the government. The Santer government, which considered Coronet an 'ill-conceived idea', transformed the project: a new company, SES, based on Coronet's plans, would have European-origin shareholders, mostly banks. The main difference was that the government would be more active by guaranteeing the finance debt the company had. It adopted a liberal policy towards the market. SES' progress by 1986 was relatively insignificant because of similar problems faced by the Coronet project. But in early 1987, BT's backing, the compromise with Eutelsat and Murdoch's commitment for four channels in 1988 gave the impression that Astra could become Europe's 'hot bird'.

Putting the three projects together, one sees that they had two rounds. Luxembourg, moreover, appears to lead the way for an entrepreneurial approach to satellite TV since BSB and TDF1 followed its example.

Cable and satellite television development was strongly linked with the industrial imperative in Europe for restructuring a mature industry and economy, giving European hardware and programmes products a comparative advantage in the international markets. This blurred the boundaries of broadcasting and industrial policy - a situation similar to the beginning of television in the 1920s. Television in the 1980s was especially seen as a means of achieving industrial goals in the production of

satellites, cable switches, consumer electronics and the like. The fear of competition, especially from Japan and the US, made them, as well as the Community, give priority to the hardware aspect of television, isolating it from programmes and viewers. Decision-makers, however, realised that programmes were not only important for feeding the new channels, but also that the programme industry was rapidly expanding with a huge potential growth.

For the whole EC, the industrial imperative took priority in decision-making. The Community, with its programmes, ESPRIT, EUREKA, FAST, RACE, and its policy on programming, tried to stimulate European production. For France, cable and satellite meant space competence, the information society and international competitiveness. For the UK, the aims were similar, but with a preference for the international audiovisual market. Luxembourg wanted to restructure its economy from its declining steel industry by making the Grand Duchy an advanced European centre of programming production.

In all three countries, the viewer was seen as king, but with no control over his kingdom. He was regarded as a 'consumer', but in both countries at least initially, his demands were barely considered. The policy of quotas in programming imports appeared to work in the short term, but it was doubtful for the longer term. The policy adopted, mainly by the Community, France and the UK, on independent production appeared to be more appropriate. Europe's 'fiction famine', however, gave the impression that it would further strengthen US products in European and international markets.

Media moguls, notably press tycoons, had steadily sought to occupy a place in the new media developments. Since their sector experienced a relatively slow growth rate, confronted with potential erosion of their share of the information market, they tried to diversify their interests in the broadcasting sector by affiliating themselves with political parties. In both countries, boundaries between broadcasting and publishing sectors were eroded, indicating that broadcasting policy and politics were losing their traditional autonomy. On the other hand, British television constantly pursued balance across programme scheduling, with a heavy public service element and a wide range of programmes - wider than those of French TV. Both had to discover new forms of popular culture; comedy and drama were not good enough, for example. Introducing

interdependent production might inject 'fresh blood', especially in to the British TV duopoly.

Nevertheless, British TV productions were in good shape in international terms; the British Government proved somewhat reluctant to follow the Europeans in a European production team, quite opposite to France, which saw itself as the guarantor of European culture. The British believed that the English language alone would open the doors for British production. However, British output did not excite viewers around the world. English-language programmes could (and can) be easily made in other countries. Coproductions between Europeans appeared to be a good solution. The key role of UK-based programmes in Europe was in the new media industry as a whole. Sky and Super Channel have led the way in terms of European audiences, whereas TV5 has adopted a policy of being a 'cultural window' for French programmes. In cultural terms, France seemed more sensitive than both the UK and Luxembourg, since the latter had adopted the role of programme exporters.

British policy was a familiar market-led approach with a will to restructure the duopoly through more competition and the public service element. In France, the policy of 'controlled liberalisation' was transformed into a policy of 'competitive liberalisation', mainly because of political speculations rather than an initial formulated policy. The Government did set the basis for new media development. These plans could therefore be paralleled to de Gaulle's policies in the 1960s.

The lack of a clear policy in relation to the difficulty of implementing adopted policies made things worse. Both the British Conservative and French Socialist Governments failed to appreciate the limitations inherent in the complexity of public policy-making. The lack of experience on the French side was to some extent understandable, since most of its Cabinet Ministers held office for the first time. In both countries, there were many actors involved at the various levels. With such a proliferation of actors pursuing differing and conflicting goals, there was an acute problem with coherence and coordination, compounded by the divisions between and among the major decision-makers, who attempted to maximise their own narrow, sectional interests. With such an extensive, fragmented, divided state machine, the policy was inevitably 'éclatée' (splintered).

Broadcasting in France and Britain was largely fashioned by a close relationship to the political system. While the BBC declined as a purely impartial institution, French PAF once again became a politicised environment. Both governments rapidly lost their enthusiasm for new media. The outcome was a picture of confusion, unpreparedness and incompleteness.


## 5.2 SOME LESSONS FOR A FUTURE BROADCASTING POLICY

It seems to be extremely difficult to draw lessons from the past because things are changing so fast. However, since situations appear similar to present situations, some general lessons could be useful:

1.   Policy-makers should better understand technology and its potential capacities and limitations. The past over-emphasis of technology, such as cable and satellite, created false impressions which led to over-ambitious decisions and a failure to appreciate the impact of the new television services.

2.   It is true that technology is forcing a certain kind of European media unity, but this does not mean that national policy-makers and regulators have lost control of drawing the policy on their broadcasting field. In the late 1980s, nevertheless, they need to take external pressures and the environment - especially within the EC - into account.

3.   A proliferation of actors involved in the new media has led to conflicts among them when they attempt to maximise their own narrow, sectional interests. This leads to an acute problem of imposing coherence and coordination, curtailing the policy's effectiveness. Thus, it is necessary to have a single coordinator, not those various interministerial bodies, as experienced in France. The single coordinator would undoubtedly ensure cooperation between top policy-makers or ministerial bodies and would facilitate a degree of coordination. This single coordinator, however, must have the power to impose penalties on, as well as limit responsibilities of, non-efficient members. Despite some inconsistencies, inherent in the complexity of public policy-making, this could help us implement the policy adopted by the decision-makers.

4.   When dealing with such a rapidly changing technology, some inconsistencies are inevitable in the decision-making.

Moreover, when the state is squeezed by conflicting social, financial and technological requirements, policy-makers must be flexible in their decisions and readjust by slowing down or accelerating their policies.

5. It has been said many times that deregulation is a matter of policy-making and the economic needs of a society. Deregulation also leads to further politicisation of broadcasting policy since new rules come to replace old. Some actors do not feel comfortable with the new environment and react in various ways. Consequently, ideology is always present.

6. Simultaneous development of cable and satellite, and readjustment of over-the-air television seems unrealistic. It is necessary to prioritise and, most importantly, divided, these services. For example, cable TV could serve the cities and DBS the country, whereas over-the-air television could either be on a local or national level, with more of a psb element than the other two. By doing this, DBS and cable would complement, rather than rival, each other.

7. The new television landscape must also lead public service broadcasters to collaborate with the state to find new ways of reinterpreting the future of public service broadcasting. Channel 4 seems to show the way.

8. Initially, cable and satellite television's development needs the involvement or commitment of the state, but without extremes. An extreme state-led or market-led policy does not seem appropriate. Private involvement and investment under the state's guarantee seems more reasonable. Luxembourg's Santer government's approach to Astra could be a model, with some adjustments regarding the state's role and influence. The government is, and will be, the most important actor influencing the development of the infrastructure, even if it aims to reduce its long-term influence. The state action not only acts through its regulatory decisions, but also through fiscal, environmental and competition policies.

9. Decision-makers must start seeking different regulations for a new competitive audiovisual environment before the de facto imposition of cable and satellite television on the audiovisual landscape.

10. A competitive audiovisual infrastructure and

environment, including privatisation of existing or new channels, should be seen under a wider social perspective. This may assist policy-makers to achieve the social objectives historically pursued by media policy in Europe. Replacing 'viewer' with 'consumer' signifies not only the lack of social policy on television but also the Americanisation of the European television pattern. Beyond the smoke screen of technorazzamatazz, new media technologies do not make money unless they bring perceivable and understandable benefits to the consumer. Moreover, new systems that offer greater consumer benefits will falter if their added value is not exploited and they only provide what is already available.

11. Programmes are products that carry a cultural element as well. The new commercial approach has all but wiped out the traditional forms of genuine television, such as dramatic plays and, especially, arts features. In the end, the culture of a single country could be undermined. Thus, policy-makers should put down some cultural requirements for the new products to show Europe's cultural diversity.

12. Regulations on cable and satellite channels appear extreme since these channels could be encrypted. On the contrary, the 'must carry' public services channel rules seem justified if government's plan is to replace the conventional dish on the roofs of houses in the cities with cables.

13. Hardware equipment and programmes appear to be equally important. Therefore, policy-makers have to consider both equally in new media development. The EC and individual countries have to protect these sectors since they seem to be industries with huge growth in the future. Cases like the MAC debate are too nationalist at the EC level; a true compromise should already have been found. Japan, Europe's main competitor in hardware, may provide a lesson, although it is humble enough to learn from its mistakes and make courageous corrections without caring about loss of face. It would be unacceptable if the MAC case led to another disaster similar to Philips' VCR 2000.

14. The programme industry needs to be protected by short- and long-term policies. In the short term, the adopted import quotas help it to stand up, whereas in the longer term, co-productions between Europeans and the increase of independent production look to be more appropriate. Moreover, both the EC and governments must give more

incentives, and even subsidise programme production, since the increase of broadcasting hours is not being matched by increased original production.

15. European communications are becoming the theatre of deregulatory trends affected by the US and are in a transitional stage. If Europe is going to have its own say in this domain, it is necessary for the policies derived from the EC to have greater status. The EC, as coordinator and harmoniser between different regimes, creates a new, collective regime. This has better status and gives a European character to the 'foggy European audiovisual landscape'. The EC, therefore, has become too important to be excluded by national governments; individual members must now consider the EC factor more than before.

## 5.3 TOWARDS THE FUTURE: A POST SCRIPT

Many reports in the early 1980s imagined a new world of television through cable and satellite channels. Although their impact was initially disappointing, Europe realised that a 'wind of change' was approaching. The audiovisual industry also realised that politics and state action were very influential actors in the development of that situation, i.e. the transition of the European television landscape, and it tried to influence this state action for its own benefit.

Now in the late 1980s, very little seems to have been developed, especially in the fields of the new media. This project's main argument is that state action and the broadcasting sector are influenced by both internal demands and external pressures and influences. The political agendas were covered by issues such as channel proliferation, deregulatory trends, competition and industrial restructuring. However, these issues were also, as it was shown, within an international context. Before 1992, the year of the Single Market, one observes a second wave of optimism for the new media, similar to that in the early 1980s. The difference now is the lesson learned: that technology cannot lead to the envisioned 'information society' without constant state support and private backing.

In the early 1980s, pressure groups were asking for public monopolies to be abolished or the television structure to be deregulated. In the late 1980s, we realise that

television is too important to be left entirely to market forces. Full-range competition would, without any regulation, treat the viewer as consumer, leaving television in advertisers' hands. Some regulation must be maintained. Italy has shown what might otherwise happen. This reshaping of television may lead service broadcasters to be more aggressive and commercial to compete in the new environment, eventually leading to a commercial system similar to that in the US, where the public service element attracts a small audience. It seems that imposing new channels, mainly by satellite transmission, will further internationalise the character of television in terms of audience and programmes. In Europe, in particular, for the next decade, the programmers will be trying to find formulae with a European flavour for an audience that will be European, rather than national.

The audiovisual market seems to be a major growth industry of the next decade for both hardware and programmes. It is certain that European co-productions and independent productions will increase. This may lead to further integration of the media, especially in methods of film productions and television programme-making since film production will be in the service of television, and television with HDTV sets will be somewhat like a cinema screen. The lack of programmes to feed the new satellite and terrestrial channels may lead them initially to buy cheap US programmes. This means that there will always be a market for American series in European countries; this market could be expected to grow with the number of channels available.

On the European level, the EC may become more important in media matters. Although some disagree with this, the EC, because of its powers, is the only body which can cover the complete lack of media policy in Europe. The Europeanism which comes with the EC's policy, or even with that of the CoE, and the potential of television channels, will lead to further European entrepreneurship in media and television, driven by media moguls and multimedia consortia.

For Luxembourg, the lack of comparative advantage in terms of international broadcasting could be replaced by a lead in transborder technologies. It could, via microwaves, feed Belgium or West German cable operators. A future fibre-optic cable network in Luxembourg, in relation to satellite communications, could make the Grand Duchy the centre for telecommunications and video conferencing again. If Astra

goes well, it looks as if Luxembourg's new target is to make the Grand Duchy a centre for European production by following a familiar policy based on tax incentives.

One could say that the structure of British broadcasting is being radically reshaped, whereas in France the audiovisual landscape seems to be in a constant state of change, depending who is in power. The second Mitterrand Administration will certainly change some of the choices followed by the Chirac government, which also changed the Socialist Government's laws. Although France has entered the modern age of audiovisual technology, it seems to undergo continuous broadcasting reforms until a balance is struck. Although the deregulation of French broadcasting was launched by the Socialists, the pace of reform was dramatically accelerated by the Conservative Chirac government.

The result has been fierce competition between the channels, resulting in decreased quality of general programme output. The new Socialist government seems certain to clear up the 'audiovisual fog'. CNCL has been replaced by a new body, the Conseil Superieur de l'Audiovisuel, similar to the HA. While TF1 and A2 will be the dominant channels, the rest will compete for the margins of the viewership. La 5 could also enter as a third big channel, whereas the other three have already accepted the role of small or minority channels. In the longer term, it seems that the public channels will either carry less advertising or none at all. The former seems more likely because of the pressure of the other channels competing for advertising revenue whereas public channels are also supported by public funds (taxes).

Satellite TV needs to reassess its position alongside national commercial channels. Should it be a competitor or a complementary service? It looks as if TDF1 will initally carry Canal Plus and the cultural La Sept. It will also have to compete with Astra, but to a lesser extent than BSB since Astra will transmit predominantly English-speaking channels.

French production is less confident than its British counterpart. It seems likely that the new government, and every government, will emphasise the cultural industry, since the French feel that they have been 'invaded' by American and Anglo-Saxon programmes. The European project, 'Eureka audiovisual', proposed by Francois Mitterrand

within the EC, shows that culture will be a policy
priority.

The UK's 1988 White Paper seems to describe British
broadcasting's future. Britain is likely to be the first
country, if we believe the media pundits, to witness a
contest among satellite channels, i.e. Sky and the rest
from Astra and BSB's channels. But the question remains the
same: is the market strong enough to support all these
channels? Moreover, regardless of the very general
provisions of the White Paper, cable seems to have a future
due to the incompatibility of satellites transmitting to
the UK. It will be very interesting to see whether the
Broadcasting Bill, based on the 1988 White Paper's
proposals, will have to be redrafted if it does not agree
with the final-final version, of the EC Directive.

<u>TABLE 1: TECHNOLOGY</u>


```
MERGING OF              TECHNOLOGY       BLURRING OF
DEREGULATION ------->   INNOVATION ------> INDUSTRIAL ----|
TECHNOLOGY                               BOUNDARIES       |
     |                                                    |
     |                                                    |
     |                                                    |

     <-------------------------------------------------->
```
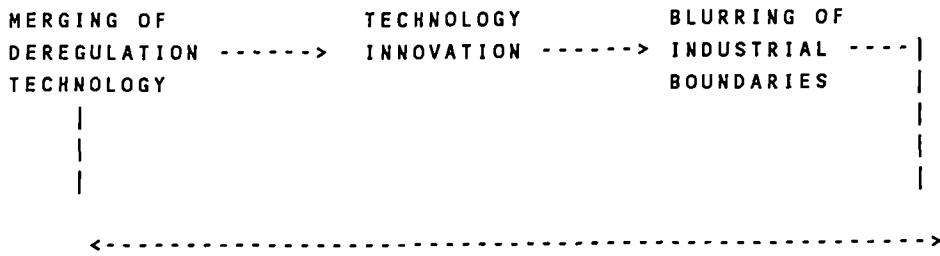

<u>TABLE 2  THE PROGRAMME COMMISSIONING PROCESS FOR CHANNEL FOUR</u>


- Development
- Ideas submitted to commisisoning editors
- Commissioning editors acknowledge
- Commissioning editors evaluate ideas  and costs  with proposer
and programme cost controller
- Proposer notified of programme status
- Recomended projects submitted to commissioning meeting
- Idea accepted: commisioning from signed and programme
acquisition executive assigned
- Proposer notified(no commitment) and precontact memo set  out
- Commence negotiations
- Internal deal memo completed for programme finance  consideration
- Deal letter issued by Programme Acquisition(C4 now committed)
- Contract issued and signed
- Production started
- Monitoring of editorial, financial, contractual and IBA
requirements
- Production completed
- TV TIMES billing drafted
- Programme manager notified of completition
- Outstanding materials delivered and acknowledged
- Material processed and viewed
- Presentation prepare for transmission
- Programme transmitted
- Audience figures asserted
- Programme distributed

TABLE 3  CHANNEL FOUR TELEVISION


Income form the IBA and programme payments to the Independent
elevision companies and independent producers. The net advertising
revenue obtatined by the ITV companies for advertising on C4 in the
year to march 31, 1985 was £75,2 million.

Net advertising revenue on ITV(ecxluding TV-am, C4 and S4C) in the
same year was £826,4 million. The subscription of £111 million paid
on C4 therefore represented 12,3% of total ITV and C$ advertising
revenue for the same year.

                                         Year ended March 1985

                           Subcription        Programme Payments
                           received by        by C4
                           the IBA
                             £million            £million

Anglia                        8,1                 1,2
Border                        0,1                 0,3
Central                      18,0                 1.7
Channel                        -                   -
Crampian                      0,5                 0,2
Cranada                      18,9                 3,5
HTV                           8,7                 0,8
LWT                          15,7                 5,3
Scottish                      7,2                 0,8
Television South             15,1                 1,2
Television South-West         2,1                 0,1
Thames                       22,8                 5,3
Tyne-Tees                     8,0                 3,3
Ulster                        0,2                   -
Yorkshire                    13,6                 3,1
ITN                            -                  8,0
                      - - - - - - - - - - - - - - - - - - - - - - - - - - -
                                         total  139,0

Less amount paid by the IBA to S4C Channel Authority
                                         (28,0)


- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -


Subcription received by C4 and programme payment
made to ITV companie                  (111,0)

- - - - - - - - - - - - - - - - - - - - - Source: IBA\Channel Four 1985

## TABLE 4: THE MAIN PEACOCK RECOMMENDATIONS

1. All new television sets sold or rented in the UK market should be required form the eraliest convenient date, and not later than January 1, 1988, to have a peritelevision socket and associated equipment which will interface with a decoder to deal with enctrypted signals.

2. BBC television should not obliged to finance its operations by advertising while the present organisation and regualtion of broadcasting remains in being

3. The licence fee should be indexed on an annual basis to the general rate of inflation

4. The BBC and ITV should be required over a ten year period to increase to no less than 40% the production of programmes supplied by independent producers

5. Non-occupied night-time hours (1:00am to 6:00am) of the BBC and ITV TV wavwlengyts should be sold for broadcasting purposes

6. Franchise contracts for ITV contractors should be put to competitive tender. Should the IBA decide to award a franchise to a contractor other thanthe one making the higest bid it should be required to make a full, public and detailed statement of its reasons

11. Franchises should be awarded on a rolling review basis. There would be a formal annual review of the contractor's periods, perhaps to 10 years

12. Consideration should be given the option of setting up its own advertising time and would than no longer befocused by a subcription fron ITV companies

13. C4 should be given the option of selling its own advertising time and would then no longer be funded by a subscription from ITV comapnies

15. DBS franchises shoud be put to competitive tender

16. National telecommunications systems(eg BT, Mercury and subsequent entrants) should be permitted to act as common carriers with a view to the provision of a full range of services, including a delivery of television programmes

16. The restriction of cable franchises to EEC-owned operators should be operated

17. All restriction for both pay-per-channel and pey-per-programme should be removed, not only for cable but also for terrestialo and DBS operation

18. As regulations are phased out the normal laws of the land relating to obesnity, defamation, blasphemy, seduction and other similar matters should be expected to cover the broadcasting media and any present exemptions should be renewed

TABLE 5: PEACOCK COMMITTEE-BEFORE


1951    THE BEVERIDGE COMMITTEE
            ..recommended that the BBC's monopoly continue


1962    THE PILKINGTON COMMITTEE
            ..came out strongly against pay-as-you-view, and in support
of the licence fee as the BBC's sole source of revenue


1977    THE ANNAN COMMITTEE
            ..called for a fourth channel to challenge the BBC-ITV
duopoly in the interests of the bradcasting diversity




TABLE 6:   THE PEACOCK COMMITTEE'S PLAN



| | |
|---|---|
| 1. satellite and cable develop,but most viewres<br>   listeners continue, to rely on BBC and ITV<br>   and ILR | indixetion of<br>BBC licence<br>fee |
| 2.   proliferation of broadcasting systems,<br>   channels and payment methods | subcription<br>replaces main<br>part of<br>licence fee |
| 3.   idefinitive number of PPV channels or Pay-Tv<br>   channels available, technology reduces costs<br>   of multiplicity of outlets and changing<br>   systems | multiplicity<br>of choice<br>leading to<br>full market |

a public service provision will continue through all three stages

TABLE 7:BROADCASTING STRUCTURE IN FRANCE UNDER THE SOCIALISTS

```
                                    HAUTE AUTORITE
                                    CONSEIL NATIONAL              SPF
                                    Societe de Commer-
        TDF         INA             cialisation



        SN de Radio----------S.N de Radio et TV Outre Mer----- SN-FR3
            |
            |
        S.N de Radio pour l' EtraNger

        S.N=Societe Nationale
```

Source: TF1, Documentation Française, Paris 1984

TABLE 8:  TDF  OBLIGATORY    SPENDING  OF  THE  THREE STATE CHANNELS IN 1986

```
                        |-----FF500*------TF1-----FF600M+--|
        TDF-------------| ----FF500*-------A2------FF600+--|----SPF
                        |-----FF500*-------FR3-----FF45+---|
```

*transmission fees
+fees for obligatory programme purchases

Source: Secretary of State Communications, 1986

TABLE 9:  COMPAGNIE  LUXEMBOURGOISE DE TELEDIFFUSION

Shareholders
Audiofina      54%        | Group Lambert-Bruxelles   38%
                          | Havas                     16%
                          | Information et Publicite   14%
                          | Electrafina               15%

Schlumberger               12.6%
Paribas                    10.8%
Hachette(mow Moet-Henessy   8.2%
Edmond de Rothschild and others 7.7%

Television

RTL TV
RTL plus in assocuiation with Bertlesman


Programming

DIC cartoons(80% equity)
Tele Union Monte Carlo(50%)
Tele Union Paris (50%)
Hamster Productions (51%)
Pandora(100%)
Consolidated Production(UK)

Cinema
Stand d' Art (100%)-productions
Studios Billiankourt(43%)
Gaumont(11,5%)
Video International(50%)
Cofiloisirs(10%) financing of cinema

Video

RTL production (100%)
VCI (96%) dubbing
VTF (94%) video broadcast production

Press

Telestar (100%)
daily Le Bien Public (42%)
Actuel (15%)
Comapgnie Europeene de Publications (9.5%)

Publications and other

RTL Editions (95%)- books
Radio Music International (100%) and Radio Music France (100%)-
records
Information-Publicite (5%) advertising

Source: Guide des Medias 1984

NB: In percentage of total fiction (all programmes except news, current affairs, sport, etc.) programmes aired unless indicated.

| COUNTRY/BROADCASTER | | % IMPORTS FROM EC | %FROM US | DATE |
|---|---|---|---|---|
| **BELGIUM** | | | | |
| RTBF | | 51.3 | 48.7 | 1986 |
| | | | | |
| **DENMARK** | all progr: | 21.6 | 11.3 | 1985 |
| DR | fiction : | 35.5 | 58.6 | 1986 |
| | | | | |
| **FRANCE** | | | | |
| TF1 | | 1.7 | 44.1 | 1985 |
| A2 | | 4.0 | 29.3 | 1985 |
| FR3 | | 6.8 | 30.9 | 1985 |
| | | | | |
| **GERMANY FR** | | | | |
| ARD | films shown: | 14.3 | 37.1 | 1986 |
| ZDF | | 33.8 | 36.1 | 1985 |
| SAT1 | films shown: | 31.5 | 48.1 | 1986 |
| | | | | |
| **ITALY** | | | | |
| RAI | | 27.6 | 57.4 | 1986 |
| Reteitalia | | | +60.0 | 1986 |
| | | | | |
| **LUXEMBOURG** | | | | |
| RTL-TVI | | 45.0 | 55.0** | 1986 |
| RTL PLUS | films shown: | 68.0 | 9.3 | 1986 |
| | | | | |
| **NETHERLANDS** | | | | |
| NOS | | 30.0 | 56.0 | 1986 |
| | | | | |
| **SPAIN** | | | | |
| RTVE | | 27.2 | 48.0 | 1986 |
| TV3 Catalan | all grogr: | 11.7 | 20.1 | 1986 |
| | | | | |
| **UNITED KINGDOM** | | | | |
| BBC1 | films & series: | 4.0 | 24.0 | 1986 |
| BBC2 | | 5.0 | 9.0 | 1986 |
| ITV | | 5.8 | 13.8 | 1986 |
| Channel Four | | 5.0 | 12.0 | 1987 |
| Sky Channel | | 5.8** | 35.6 | 1986 |

** figures considered unreliable

Sources:
BELGIUM & LUXEMBOURG: Commission Consultative de la Communaute
Française de Belgique
DENMARK: Denmark Radio, direct
FRANCE: Commission Nationale de la Cinématgraphie
GERMANY FR: ARD Jahrbuch 1987; ZDF Jajrbuch 1987;
Media Perspectiven (August 1986)
ITALY: Variety 22 September 1986 and 6 May 1987
RAI, direct
NETHERLANDS: NOS, direct
SPAIN: RTVE, direct; RTVE Annuario 1987
UNITED KINGDOM: BBC; IBA; ITVA; C4 all direct

Table[11]. Increase in broadcast hours and change in the volume of national drama production on some European television channels, 1975-1985

| | Television channel | Change in broadcast hours | Change in drama production |
|---|---|---|---|
| Austria* | ORF | +17.7% | na |
| Belgium | RTBF | +39.4% | −80% |
| France* | TF1 | +22.4% | −24.8% |
| | A2 | +20.6% | 0 |
| | FR3 | +26.7% | +17.8% |
| FRG | ZDF | +28% | −4% |
| Italy | RAI 1 | +29% | −50% |
| | RAI 2 | +25% | −77% |
| Spain | RTVE | +150% | −50% |
| United Kingdom | BBC | +14% | 0 |
| | ITV | +3% | 0 |

* *period 1980-1985.*

Sources: R. Chaniac, "Evolution de la production de fiction télévisuelle en Europe'" *Dossiers de l'audiovisuel*, INA/La Documentation française, Paris, February 1987; *L'Europe des programmes*, INA/La Documentation français, Paris, Mai-June 1987; P. Florenson, M. Brugière & D. Martinet, *Douze ans de télévision 1974-1986*, CNCL/La Documentation française, Paris, 1987; *On vous raconte des histoires*, SACD, Bruxelles, 1986; compilation EIM.

From the EIM 1987

TABLE 12: INVESTMENT BY TELEVISION CHANNELS IN
NATIONAL FILM PRODUCTION IN 1988 ($ US)

| Country | Channel | Co-prod. Co-finance | Broadcast Rights* | Contrib. to funds | Technical support | Total |
|---|---|---|---|---|---|---|
| Austria | ORF | | | 1,600,000 | | 1,600,000 |
| Belgium | RTBF | 250,000 | 80,000* | | 500,000 | 830,000 |
| Denmark | DR | 1,000,000 | | | | 1,000,000 |
| Finland | YLE | 750,000 | | | | 750,000 |
| | MTV | | | | 80,000* | 80,000 |
| France | TF1 | 6,200,000 | 9,300,000 | | | 15,500,000 |
| | A2 | 5,100,000 | 5,100,000 | | | 10,200,000 |
| | FR3 | 5,200,000 | 5,700,000 | | | 10,900,000 |
| | La5 | 3,400,000 | 4,550,000 | | | 7,950,000 |
| | La7 | 2,450,000 | 750,000 | | | 3,200,000 |
| | Canal+ | | 32,200,000 | | | 32,200,000 |
| W. Germany | ARD | 6,700,000 | | 2,100,000 | | 8,800,000 |
| | ZDF | 6,700,000 | | 2,100,000 | | 8,800,000 |
| Greece | ERT | 1,000,000* | | | | 1,000,000 |
| Italy | RAI | 32,000,000 | | | | 32,000,000 |
| | Rete. | 40,000,000 | | | | 40,000,000 |
| Netherlands | NOS | | | 3,800,000 | | 3,800,000 |
| Norway | NRK | 1,500,000 | | | | 1,500,000 |
| Spain | RTVE | 22,000,000 | 4,500,000* | | | 26,500,000 |
| Sweden | SVT | 1,100,000 | | | | 1,100,000 |
| Switzerland | SSR | 3,750,000 | 450,000 | | | 4,200,000 |
| UK | Ch 4 | 18,000,000 | | | 550,000 | 18,550,000 |
| | ITV | 30,000,000 | | | | 30,000,000 |

Source. TV channels, national film funds, producers' associations, CNC, EBU      * those which can be assessed separately   *estimate

SOURCE:TELEVISION BUSINESS INTERNATIONAL, JULY/AUGUST 1989

## Table$_{13}$ . Share of programming devoted to productions commissioned or bought from independent producers in 1985

*(in % all programmes shown for the first time)*

| Belgium | RTBF | 0.1 |
|---------|------|------|
|         | BRT  | 1.0* |
| Denmark | DR   | 0.6 |
| FRG     | ARD  | 3.9 |
|         | ZDF  | 17.5 |
| France  | TF1  | 16.9 |
| Greece  | ERT  | 18.4* |
| Ireland | RTE  | 2.7* |
| Italy   | RAI  | 2.4 |
| Spain   | RTVE | 0.3* |
|         | TV3  | 11.7 |
| U.K.    | BBC  | 0.1 |
|         | C 4  | 24.8 |

* *1984 figures.*

Sources: EBU; TV channels; compilation EIM.

## Table 14 Comparative share of different income sources in the audiovisual industry in 1985 and 1990

**1985**

Subsidies (*)

Box office 13%

Cable 2%
Exports 2%

Video 10%

Subscriptions (*)

Advertising 35%

Cable advertising (*)

Licence fees 36%

**1990†**

Subsidies (*)

Box office 9%

Cable 2%
Exportsa 2%

Video 17%

Subscriptions 4%

Advertising 41%

Cable advertising (*)

Licence fees 25%
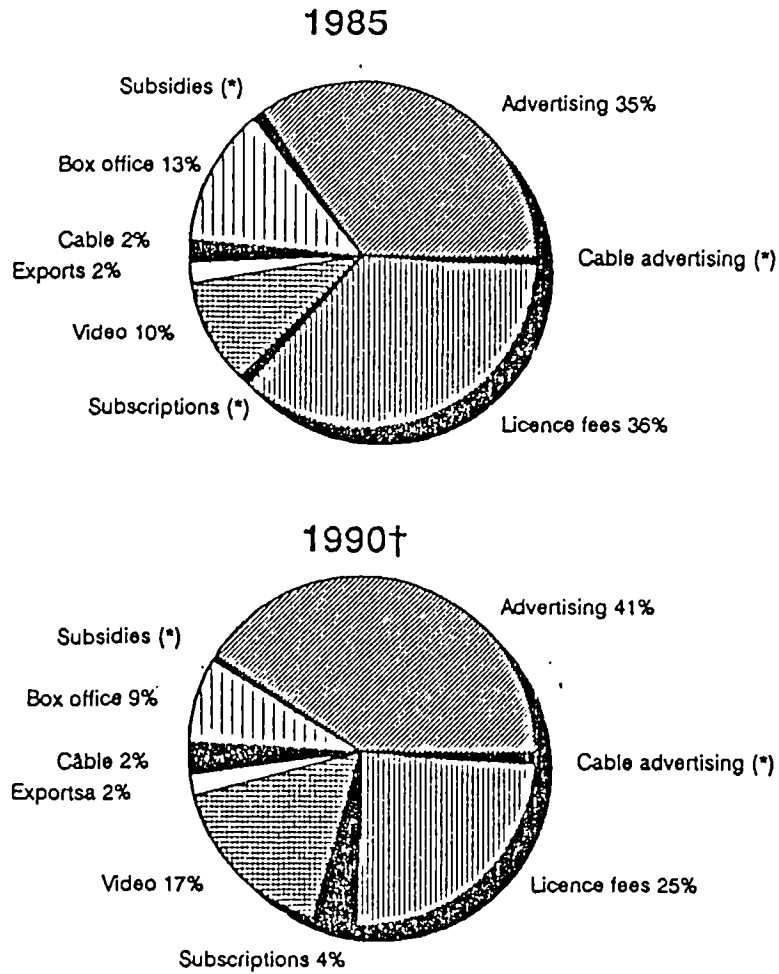
*Share less than 1%        † Estimate
Source: : European Institute for the Media

1.   For a quick look see Laswell(1951), Dror(1971), Wildavsky (1979), Jenkins(1978), Ham and Hill(1984), de Leon (1981) etc. Moreover, this approach is more flexible with respect to what Dye (1976; 61) said that "governments do, what they do it, and what difference it makes". This leads to what is government policy and for Kerr (1976;53) is consisted of two features: an agent and a conditional imperative. But due to complexity of our current times, one would be confused if followed such a simplistic form. Heclo(1972; 84) points that a policy due to the complexity of the relationships of the public with its government made the state action to be considered aas a course of action or inaction rather than specific decisions anf action. Euston (1953), Jenkins (1978), Roberts (1971) all agree about the complexity of defining the government action.

2.   Even the term is vague for some, insisting on media policy. During the last years the term communications policy has been internationally recognised as dominant with some variations.

3.   Or for some is regarded as sub-sector or field

4.   The others are (1) the problem-oriented contextuality which gives us the opportunity to put the social problems in their political, economic, social and cultural environments, (2) this is rooted in an appreciation of human values and goals

5.   This is more drawn by Laswell and especially by his wartime experience.   Laswell also stressed the necessity of behavioural studies.

6.   Their research is based on pure legal matters and regularly issues, and is centered for assisting media managers, communications attorneys and top-executives and the industry of the field.

7.   It could be argued that the frequent intervention of economists into the communications sector, and especially with the deregulatory mood has upgraded their position. This easily is considered if one thinks that previously regulation over communications was a matter between civil servants, engineers and finance administration  and parliament in a second instance.

8.   See for example the theories of functionalism, Marxism anf their variations

9.   This, to some extent, has led to an underdevelopment of policy-making and the sociology of the media.  McQuail's (1987a,b,c,) works have been determined towards the fulfilment of this aim.

10.   Take for example names such as Toqueville, Marx, Pareto, Mosca, Spencer, Weber, Durkheim and you wiil see that their theories can be easily fitted to all disciplines.

11.   "Technology push" thesis is based on the assumption that, if the technology is made available through state funding of R&D, someone, somehow, will find a use for it.  "Technology pull" or market demand positions tend to be more popular with economists.  It is based on the asumption that market forces and consumer demand stipulate innovation.

12.   See also Laswell and Lerner(1951), Laswell(1971) and Lazarsfeld (1975).

13.   This  was because communications research was necessary for advertisers to assess the size, composition, predisposition and reactions od leaders, listeners and viewres.

14.   These trends are apparent when someone looks at Lazarsfeld's Bureau of Applied Social Research at Columbia in 1930s, and the general communication and journalism research institutes appearing in the 1940s and 1950s and other grand US universities.

15. With Administrative Reserch I also mean the on going  of the empiricist tradition which adopts the stability and equilibrum.  By Critical, one also calls into question and focus upon changes in assymetrical political and economic relations and contradictions of the structure.

16.    By administrative ideological perspective, one means the

linking of administrative type of problems and methods with interprentation of results that supports or does not not seriously disrupts the status quo. By Critical ideological perspective, the interprentation involves radical changes in the established order.

17. Such communications policy studies are on Ireland, Yugoslavia, Sweden, Hungary and Germany.

18. This could be also objected by someone since as Castoriadis (1987) points out there are various Marxist interprentations.

19. There is an interesting variant that the media really produce audiences in the sense that they deliver audience attention to advertisers, and shape their behaviour od media publics in certain dinstinctive ways.

20. Miege (1979) distinguishes between the characteristics of commodities in general, and those of "cultural industries which are ascribable to their specific nature. Hughes(1981) suggests that a major feature of cultural commodities is that in them the balance in primary characteristics between the material and the ideological is shiffted towards the latter, especially when produced by socially-owned "public srvice broadcasting institutions.

21. Even if there is no necessary or intrinsic connection between the two.

22. Coalition theories are also addressed in Gourevicth,P.A (1977) 'International Trade, Domestic Coalitions and Liberty: Comparative Responches to the Great Depression of 1873-1896" in Journal of Interdisciplinary History 8(August 1977) 281-313 and Aderson, .E and R. Friedland(1982) 'Class Coalitions in the aking of West European Economics' in Political Power and Social Theory 3(1982)1-50

23. Conversely difference in policy result from differences in coalitions roups will enter into coalitions according to their interests, whether defined in economic class terms(income,market share, economic hegemony or by sectoral, regional and cultural criteria.

24. In media, this perspective has mainly been led by Lazarsfeld and Merton's studies on mass media and public opinion as well as by the effects approach, especially on political campaign studies which viewed politics largely in terms of voting, and votinf larlgelly in terms of campaign influences and the result of voter choices.

25. Given Miliband's earlier dinstiction between the owners and managers of capitalism, Poulantzas uses the term "manager" in this present context as it makes it appear that the "state" is separate from "managers" whereas Miliband has already characterised them (such as police, military) as a part of the state.

26. The whole discussion has held some structuralists in the media to go far beyond this problematic by attemting to combine the analysis of media signification practices semiotics and pshycoanalyses which in some cases has held to an argument about autonomous discources on the media especially interested in Barthe's and Lacan's semiotics and pshycoanalysis respectively. This is, to some extent, related to Frankfurt School which was interelated the media with mass culture and its relation to monopoly capital.

27. While those relationships are subject to incremental changes, and more radical changes at critical conjuctures, they provide the context in which most normal politics are conducted.

28. This is of course directly influenced by Allison's(1971) "bureaucratics politics" model.

1. Their members are apointed by, on the advice of the government of the day, and are independent, especially in relation to editorial matters, in conduct of the day-to-day affairs, and the content of the programmes.

2. BBC Royal Charter Article 3a and IBA Act of 1973 Section 2(2).

3. "Broadcasting Policy", Government White Paper on Broadcasting 1946, HMSO, Gmnd 6852.

4. Broadly the activities of the Authority are specified in some detail in the Broadcasting Acts. With an Act introduced when a major new departure such as a new channel is planned.

5. In charge of programming and functional.

6. Including the power, never yet used, of the Home Secretary to cease broadcast.

7. Together they are taking up only 18 pages in the BBC Annual Report and handbooks.

8. The Crawford Committee (1926) laid down the basic constitution for the BBC as a public service.

9. In a Granada Guidhall Lecture in 1972

10. This is because the networks have committments to put on programming

11. According to the BBC booklet of 1985 "Facts and Figures": London, the national regions of Scotland, Wales and Northern Ireland respectivelly produce 136,59 and 26 hours of weekly network time while the English regions account for 46 hours.

12. Their trade association is the Independent Television Companies Association (ITCA).

13. One of the prominet Ministers of Information under several governmnets of the French Fourth Republic, was François Mitterrand, who during the cold war virgoursly promoted the notion that RTF was a crucial instrument of defence of the national interest, and had to remain under direct state control. According to Montaldo (1974), it was Mitterrand who set the tone of the Ministry of Information throughout the Fourth Republic, creating a concept unique amonst Western democracies where broadcasting was considered directly tied up to the government of the day and its politics.

14. Communists were isolated in a cold war getto, folowing their exclusion from government in 1947 as well as Gaulists who regarded the parliamentary system as weak for government.

15. De Gaulle had an almost overstruck belief concerning the importance of television, as a crucial tool to his political power. De Gaulle had also imposed no less than 18 times restrictions to the journalists and newspapers which violated the honour or dignity of the President. Besides, his famous phrase was "my enemies have the press, I have television and radio".

16. Radio development was slower in France than in other European countries. In 1936, France had only 60 radio sets per 1,000 inhabitants whereas FRG had 105, the USA 153, the UK 158. In 1958, there was less than one million TV sets in France and in 1964 more than 5 million. In 1967, it was the first time which TV owners were more than those who had just one radio set. IN 1969 more more than 10 million homes had a TV set and in 1974 about 14 million households had a TV set.

17. Gaullists were the major parliamentary force in the governmental coalition. Pompidou might have been privatelly sympathetic, but he refused it in public.

18. For a few days, television did not report on the student "demos" whereas headlines on the press front pages and widelly reports on peripheral radio stations were dailly.

19. Now equal airtime was provided to political canditates to present

their programmes.

20.   FR3 was to run the regional channels. SPF to take charge on films and video installations, INA for research archives and professional training, TDF for the transmitter network. Each company was run by a Board made up by six directors who were, two representatives of the stae for a period of three years. All seven companies were independent but they had to abide by the conditions set out in a very detailed "dossier" of diractives established by the government after consultation with the Parliament. The dossier contained very precise directives on programme content , and on the administartive and financial relationships between the companies, and the other organisations which were 'elaborated' out of ORTF.

21.   Following the example from Radio Verte.

22.   The licence fee was created in 1933 to compansate fro the banning of commercials on the state media.

23.   The Gaullist approach was minimal to say the least: the regional evening news, closely controlled by Gaulists sympathisers, But Giscard did little better in spite the "éclatment" of ORTF.

24.   ITA, "ITV 2: submission to Ministers of Posts and Telecommunications", 1972

25.   The Independent Television Authority felt thath the BBC was given a second channels it should be given to the ITV (see note 24). When labour came into power (1974) the Home Secretary formed the Annan Committee to look at the future of broadcasting. Annan recommended a fourth channel which would allow for diversity, new ideas and experimentation. IT also advocated the setting up of an Open Broadcasting Authority. Funding of programmes was to come from sponsorship, block advertising and special interest groups. On financing the proposals were ill-researched and neglected views of the advertising industry. ITV contractors vulnerability was an unfavorable economic climate. Moreover, competition between OBA and IBA would affect the whole broadcasting structure. The Committee, in proposing this Authority, was attempting to satisfy a whole range of demands that were being made of broadcasting institutions; that they should be more accountable, more open to outsiders and representative of a widening range of social and political views. Yet, block advertising not appealing to advertisers since a 30 second commercial had more of an impact on the public's attention. As for charities and special interest groups , it was never made clear what accounts , if any, they could contribute in the making of programmes. For example, Annan's recommendation that six to seven differnent periods for rate cards to reflect the varying size of audience during the day.

26.   Sponsorship was not adequately defined, nor the extent or effect on programmes were taken into account.

27.   In 1982-83, C4's total revenue was about £100 million.

28.   New purchased material cost only £12,800 per hour. Thus the cost of TV programmes was determined by the availability of the channel to pay.

29.   If, as was to happen, the subscriptions exeeded the advertising revenue, the ITY companies were given permission to charge those losses against the advertising levy. In effect, their losses would be reimboursed from public funds. This way of funding was formed to protect the channel from direct pressures from advertisers in search for larger audiences.

30.   According to the IBA, independent production commissions ammounted to less than 25% of C4's output in 1986.

31.   This percentage holds the broad-ABs and DEs; old and young, the solitary and the big families, in London and Northern Britain.

32.   It is rather a channel which most people watch, as Jeremy Isaacs said, "some of the time and no one all the time" (in Evening Standard: 31 August 1979).

33.   Some said that the BBC was spending valuable resources of cash and manpower on spoiling operations of dubious value.

34. The audience for these new TV versions has been the youth, housewives and retired. Night-time TV has been centered around youngsters, students and the unemployed.

35. Whereas in the late 1960s, it cost around £150 a minute per single play, in 1986 cost was £1,500 a ten fold "jump" in just over a decade (including inflation, of course).

36. To Paris, Amsterdam and Belgium cable networks.

37. The BBC,however, hopes to get some subsidy in the future.

38. It thus decided (i) to unite all its commercial activities with a new executive; (ii) to abandon grandiose plans for a £100 million headquarters and settle for something more modest; (iii) to reduce the number of staff and start purchasing more equipment and services from the marketplace, a change that could cost up to 4,000 jobs; (iv) to open its doors to independent producers in a serious way for the first time; (v) to reorganise BBC Commercial Enterprises while simultanepusly cutting the central bureaucracy to direct more money programme production; and (vi) to launch the Datacast (October 1986), a new date servic for business subscribers like teletext, datacast would use spare capacity on the existing television signals. The corporation hoped that the service, which provides high speed, scrambled information without telephone charges, will turn into a multimillion pound business with the next few years.

39. Despite Peacock's recommendation to raise the a B/W licence fee, the Government decided that it should remain broadly at its present level, indexed on the basis of £20. Moreover, the Government rejected the recommendation for a separate car radio licence but accepted the very general view that the BBC should be given a bigger role in collecting the licence fee. It was doubted that the BBC should act as a managing agent on a consultative basis to the HO because it might well lead to a confusion of responsibilities. Spending for 1988 financial year of £61,59 according to the baseline the Government set, would be less in real terms due to the inflation rates.

40. The appointment of its new DG, Michael Checkland, with an accountancy background, may prove that the new strategy is to strenghten its commercial and marketing face for potential direct competition.

41. See also an interview of Mr Checkland to Financial Times on 24 September 1987, p.18.

42. The case with the TVS and other ITV companies showed that a company the less it produces the more money it makes. The Network Agreement was organised into various programme pools. The first and most important of these was the category A which covered the output of the "Big Five", that the whole network was committed to showing. Rather than haggle over the price of each individual programme, the large companies had developped a tarrif system of supplying programmes to each other. Thus, there was no incentive to make programmes at a competitive price because the tab was picked up by advertisers.

43. The return of the capital(before levy) for four of the "Big Five" averaged out at 62%. The rest of British industry managed 8%. To the embarrasment of the ITV advertising revenuecontunued to rise sharply with air-time inflation running as high as 25% a year at the same time as audience was declining. In August 1987, for example, ITV net revenue rose by 19,4% compared with the same month in 1986, which itself was up 34% on August 1985.

44. Thorn-EMI and BET were willing sellers, Carlton had the money nand proven management expertise.

45. Granada's franchise is for the North West England.

46. Furthermore, Channel 3 will, for the first time, have a statutory obligation to provide programmes for and made in the regions. They will be free to form network arrangements but their schedules will no longer be scrutinised.

47. It required the ITV companies to provide "evidence of hardening the market by speciffically under selling airtime to inflame prices", and called for details of cancelation clauses, share and parity

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schemes and all pre-empting deals.

48. After this came the criticism by both the Prime Minister and Home Secretary over programme standards and thé potrayal of sex and violance on the screen.

49. There have been investments in other projects such as Thames TV on Astra, Granada in BSB, TV South's acquisition of MTM Entertainment.

50. The broadcast time was for Tories, Labour, Allience 5:5:3 respectively.

51. Nevertheless, the BBC had to face similar problems in its history and especially in the 1950s and 1960s.

52. ITV faces similar problems as well.

53. Much of licence fee's unpopularity arises from the annual lump sum payment and the butden it conflicts on the poor, many of whom are depended on the TV information and education.

54. The French had levy too

55. It must be also noted that the Government believed that the BBC was biased against it. However, the Ministerial conflicts with the BBC over the "Real Lives" programme came after the Committee's set up. As S. Brittan (1988; 3) one of its members put it, "no political complaints featured in the evidence presented by the Home Office to the Committee".

56. The IBA would require the ITV companies to open their schedules to indepent producers for about 500 hours a year within two years.The BBc is willing to spent £20 million on 400 network, and 100 regional programming hours-in addition to an already commited 100 hours-commissioned from and coproduced with the indepemdents by the of 1990.

57. These are (i) item by item budget meetings to approve the initial programme budget; (ii) the overhead rates are set realistically,so that none can make much of a profit out of inflated carpets, rent, heating etc; (iii) since overspending is going to lead to your profit being reduced, there is a pressure that does not exist in the BBC or ITV to stay within the Budget.

58. C4's great succes was Brookside and the string of prgrammes from the subsidised workshops. S4C has created a Welsh production sector. But, if the Governemnet looks at the costs for a cost-effective formula, it will be inevitable that the vast majority of programmes will be made in London.

59. See the Broadcasting Reserch Unit Report to Peacock Commitee in 1986 The Public Service Idea in British Broadcasting; Main Principles", London: 1986.

60. As concerns decentralisation, the Moinot Report recommended the creation of "Cinseils Regionaux de la Communication" in metropolitan France and others in the "outre- Mer" (overseas) provinces and territories. The dominant debate was over the independence of state media from state control.

61. A commercial channel was now favoured by Giscard.

62. The Communists also wished to censure the Socialist Governement for not proceeeding fast enough to journalists with Communists sympathises within the sate media.

63. The whole Act was published by the Journal Officiel de la Republique Française, 15551, Paris 1983 with the title "Communication Audiovisuelle: Loi du 29 Juillet et Textes d' Application". For a more detailed analysis see Les Cahiers de la Communication, Paris: 1983.

64. There were the two major public television companies-TF1 and A2-, plus the FR3 which under the new regime was to coordinate the 12 regional companies; a national radio company(radio France) which also had to finance the regional radio companies; an unspecified number of regional radio companies to manage the local public radio stations (Sociétés de Radiodiffusion Sonore); a public corporation(TDF)

responsible for the infrastructure and maintenance on a technical level as well as transmitting the programming of television stations; a public institution, the Institut National de la Communication de l' Audiovisuel (INA), responsible for broadcasting research, for achieve conservation and staff training; a national programme company, the Societe Francaise de Production (SFP), which was to make programmes for the TV companies; a national programme company to co-ordinate the operations of the broadcasting services in the overseas regions and territories (Société National de Radio and Television pour l' Outre-Mer); a national company responsible for radio external services, an equivalent to BBC external services, (Société Nationale pour l'Etranger or France International). Finally, a separate company had the task of publishing and selling radio and television programmes to foreign broadcasters.

65. Except in a few cases where the majority shareholding in one company was held by other state broadcasting companies.

66. In 1986, the three channels had to pay FF 500 million for transmission fees to TDF from their budget, while A2 and TF1 paid FF 600 million to SFP for purchaging obligatory programmes. FR3 was buying only FF43 million from SFP. In 1986, the viewers rating were 40 per cent for A2, 38 per cent for TF1 and the rest for FR3.Furthermore, the radio "peripheriques" were indirectly controlled by the state, through SOFIRAD, a body which with public funds plays the bankers'role on radio broadcasting. Europe 1 and radio Monte Carlo finenced wholly from advertising, but their haedquarters located in Paris, and their transitters were situated outside French territories. The state via SOFIRAD was also responsible in practice for the appointments of key managerial staff on these stations plus the RTL via Havas.

67. The President would appoint 3 members including the chairman, 3 by the President of the Assembly, 3 by the President of the Senate.

68. The paradox was that the Conseil Constitutionel was severely critised by the Socialists for its alledged political bias in holding up the nationalisation legislation.

69. From the "nine wise men", only two were regarded as sympathisers of the Conservative oppposition, one of the Communists, three of the Socialists and two had no clearly defined political leanings. The composition of the HA, indicates, to a certain extent, the continuous association of broadcasting with partisan ends. In addition, the HA's chairperson was Mrs Michele Cotta, a socialist sympathiser. In terms of the background of its members. Ms Cotta was en experienced journalist whose professional reputation was enhanced due to her role as omne of the two interviewers used in the Mitterrand-Giscard TV-debate between the two ballots of the 1981 Presidential Elections. Her political sympathies were probably to the left of the centre.

70. These members were appointed for five years made up for 7 representatives from each of the following field: culture, scienc,regional broadcasting, councils, culatral and educational bodies,family and consumer organisations,broadcasting staff as well as representatives of the press and main religious groups.

71. However, HA's interventions were not welcome by the channels and especially the journalists. Their union voiced their resentement at what they regarded as illicit on their professional territory.

72. Personal communication with Mr Henri Arnstam.

73. Socialists were sympathetic to the flourishing pf radio "libres" during the later half of the Giscard Presidency. In addition, they set up yheir own private radio station, radio Riposte. Thus, it would be quite difficult to follow a represive policy. So, legislation was a priority which initially accomplished by legislation in autumn 1981, and confirmed in the Loi 82.

74. Approximatelly 850 opened legally.

75. These include politically marginal groups, previously ignored by the state media: ecologists, feminists,immigrants,religious bodies, ethnic minorities, newspapers and magazine publishers (L'Humanité, le Matin, L'Unité, L'Express), community associations, music lovers took advantage of the new freedom.

76. While most of the state broadcasting was supported by

advertising, the private broadcasting sector was not.

77.    For example, the secret advertising of commercial products created great difficulty to control it.

78.    Antenne 1, TIME ( Television Ici et Maintenant Experimental), Canal 35, and Canal 5 ranged in content from "soft core" to modest studio presentations and in influence from "gadfly" to major "invintant" (Television Weekly: 26 October 1984; 21).

79.    In his plans, these local TV networks would broadcast from 9am to 7:30pm. Each would broadcast to a region with as many as 2 million inhabintants. Like national channels, they should have a ninimum of 60% quota for French and EC made programmes. They would function independently from the national networks and local newspapers.

80.    Fabius went further. He spoke for a tax shelter for investors to put their money into new films or TV productions. These investements would become tax deductive sponsors. Yet, the HA had an average of 15 applicants per day in the first two months, including multimedia groups (Hersant, Hachette), "peripheral" radio staions(RTL, RMC, Europe 1).

81.    (i)   TF1 would remain a state run channel, while A2 would be privatised (with 15 -20 per cent of its capital to small investors); (ii) FR3 would be opened up to the interest parties of private sector; (iii) local cable TV would be given to private hands and Tele-Monte Carlo would be sold; (iv) the HA would be responsible for technical supervision and minimal regulations on programme output.

82.    For example, one of the former Havas Presidents, Yves Canac, was an ex member of Giscard's cabinet at the Elysée. Canac was largelly respomsible for the 1974 broadcasting statute. Rousselet was director of Mitterrand's presidential Cabinet till summer 1982. He also actively invoved in the Loi82 and supervised the top appointments of broadcasting companies by the Socialists in the aftermath of their 1981 victory.

83.    C+ shareholders in 1988 were:
Havas-25%; Compagnie des Eaux-21,2%; L'Oreal-10,41%; Societe Generale-10%; Perrier-5%; SGGM-5%; Granada-3%; Compagnie Saint Germain-2% others 18%. In 1985, Havas had 47% of the equity.

84.    For example C+'s operating conditions included 39 articles, whereas TF1's were 121 articles, In particular C+ is neither obliged to carry news, educational programmes, nor to screen a particular quota of French-made programmes (Presse Actualite: June 1984). Avertsing initially was not allowed but because of the initial problems of C+, the Government reconsidered the whole case, In 1986 it provided 15% of income on top of subcriptions.

85.    However, C+'s management argues that the presence of porn films was never a marketing device, and that its introduction was not mathced by a sourge in subscription.

86.    During the summer of 1983, a small team worked on the programming aspect and came up with a channel which would have a particular emphasis on sports, entertainment and films.

87.    C+ bought about 320 films whereas it spent about FF 500 million on purchasing rights of transmissions. Now 50% of them are French-made, 35% of European origin.

88.    The Conservatives accused the Socialists that they granted La 5 to Berlusconi\Seydoux (60% and 40% resoectively) due to their politiical links. Berlusconi's connection was the then Italian socialist Prime Minister, Bettino Craxi, who brought him in communication with the Sicialists in the EEC's summit in Rome in 1985. According to his estimates, La 5's venture to launch was about FF 1,5 bn in the initial year. On the first day, for example, there were about 49 advertisers including Candy, Colgate, Pegeaut, Philips. advertisers had to book a minimum of 20 groups of 30 slots costing FF1,2 million in all. In 1986, La 5 was transmitted clear via Telecom 1A in order to distribute it to the rest transitters. Till 1988, La 5 was still constructing new transmitters in order to cover the whole of France but up to 1989 it covered about 70% of it (Personal Communication with Ms P. Michon of La 5).

89.    M.D of Gaumont was none other than Mr Nicolas Seydoux, the

brother of Jerome Seydoux.

90.  see note 88

91.  For the events of May 68, a most detailed and perhaps authoritative account is L. Rioux and R. Backman (1968) "L'explosition de Mai", Paris : Laffont; a description of the events in P. Labro et al(1968) "Mai-Juin'68: ce n'est qu'un debat", Paris: Seuil; an interprentation of the events in A. Tourrain (1972)"Le mouvement de Mai ou la Communisme Utopique", Paris: Seuil, and V. Wright(ed)(1979) "Conflict and Consencus in France", London: Franc Cass.

92.  According to personal communications with some executives in Paris in June 1987 and June 1988.

93.  According to an interview of Mr Gust Graas, DG of RTL given in the Le Film: France 18.11.1983.

94.  Of which CLT took a global stake of 47%, in early 1982.

95.  Participation (50%) in relation to Rothschild in "Video International", a production company, coproduction via Stand Art (1983) with Gaumont.

96.  Video Tele-France was enriched by the creation of one of the most modern studios in Europe.

97.  More precisely, CLT was involved with (i) Tele Union Paris and Tele Union Monte Carlo in producing variety and game shows, (ii) DIC for production of cartoons highly successful in the US market, (iii) Consolidated, a company which produces in the UK drama series from UK and Us television,and (iv) Pandora, a 100% CLT's subsidiary for teledistribution.

98.  The seven departmets are: Mosselle, Meurthe, Messelle, Ardennes, Lower Rhineland. 885,000 viewers regularly watch RTL. Daily audience: mean 556,000 equally to 47% of the population receiving the projects.

99.In the French market, CLT's abition has gone with the creation of the Visual-Image, a subsidiary of RTL television, Information et Publicite. The objective of this company was to open up forms of programming which would be adaptable to each network, and to create a huge potential profit for CLT. Moreover, it got a stake in TVEC (20%), pay-TV for Francophone Canadiens and anothe Francophone Pay-TV channel, Premier Fox. Apart from the opportunity to materialise its profits, CLT tried to enter this new field in order to enforce its competence in new developments, and especially in potential programming outlets of which CLT did not dispose.

100.  CLT was hoping to operate a satellite channel in three languages (French, German, Dutch) which would provide news and entertainment. Once the CLT was to collaborate with French partners( a 40% equity going to Europe 1 and RMC) and with Bertlesmann for RTLplus.

101.  Pomonti was to be directly involved with the future management of CLT according to the French press in 1985. The French candidate for the number two job at CLT, that of "admonistateur-delegue", in a resuffle which took place for the new chairman of the company in 1985 (see also New Media Markets: 14 May 1985).

102.  Gaston Torn former Prime Minister of Luxembourg, and President of the EC Commission.

103.  Pierre Werner former Prime Minister of Luxembourg.

104.  i.e. Pomonti for the position of " administrateur-delegue".

105.  The question of editorial control over RTL's output was an underlying factor in French attempts to get rid off MD Jacques Rigaud, he was appointed by Giscard just before Mitterrand's ascendancy to power at the end of 1980. It is instructive to remember that the GLB only became involved within the CLT through a historical accident: when the company was re-activated in 1949 after the War, French interests were banned from participations due to tight exchange restrictions. Due to a considerable increase in the equity, the GLB seized the opportunity and stepped in, after an invitation by the Luxembourg Government. In 1974, cooperation within Audiofina,

and particularly between Havas and GLB, made GLB a major partner, holding more than the half of company's shares. Therefore, the French allowed GLB, firstly in 1949, and then in 1974 to become too important a player in the company's affairs; but for almost ten years GLB was a "sleeping partner". In a meeting between the Premiers of Luxembourg anf France, the French objected to certain commentators of RTL like Philipe Alexander whom the French wanted to fire but the Luxembourgish intervienned. Then, French socialists said that RTL's journalists were not enough to left. On the other hand, RTL's journalists were not on the right either and the previous French Conservative Government had also criticised the situation with similar arguments.

106. French officials and the press gave the impression that Murdoch was already a CLT shareholder and a full-partner in its bid for La 5. On the other hand, CLT responded that the whole assumption as fictional and argued that the Frere-Murdoch company would be one of the hundred springing up in Europe. Companies like CLT need them alongside programmes' investors. But Media International was not just another company in the European audiovisual scene. Frere himself suggested that GBL was acting as an intermediary between CLT and Murdoch (Cable and Satellite: September 1986). What an irony! Berlusconi's reputation within the French media industry was no better than Murdoch's.

107. CLT also considered of going to Court but French officials said that CLT did not make any formal application. It was quite clear, however, that CLT was a candidate for the channel. During a press conference televised on the RTL's news programme on July 31,1985 the French Minister of Communication, G. Fillioud, confirmed that he had received an application from the CLT.

108. In effect, CLT said it would be interested in the remaining channel of TDF1, if it was going to be granted a terrestial channel because Seydoux\Berlusconi received a huge network thus,leaving no room enough for CLT.

109. Even if the FRG Government would like to allocate a TVSAT transponder on CLT, the Lander must all agree. Another option for RTLplus was Eutelsat.

110. The rest of the equity was held by a TV team, a CLT wholly owned subsidiary, and Audiopresse, a consortium of Belgian newspapers. Then, it was also planning through Electrafina to bid its equivalent, a Flemish speaking channel.

111. Using its No 8 transponder.

112. The apparent CDU political bias had also worked in the channel's favour in the FRG's CDU\CSU governed Lander.

113. UFA, a subsidiary of publishing house of which Bertelsmann owns 38,9%. Westdentscher Allgemeine Zeitung (WAZ) holds 1% as does FAZ( Frankfurter Allegemeine Zeintung) also a former SAT1 investor. The remainder is held in trust by the Deutche Bank until additionasl shareholders are found. The commitment of WAZ, the largest publishing group in FRG's most populous state, North Rhine Westphalia is significant since it could pay an instrumental role in the allocation of the terrestial frequencies in the state.

114. During 1984-7, the capital outlay for RTL+ was increased from DM 25 million (£8.3 million) to some DM 90 million. Advertising revenue went up between 1985 to 1987 from DM 18 million to about DM 50-60 million. But of over DM 18 million spent on advertising in the FRG in 1987, only DM 2 million went on new channels like RTL+.

115.Two come from the UK, France, W. Germany, Italy and Spain and one from Greece, Portugal, Luxembourg, Danemark, Belgium, the Netherlands and EIRE.

116. While the Directive speaks about both radio and television, the TWF is mainly focused on television. However, most, if not all of Directive's provisions are basically oriented to television.

117.The MEDIA programme has ten main project (now renaimed to MEDIA 92). In the distribution area, it aims to create a European co-operative for distributing low-budget films, a fund for multilingual productions, and a means to help independent producers market their works. The seven production projects span HDTV, new scripts,

animation, training in computer graphics and management as well as regional aid.

118.    It should be noted that the EC was also involved in film production  in the 1970s when it tried to find ways to overcome US competition.

1. This meant that a satellite would appear to remain stationary above a fixed point and could be used as a transmitting station. In the 1950's, little though was given to those thesis as the Americans and Soviets engaged in the race to perfect intercontinental ballistic missiles and put men into space. In 1962, there was the launch of Telstar, the world's first communications satellite but was not geostationary. It could therefore be used only to establish temporary links between continents, during the period that it could be traced across the sky at large, cumbersome and expensive tracking stations. By 1964 the captions "live via satellite" brought the space age into millions of living rooms as the Tokyo Olympic games were flashed around the world. The age of satellite transmission had begun. For the following ten years satellite broadcasting remained a somewhat exotic medium, used exclusively for the international relay of news and sports programmes, at enormous costs, the transmitting and receiving station alone were costing millions of pounds. In the beginning the power of satellite transponder was very low but later it could be made acceptable TV reception from TVRO (Television Reception Only) dishes with 3 metres in diameter. Today satellites operate at 3 levels:

1) international in intercontinental such as Intelsat
2) regional or continental such as Eutelsat and
3) domestic or national like Telecom I.

2. Moreover, there are military systems and some satellites designed for data relay, maritime and communications purposes.

3. When looking back at the history of home video, it is unclear which developments may really have been predictable. Videotape technology was originally developed for the broadcast industry in the 1950's. Manufacturers first attempted to refine the technology from home application in the 1960's but high price and price and technical difficulties remained barriers.

4. By the end of World War II one million households were receiving their radio over the "wire".

5. These were: Greenwich, Bristol, Swindon, Sheffield, Wellingborough.

6. Such as: no advertisements, tape, delay or transmission of feature films were allowed.

7. The Technical Advisory Committee argued that 60% of the TV relay systems were based on the high-frequency multi-pair system and only 40% on the more advanced coaxial cable system. As it argued neither system could offer more than half a dozen TV channels.

8. There were only a few hundred cable TV systems tolerated.

9. In Creteil and Cergy-Pointoise (Paris suburbs), Rennes, Metz, Chamonic, Grenoble and Nice. Only the Grenoble-Echirolles project was actually carried out through it did not last long.

10. Le Monde (4.1.1976) wrote "cable distribution is still considered as a diabolical device whose effects should be limited by strict regulations".

11. A five-year investment programme, the funding of which was written into the 7th National Plan.

12. Interactive communication systems were tried out in a pilot scheme involving 2200 homes in the Velizy area (Teletel was launched in 1977 after the DGT saw Prestel in operation at a Radio and TV exhibition in Paris); videotext was provided collectively vial local authorities (initially at Nantes and Grenoble) with terminals at Post Offices and other public places; an electronic telephone directory was installed initially in 1300 houses in Rennes; a private telecommunications network, Transpac, was set up to transmit data packages to private firms.

13. The reason was that cable compared to telephone was highly costly and not a priority.

14. Both were to lose out as disseminators of information and beneficiaries from advertising revenue.

15. But quite different in another respect.

16. ACARD was formed by the Labour Cabinet Office in 1976 to develop an IT thrust for the UK's industrial strategy.

17. The Committee on the Film Industry (chaired by the former Labour Prime Minister, H. Wilson) expressed their concern as to the effect of the British Film industry of this intrusion into the Home market of films in English transmitted from the Outer Space to the UK. While senior figures in commercial TV, like Howard Thomas talked about an "invasion from the outer space via Madisson Avenue".

18. Although one representative was from Rediffusion Computers Limited, a subsidiary representative with cable interests.

19. It was given a mere six months to look at the most advantageous ways to "secure the benefits" of cable but in " a way consistent with the wider public interest, in particular the safeguarding of psb". By the end of the summer 1982, the Hunt Committee had received over 200 submissions from interested parties. It released its report on September 1982.

20. Traditional media's concern was the impact of cable on advertising revenue.

21. Controversy ranged across numerous issues concerning the cultural, social and economic implications of cable systems development as well as over appropriate regulatory policies.

22. According to Hunt Report, this monopoly should last for a period of eight to ten years in order to strike a balance between the time needed to guarantee an economic rate of return to the cable provider and to ensure the abuse might be restrained by the knowledge that the franchise may be subjected to competition.

23. This was intended to reduce the amount of American "junk" programmes that would be screened with lower quality, the fear of the "wall-to-wall Dallas". This may encourage the domestic film industry and lead to a certain amount of networking.

24. The figure was substantially lower of the recommended one in Hunt Report of a 500,000 having the intention to retain cable as a local system.

25. Despite the short-notice given there was only 6 weeks between the issue of the Guidance Note and the closing date of 31st August, 1983, 37 applications were received and eventually it were chosen by the Economist Intelligence Unit. This non-governmental body was allocated the task of examining proposals and selecting the winners. Many of the applications had come from consortia of business and media interests set-up with the specific task of exploitating cable developments.

25. Up to a full year after their applications were approved.

26. The Government offered to extend operators' licenses by three years in compensation, but all eleven still had to radically alter their investment plans. The Cable Authority pointed out that even if the affects of the Budget were not as bad as some had feared it stuck in potential investors' minds as a reason why they should not invest in cable (C.A. 1986, 11). As of January 1985 only one pilot. Incidentally, the Government had decided not spending any public fund for R + D of advanced cable system.

27. While most of the applicants to upgrade dd systems were approved, the costs delays and lack of Government commitment had taken their toll. BET (British Electric Traction) sold its cable interest to Rediffusion (Robert Maxwell); Visionshire withdrawn from new cable ventures; the Plessey (UK) and Scientific Atlanta (USA) consortium to supply equipment was disbanded as did the Racal (UK) - OAK (US) consortium and BICC was scalling down its scale activities.

28. These were Bolton Telecable for Bolton; Cotswool Cable Television Co. Ltd., for Cheltenham and Gloucester; East London Telecommunications Ltd, for London Boroughs of Newham and Tower Hamlet; Wandsworth Cable Ltd. for London Borough of Wandsworth and British Cable Services for West Surrey and East Hampshire.

29. The Royal Bor'ough of Kensinghton and Chelsea in South West London.

30. The Board would be comprised by four members of the BBC Board of Governors and four of the IBA.

31. Copies of the contract specifications were sent to over 120 different groups and individual groups during April 1986 and the venture received wide press coverage. The deadlines was the 29 of August 1986.

32. Thorn-EMI though somewhat less surprising given its diverstiture of all new media interests.

33. The dish would be 45 cm in diameter or no bigger than a dinner plate.

34. This will come after a massive promotional drive. There was in 1988 a consideration of giving free the reception equipments.

35. The investors now in BSB (1987-1988) were:

| Founding shareholders | £ million |
|---|---|
| Anglia Television plc | 11,5 |
| Granada Group plc | 35,0 |
| Pearson plc | 30,0 |
| Virgin Group plc | 25 |

| First Round Investors | |
|---|---|
| Bond Corporation Holdings Ltd. | 50 |
| Chargeurs S.A. | 24 |
| Investment International Holding S.A. | 5 |
| London Merchant Securities | 10 |
| Next plc | 10 |
| Reed International plc | 20 |
| Trinity International Holding plc | 2 |

Reed International has substantial interest in paper, packing retailing and recently in book publishing. Bond Corporation Holding, is the UK unit of the Australial brewery, construction, media and financial services. Chargeurs S.A., global transport agency, (see France). Next, the fast growing UK fashion retailer with new interest in financial services an mail order. Investment International Holdings, a Luxembourg investment agency which is committing its clients' fund to BSB rather than its native Astra. London Merchant Securities, a UK institution normally associated with investment in properly development and the energy industry. Trinity, another investment agency.

36. The French videotext/minitel strategy is viewed as a success for the DGT, combining the advantages of monopoly in network supply and the advantages of private initiative in communication service supply.

37. Local operators would determine its own levels or in effect whether it wanted to provide cable TV as a social service rather than as a revenue export. Subscription rates would be determined to a certain extent by the amount of advertising carried. Finally the Loi 82 stipulated that the advertising revenue should not overturn the 80% of the total income of the cable network. By and large the Government could in relation to article 85 of the Loi impose some decrease on this percentage since it could relate SLEC to this of Tele Monte Carlo. This came, to a certain extent, contradictory the general spirit of the Loi 82.

38. France was divided into 36,000 municipalities and only 500 of them had a population over 30,000 inhabitants. A quarter of France's population lived in five major urban conglomerations.

39. 1,2 million in Paris, 1,5 million in Ile de France and the rest in the provinces.

40. It was an accommodation to the swing from the left in the 1983 municipal elections with the most of the larger cities held now by Conservatives.

41. There were also other options such as allowing the private channels to set-up multi-point distribution systems to block of Flats

which could then go on cable.

42. In practice three very different commercial policies could be implemented and fund to be generally accepted: (1) universal cabling with the initial stress on interactive services. The cost would be included in the local rates as was planned in Genevilles (near Paris); (2) a low penetration policy, at a 25 per cent level, with high cost charged to subscribers and no use made of the municipal budget, as planned for Paris; (3) a combination of the above (1) and (2) with a 50% take-up as projected in Montepellier.

43. It was estimated that the initial household connections would be be in the cost of FF 800; the basic cable service in a cost between FFr 500 to FFr 800 and the subscriber would have to pay about FFr 1,800 for extra products and services.

44. In effect, there have been so few rivals to the DGT, such as Region Cable, so DGT remains in a defacto monopoly position.

45. Including towns with more than 100,000 inhabitants and representing about 4 million households.

46. More information about every town see Journal de la Mission issue of 1984.

47. This agreement was made between President D'Estaing and Chancellor Helmut Schmidt.

48. Actually, in 1978 it was decided to examine the possibilities of such a program.

49. DBS was expected to be especially attractive to developing countries without sophisticated broadcasting system.

50. This must also be related to the decision of D'Estaing Administration of giving priority to DBS and not to Cable TV considering as highly competitive for the vast media.

51. The head of DGT, J. Dondoux said that he might chose various forms of terrestrial distribution or even satellite broadcasting.

52. J. Pomonti, was called in, in the beginning of 1985 by Fabius to run the operating company for TDF1.

53. That was the latter TV, and MG. And contenders for this slot on TDF-1 were Europe 1 and Music Box.

54. The whole picture of the co-operation between the H.O. and DTI could be found in the White Paper of 1983 which contains "ritual objectives" to the santified principles of protecting the public interest through administrative measures, but the dominant motif was that of the market.

55. C.A. in 1986 had 10 people only staff, and of all the institutions of the British TV industry was arguably the less visible. Its D.G., J. Davey, was not invited to the Prime Minister's October summit on broadcasting policy at No 10 (Sunday Times 17 July 1988;C7).

56. Until 1986, its start-up costs were covered by a loan from the Government.

57. For example, it should favour applications from those offering to use the most British programmes and the fewest cheap imports - no quotas down for this.

58. Or "Mission sur la Teledistribution" but also known as "Mission Scheiner" due to the name of its chairman, deputy socialist Bernard Scheiner, also know as "Monsieur Cable".

59. Mission Cable, actually, was allocated a small budget of FFr 30 million out of which could provide initial finance for a small number of special projects.

60. From this was the characterisation of Mission Cable as the Governments nursemaid on the national cable industry.

61. With an annual budget in 1985 of 50 to 60 million FF money were tight.

62. By the early 1980's, DGT's telephone system was the envy of most European telecoms engineers. In relation to the UK. In 1986 France had 42 main lines per 100 inhabitants whereas the UK 39; only half as many "incidents" per 100 lines in France as in the UK; and higher productivity in France (7 employees per 100 lines, against 11 in the UK).

63. This was launched in 1979 and Telecom 1 was launched in August 1984.

64. TDF has been since 1980 under the authorities Ministries of Communications and PTT and because of this it has to harmonize its actions with DGT.

65. From 1950's, CDC, a non profit organisation, has aimed to provide loans and expert advises to local authorities regarding their development projects such as national health system which are required to deposit their funds.

66. Only Clyde and Croydon of the UK pilots opted not going with BT.

67. These figures from come private communication with Ms C. Enders. BT invested 15m to HTV (or it holds 25% of its stake), in TCC, and 1 million (25%), Premiere 3m (30%) Vision 3m. In 1986, BT took a 33% stake in Childrens channel and Lifestyle ventures.

68. The City of London is one of the three Key financial centres and lies in the middle of New York and Tokyo, also speaks the world's language: English.

69. CGE made an agreement with Mission Cable by which it would become a stepping store for any local authority wishing to set up a cable network having also a consultant role CGE had also experience in cable since it was one of the first French companies to get involved in 'cabling France' in 1970's. With the "Plan Cable" CGE became active in signing up other customers for its cable expertise. In 1985, it had set up cable in 15 towns among them Lyon, Toulon and Versailes. CGE's attraction to municipalities was that was prepared to take up most of the costs in setting-up the systems operating company (SLEC). The CGE would pay this, leaving only administrative costs and local programming input to SLEC's. Thus, SLEC had in its setting-up little to loose, Moreover, CISE owns 15% of Canal Plus. the investment was partly made to show that it was a natural partner in any major media development. Programming was the third aspect of CGE's multimedia strategy. In addition to its access to programming through its stake at Teleservice and Canal Plus, also signed a contract with the I.N.A. for a 500 hour long catalogue of programmes to be put via CGE at the disposal of the cable networks and the potential local TV stations. CGE stated publicly that it had non ambitions to be involved in DBS because DBS situation was too unclear to guarantee such a step (Cable and Satellite: August 1985).

70. CLE in 1984 became the operator of the prestigious Paris cable system. Major Chirac also went to CLE 49% of the equity with the City of Paris building the rest. From this 49%, 10% was given to C3D. There were strong reasons to believe that Lyonnaise used its political connections with Chirac to get the franchise.

71. CIEL was composed of ten large "syndicates" or associations of the electronics industry.

72. Subsidiaries of Thomson-CSF and St Gobain formed a special company to go into cable but both were nationalised companies.

73. These losers were (i) NBS: James Lee - the Bell Group (Holmes a County Bell owns former ACC assets and has TV and newspaper interest in Australia. Main owner of Astralia's largest company Broken Hill, (ii) DBL: News International, Cambridge Electronics, Electronics Rental Group, Feranti, Sears, British Commonwealth Shipping. (iii) DBS UK Ltd: Dixons, Hambros Bank, Robert Fleming (Merchant Banks). (iv) SAT UK: Bond Corp, Lonhro (Observer) Trillon (London facilities House.

74. In the US cable systems tended at that time to be cheap consisting of wires string along poles rather than burried in the ground as in the UK, and most of Europe. They are also designed to deliver entertainment at a low-cost rather than being a genuine communications system. Less than 5% cable systems in the USA

interactive systems.

75. FFr 5 billion in the period 1983-1985.

76. Estimated cost FF 1,5 billion.

77. It was a chock in 1983 to discover that with optic fibres the cost per household cabled would be three times the amount forecast by DGT.

78. Municipalities were especially lukewarm because under the "plan", had to finance preliminary feasibility studies.

79. Estimates from the DGT argued that the mean cost of a system was FF 5,000 per connection, but the Conservation opposition challenged this estimate claiming that the costs were grossly underestimated. It argued that a connection would cost FFr 12,000-15,000 not 5,000. DGT rejoined saying that the charge was unfounded, and the 1985 cost was about FF 7,000 but in no-way 12,000 or 15,000 FF.

80. The original TPS's prospects (summer 1985) suggested that the rate would be about 11 million a year from the second. Since then, the price appeared to have fallen to £9 million in November 1985. The argument, now, was related to reception equipment's price and considered that the bulk of initial audience would come from cable systems. The difference, now, was that the price on Eutelsat F1 transponder cost £ 1,5 to 2 million a year in 1985. the TPS prices were opposed by the Ministry of Communication which demanded that the price should be somewhat between £5 to 6 million. Finally, the Chirac Government found this price too low and undesired that the price of 12 million might be near the basic leasing rate.

81. Initially for 12 years, becoming 8 years thereafter.

82. For example while the PTT insisted on requiring SLEC's to pay 30% in advance, the Interior Ministry reacted and opposed it on behalf of municipalities. Another conflict was between the Ministers of Culture and PTT concerning programming because PTT was interested only on the hardware aspect of cable.

83. Due to the austerity policy imposed by the Government in 1983, DGT recorded its first-ever deficit.

84. There was also some challenges from the local authorities to the Government with most eminent that of the Mayor of Paris, Mr J. Chirac, who challenged governmental guideline over content control. His demand was the freedom to receiving and broadcast foreign commercial programming or according to Chirac "cable-tv had to secure freedom of expression". (Cable and Satellite: December 1984;18). Another case was the "Socialist City of Lille" which sought to extent the authority given by Loi 82 by asking to become the owner as well as manager of the local network by setting-up a joint stock company which would have a major shareholding.

85. It operates about 30,000 of the cabled households and runs 300 MHZ systems which can take up to 24 channels.

86. The PTT would provide central terminals whereas personal ones would be by private sector.

87. GDL stands for Grand Duchy of Luxembourg and refers to Eutelsat's and other European Governments' jargon to the Luxembourg's satellite system.

88. Dr Clay Whitehead was former director of the US office of Telecommunications. He became later Director of Hughes Communications Inc., a subsidiary of Hughes Aircraft Company. He was also involved with Hughes' satellite systems Galaxy and Leasat.

89. He was also president of Caise d'Epagne.

90. Like the two shareholders: Dresher and Deutche banks from the FRG.

91. However, in 1989 SES announced two other birds to accompany Astra as back up satellites.

92. Eutelsat is a twenty-six national organisation owned by the main European PTT's and based in Paris.

93. The US proposals for trans Atlantic transmissions of telecoms traffic including cable relay service, and even direct live transmission from America (International Satellite Inc., RCA, Orion, Satellite Inc., Cygnous, Pan Am Sat and Cygnous Satellite Corporation) gave further concern to European PTT's which are also members of Intelsat.

94. The result would be "runius" competition with Eutelsat's operating and scheduled satellites because as its D.G., Andrea Caruso, said "one system's far too much" and expressed his new that Coronet would not materialise.

95. CLT also accused Werner Government that was risking the company's opportunity and thus the country's economic interests by backing Coronet. However, Werner was looking for a transponder for RTL plus and could not wait for TDF1, took into consideration the Coronet choice.

96. SES also succeeded to attract CLT to go for two transponders when CLT was basically reluctant to join it. In effect, that was because Santer Government left CLT in a comfortable position by reserving two of Astra's transponders for CLT.

97. The buckers on the GDL projects were: SLS was consisted of public Luxembourg institutions such as the State Saving Bank, the national Credit and Investment Company, the National Employees Pension fund. Whereas Coronet, S.A. the operator of Coronet headed by C. Whitehead and its financing was expected to come from a number of equity investors together with leasing or other asset based financing from a group of European financial institutions but is was understood that the US leading investment ban, Solomon Bothers was also involved. (one investors were also tried to be fund in the European market who would downpay $5-10 million of the satellite. By early 1985, potential investors started emerging such as Beijer, a Swedish investment company which took an 80 equity stake, and options on two transponders. Dutch and French companies were also negotiating for Coronet's transponders whereas Home Box Office (USA) held a small equity position (Ogilvy and Matter Euromedia:January 1985). It successor SES company involved class A shareholders who held 80 per cent of the equity and 66 per cent of voting power mainly Luxembourgish and European financial institutions and class B shareholders each acquiring 10 per cent equity and between them 33 per cent of voting power. The whole Astra project benefit from the law of January 1986 under which the Government offered guarantees of up to 3,5 billion LF in order to help SES to raise the necessary funds. However, if one looks at the eleven original SES shareholders, they die not include the type of media ·interests that could be expected to join a satellite venture. The shareholders were five banks, the two Luxembourg's state-run banks, two Scandinavian companies, one French-private owned company and one specially created Luxembourg company. Regarding the commercial banks the information about their plan were suggestions rather than anything specific (Cable and Satellite: July 1985). What is important, perhaps, lies with the fact that banks are not usually involved in such a new high risk projects on their own whatever their ignorance on these matters. Some observers suggested that they were acting as agents for customers during SES' launching wanted to remain anonymous (Cable and Satellite:May 1985). On the other hand, it was fashionable in the 1980's for banks to put a small amount of money into high risk areas. However, they need, especially institutions like Dresador or Deutche, to have a good reason to risk large amounts. This new capital was by dept finance of the same value giving the company total funding of $96 million but it needed to find more since the total cost of the system was estimated of about $125 million for Astra including insurance and launch costs. this increase of capital necessitated a restructuring in company's equity. Thames Television took permission by IBA to take a 3,5 million (5%) of equity stake late 1986. Finally, its licence period, even though there is a little chance to loose it, is for 22 years and should be renewed without much trouble.

98. The liberalization policy of Giscard's Administration and the international economic developments had limited the efficiency of the Plan as well as its feature to predict future trends.

99. Both the ITAP and Hunt Reports repeated the urgent message for research and study on the DBS implications.

100. The manufacturers fall in two categories: those who make the

hardware and those who make programmes. The wholesalers are the likes BT in the case of hardware, and Ten, HBO and so in the case of programmes. The retailers are the systems operators. Each of these functions is a business in itself, and all of them together form the industry.

101. For example, $1000 per subscriber in early 1980, so a 5,000 system equals $5 million. With such finances bank borrowing would be easier.

102. Nevertheless, some other special factors also played an important role. For example in Belgium there was no advertising on TV, so there was strong advertising support for RTL. But both UK and France had no such special factors.

NOTES FOR PART FOUR

1.  The term 'consumer electronics' covers the following audiovisual equipment: black/white and colour TV sets, radios, car radios, video recorders, video cameras, video disk players, digital record players, tapes and cassettes, tape recorders, Hi-fi, reception equipment and video games.

2.  However, to correctly estimate the European products one has also to take into account products assembly in the EEC by Japanese firms.

3.  These products associated with new technologies suit to European needs. Because they involve relatively little in terms of resources, require skilled manpower, consumer small amounts of energy in production, and most importantly they are high in value added.

4.  First, the impetus for evolution is internal rather than a response to external factors. Second, the process of development is discontinuous i.e. there is no steady progression along an even path, rather developments are 'bunched'. Last, developments produce changes in quality not quantity, so that the new products and processes are different from, or better than existing conditions.

5.  A decline in X accompanies the ascendancy of Y, but X and Y can be widely separated in their location within the political and economic body.

6.  The measures taken include state-funded 'rationalisation programmes', 'crisis cartel', tax concessions, trade barriers and the 'socialisation' of loss-making concerns. All of these measures involve a transfer of funds from the public sector to private hands. Similar 'crash movements' characterise the methods the state uses to promote 'new areas'. These include protection of 'infant industries' state-funded R+D procurement practices, tax incentives for new inventing, see (Locksley:1983;131).

7.  Mainly from CIT, Mackintosh, Ogilvy, and Mather, J.W. Thompson, and Frost and Sullivan.

8.  According to Luton and Dunstable model (Economist Intelligent Unit 1983) "Cable Television in Western Europe", EIU:London costs in densely populated European areas:

| | |
|---|---|
| Cable and purchase and installation | $ 23,000 p/mile |
| Running costs | $ 575 p/mile |
| Connection per subscriber | $ 175 |
| Decoder | $ 144 |
| Head end and Operational facilities | $ 1,3 million in the first year |

9.  This is divided as:

| Cost components | $ million |
|---|---|
| 3 x satellites at $ 60m (incl R+D) | 180 |
| 2 x launches at $ 36 million | 72 |
| 2 x insurance at $ 30 million | 60 |
| Ground control installations | 20 |
| Total | 332 |

10.  In the late history, France was still a nation of small producers, heavy agricultural and industrially stagnant. Most French firms were much small and less aggressive than their counterparts abroad.

11.  The political and administrative apparatus of the state may be more or less unified or fragmented.

12.  The "state above" is a characteristic of many French regimes ranging from the Ancien Regime to the French Republic.

13. It becomes active when it acquires the capacity of controlling a set-of-policy-related levers, providing access to critical information and expertise, control over domestic and international capital flows etc.

14. This is also associated with the political authority of a state and its is reaffirmed regularly in contemporary political discourse.

15. The "Defi Americaine" by J.J. Servan-Schreiber was published in 1967 and warned Europe, being in period of economic decline, that it would become subsidiary of the USA if the European countries did not integrate their economies and resources more effectively.

16. See note 21.

17. These include the fastest plan (Concorde), the TGV train, the first largest solar energy and tidal power plants, the most powerful electronic microscope and laser, one of the best TV system (SECAM), nuclear centres of graphite gas, facilities and atomic submarines etc.

18. The concept of "filiére éléctronique" was seen in the Farnoux Report submitted to the Minister of Research and Technology in March 1982 and presented to the press in May 1982. (Ministere de la Researche et de la Technologie, Extraits du rapport de synthese de la mission filiere electronique') and confirmed during a cabinet meeting on July 28, 1982 giving general guidelines for the development of an industrial strategy in the electronics sector.

19. A "filiére" of branch describes all sectors involved in production from raw materials to final product.

20. Electronics was seen as a basic technology and any aspect of economic activity escaped it. It was at the heart of strategic products ranging from defence systems to systems of communication. It was the essential element for technological and national independent. All sectors of electronics industry are interdependent from software and information systems, office computerisation and automation to consumer electronics without forgetting the military.

21. In effect, the term filiere electronic" was used for eleven sectors of electronic production: components, products, for the General Public, office automated equipment, software data banks, robotics, medical electronics, scientific instruments, telecoms, military electronics, aerospace industry.

22. See the Farnoux Report Anexxes 12 and IV:7-8.

23. On new generations computers Bull has set in collaboration with Siemens and ICL a research centre in Munich. In telecoms ITT, Alcatel, Siemens, Plessely and Itatel (Italy) are conducting joint research into new exchanges and new transmission techniques. There is also participation on the project.

24. For more see Financial Times: 20 March 87, p.20.

25. By the end of 1985, at least 50% of the shares in over a dozen companies formerly under state ownership was sold to the private sector.

26. GEC, Plessely, Rocal were importing US technology for a new breed of digital telephone exchanges and mobile cellular radio communications equipment.

27. ESPRIT - European Strategic Programme for Research and Devleopment in Information Technology
    RACE   - Research and Advanced Communications in Europe
    FAST   - Forecasting and Assessment in Science and Technology
    EUREKA - European Programme for High Technology Research and Development

28. Such as 13 in the UK, 8 in the FRG, 6 in France, 4 in Ireland, 2 in Belgium, i.e. no less than 33 Japanese points were operating within the EEC in 1985.

29. For background see Ploman (1984).

30. ESA replaced the European Space Research Organisation and European Launcher Development Organisation (ELDO).

31. See also Ploman (1984a, b).

32. Arianespace is now a private company and its shareholders include 36 European space components manufacturers, 11 banks and the French CNES (the latter with 34% of Arianne space), and France has been the major contributor, providing over 60% of the budget.

33. Test flights for Ariane V are planned for 1994 with commercial operations beginning in 1988/9. the Ariane programme employs around 10,000 personel in Europe and there have been more than 40 launch vehicles in production. The cost of the programme in 1986 prices, including all versions of Ariane up to IV and the facilities at Kourou, was of the order of $ 12 billion and had orders in its books worth $16 billion. Between 1985 and 1995, it planned to produce 80 launch vehicles at a cost of $ 80 million each, or nearly $ 7 billion worth.

34. The US mistake, according to Arianespace D.G. Was to "put all of their eggs in one basket" (Cable and Satellite:January, 1985).

35. Matra and BAE formed in 1981 the Satcom International consortium targeted to build medium powered satellites.

36. Until 1974 the TV industry in the UK prospered. The b/w TV market was protected by incompatible technical standards and by the absence of any serious international competition. As the b/w market reached saturation point, colour TV was introduced in 1967. UK's colour system was PAL and manufactured under licence from AEG-Telefunken (FRG). This licence protected the UK companies from exporting PAL TV-sets of 20" screen size and above until 1983.

37. From firms like Sanyo, Sony, Hitachi, Toshiba, Mitsubishi.

38. The most commonly cited attractions include: low labour costs, a second technological base and hence components, suppliers, good trading relations and a large home market as well as an attractive political environment.

39. They were admitted to the British Radio and Electronic Equipment Manufacturers Association and the Consumers Electronics Sector Working Party.

40. Grundig is linked by Philips' 24,5% equity in its shops.

41. In addition, the agreement provided by MITI to establish a floor price for exports. It was designed to align retail prices of the Japanese units with those produced in Europe.

42. A curb on imports and a staff tax as well as licence fees.

43. NHK spent more than $ 300 million on HDTV technology. NHK sponsored the development of HDTV cameras, VTRS, display equipment and teleline (Satellite Communications:April, 1988;34).

44. Or as NTSC's nickname in the US: "Never The Same Colour".

45. The Europeans also argue that accepting a standard based on 60HZ Frequency - the number of fields (half frames) a second - would place the three quarters of the world, including Europe, which is on 50HZ at a considerable disadvantage. But the fears of the European manufactures are really about more than the electricity system.

46. The Biarritz pilot-scheme in which 1500 homes were to be linked with an optic fibre network was interesting and shows the objectives of the French government: (i) an industrial experiment which used optic fibres, (ii) it used laser transmitters and needed 10,000 km of optic fibre cable, a third of France's annual output and (iii) it was to be used as a shop window for French industry and technology to the world.

47. Oftel also had the discretion of allowing alteration of a timetable if it would facilitate the successful cabling of the whole area.

48. Other shareholders of Eurosatellite were Thomson (France), AEG-Telefunken (Germany) and ETCA (Belgium). Aerospatiale's ties with MBB in aircraft, missiles and helicopters go back 27 years. Now in order to adapt to changing demands for smaller and more efficient satellites and to increase the flexibility of their product range. Aerospatiale and MBB unveiled a new formula for co-operation. In 1983, they announced collaboration on building a "family" of satellites called Spacebus services. This was intended to meet the international demand for DBS and telecoms satellites covering a far wider range of uses than ordered by the Eurosatellite grouping. But the decision was prompted by the failure of Eurosatellite to live-up to initial hopes of success on the world satellite market. The

Eurosatellite group formed in 1978 and each French and German company has a 24% equity whereas ETCA has only 4%.

49. The aerospace industry according to this report employed directly some 165,000 people, with an additional 35,000 people in the electronics sector working in avionics. Its total turnover for 1984 was approximately £6 billion, of which half came from exports.

50. BAe, Marconi Thorn-EMI, Ferranti, Plessey, Logica and Software Sciences Limited had been involved with satellites as the providers of sub systems for a wide range of international customers (Key Note Report:1985).

51. All bidders had guaranteed delivery in orbit with launch insurance down to them. Hughed did all these and tipped the balance with a booking on the first commercial launch on the McDonald Douglas, Thor Delta launcher brought back on steam to fulfil US Air Force orders and agenenus financing deal.

52. Matra and British Aerospace (BAC) formed in 1981 the Satcom International consortium targeted to building medium powered satellites.

53. Rediffusion, however, has been absent for years from the British electronic market.

54. Members of that group included representatives of companies such as Philips, Thomson, Fuba, Salora.

55. Some argued that they would need bigger antennae since a 85cm dish would be totally unacceptable for reception for clear picture.

56. Some other Astra's technical benefits would be (1) its full eclipse protection on all channels would allow a 24 hours services throughout the year, (2) full control of the transmission parameters, (3)High G/T satellite performance will allow Astra to be accessed with considerably small uplink terminal compared to existing satellites, (4) less rain attention on the uplink path and (5) better applicable due to its bandwidth for television transmission.

57. Australia goes for B-MAC while thee is E-MAC too!!

58. Effective satellite broadcasting on AM would require satellites 100 times more powerful.

59. The forgetful news-reader wearing a check-pattern jacket is the most common example.

60. Some were because MAC improved picture quality,over the current PAL, and can also be used as a bridge for digital transmission and encryption of signals and finally offers increased audio and sound capacity on a DBS channel.

61. MAC because of its superior picture quality compared to PAL and SECAM C, because of its capacity for digital sound and data signal and Packet due to is Flexibility as a system to multiplex digital sound and data signals.

62. In comparison D and D2 MAC packet originally intended for cable distribution (Dosch:1985). D2-MAC uses frequency modulation for both the video signal and the data burst and has only half the capacity of GMAC but requires almost exactly the same corner-to-noise ration to achieve the same bit error rate (Torstenssen: 1986, Morgan:1987). This is hardly optimum use of the physical transmission medium. Another feature of the C-MAC is its facility of changing the duration of the data burst. Then the compatibility of the MAC packet systems is still in doubt.

63. The enhanced television is far better suited with GMAC than D2-MAC. By reducing the length of the data burst to accommodate only one sterophonic sound channel (for a TV programme) space capacity is released. This approach is unfortunately not practical for D2-MAC, particularly if stereo sound is required for the enhanced service. This means that a high powered satellite which carries four channels of sound uses D2 MAC has wither 4 monophonic sound channels or 2 stereo channels but in no way 4 stereo sound channels as with C2-MAC.

64. The Eureka project has brought such further developments in to what called is Phases III and IV. Phase III concerns the introduction

of a wider aspect of TV and additional picture enhancement techniques, but says with 625. Phase IV is a full HD MAC standard expected by 1995. Sets to receive this standard would cost £1,500 approximately. One of the reasons for some delay is the need to further develop the bandwidth compression techniques.

65. So that (i) consumers must not be obliged to purchase more than one receiver and conditional access system in order to view the satellite programme of their choice and (ii) programme providers may devide the cost of development of one system which will provide conditional access to all their programmes amongst the themselves.

66. Philips experience on VCR and Thomson's with the Far East products have made them to keep a momentum behind MAC to stop 'Hi Vision'. This arrangement has been agreed in outline by the IBA, Thomson, Philips and TDF since all hold some relevant MAC patterns, but Intermetall (ITT) for one has let non-European manufacturers know that it intends to licence its chips to a wider range of suppliers.

67. The European Television Task Force is a gathering of politicians and broadcasters ancient and modern to produce a report on the future in an era of privatisation, commercialisation and satellites and funded by the European Cultural Foundation, a private Dutch - based outfit.

68. The Commission also supported this initiative: the so-called Europa-TV.

69. Such as soft loans, tax exemptions, and above all a Community fund to subsidize the making of European programmes. See resolutions of EEC Council of Ministers in July 1984 and OJEC 2.5.1983, 13. Moreover the consideration for a Community fund was presented on April 23, 1983 from the Commission to the Council on a regulation on a Community Support Scheme for non-documentary cinema and TV co-production. The Council of Culture Minister was supportive to this idea.

70. "Feuilleton" is a French style soap-opera, is a genre that reached French TV screens fairly late in the day.

71. Other "Dallas'a la Française" were considered "Le Paria", "Allo Beatrice".

72. Similarly in France Dallas was ranking second.

|      | Dallas | Chateauvallon | Allo Beatrice | Paria |
|------|--------|---------------|---------------|-------|
| 1984 | 28%    |               | 37,7%         | 13%   |
| 1985 | 22,5%  | 30,7%         |               |       |

Paria was on FR3, thus the 13% is reasonable (Silj et al:1988).

73. Reasons of quota systems being not so successful in relation to those of 1920's and 1930's were the dependence of European economies on the USA during the post war, thus it made it difficult for them to insist on quotas.

74. It does not correspond exactly to the nationality criteria used in national legislation in support of cinema production adopted by Member States applying the Directive of 15 December 1963 and intended to bring cinema industry within the overall programme of dismantling restrictions on the free availability of services. This Directive, laid down in the framework of the overall programme for the suppression of restrictions on the free circulation of services adopted by the EC in 1962, was seen as a transnational act.

75. For more information look at European Institute for the Media (1987) "Towards a European common market for Television" Manchester, pp 137-157.

76. ibid.

77. From a lecture of BBC's D.G., M. Checkland in the Media Guardian Series, National Film Institute 18 March 1989.

78. In this situation, producers and distributors from the 12 EEC countries have worked out a model for a European co-operative for the Distribution of Low-Budget Films. This model is based on a co-distribution mechanism receiving half of its income from advances on receipts and half from the distributors.

79.    Personal communication with John Woodward.

80.    Radio Organique, Radio 104.

81.    This body had as its main aim to support the production industries and help the restructuring of the cinema industry. IFCIC was also able to provide the banking sector with guarantees to cover requests for credit made by new companies or be companies which were anxious to grow.

82.    Additionally, the Bredin Report used ITV as an example for regional programming on French TV. From 102 hours of ITV's week, 49 came from the "Big Five", 10 from regional, 7 for information and 28 hours for programmes. Thus, it is not clear why ITV should be considered as an example for the rest (82). Moreover, estimated from the knowledge Research (1987) put that total BBC TV output would have risen to 16,215 by 1988 largely as a result of the introduction of early morning and daytime scheduling. Production of new originated network programming would have risen to 6,049hours, whereas the regional programming will have risen from 3,016 hours in 1982/83 to 4,228 by 1988. For the commercial television system the total output is expected to rise to 13,660 hours and production of new originated network programming will have risen from 2,458 hours to 4,095 hours whereas local programming will have risen from 5440 hours to 5662 hours before becoming steady.

83.    The French people, however, in 1984 in a CIT survey were asking for more programming and 68 per cent of the respondents were willing to see more feature films whereas 20 per cent of them were prepared to pay to see films. They also desired a wider range of programmes (Broadcast: 7 September 1984).

84.    Nevertheless, the ITV companies continued to transmit 100 hours of factual programming in peak-time (7pm to 10pm) as required by the IBA. But in prime-time lighter material had been increased between 1975 to 1985 from 44 per cent to 65 per cent on ITV, and from 34 per cent to 51 per cent on BBC1. Much of this programming was built around star personalities, celebrities, star writers etc.

85.    From an interview in "Multimedias" Magazine No. 36, June 1982 p22.

86.    In relation to the UK and FRG, France lacked in ads expenditure in 1985 expenditure in US$ on television, France had 324 million, whereas the FRG 496 million and the UK 1,766 million.

87.
Table S.F.P. Production

| 1980 | TF1 | A2 | FR3 | FR3/Sept | SFP(1) |
|------|------|------|------|------|------|
| 1981 | 90h00 | 116h00 | 5h00 | - | - |
| 1982 | 79h00 | 101h00 | 2h00 | - | - |
| 1983 | 52h00 | 74h00 | 5h00 | - | - |
| 1984 | 77h00 | 116h00 | 1h00 | - | - |
| 1985 | 60h00 | 136h00 | 6h30 | - | - |
| 1986 | 43h44 | 62h26 | 7h22 | 2h10 | 21h00 |

(1) SFP produces its own programmes and also seeks for their salle

Source: STTI/CNCL 1986/87

Table French TV Internal Production

|  | TF1 | A2 | F3 |
|------|------|------|------|
| 1980 | 52h00 | 15h00 | 44h00 |
| 1981 | 12h00 | 15h00 | 47h00 |
| 1982 | 5h00 | 14h00 | 55h00 |
| 1983 | 9h00 | 7h00 | 56h00 |
| 1984 | - | 5h00 | 49h00 |
| 1985 | - | - | 70h00 |
| 1986 | 5h00 | 8h00 | 42h00 |
| 1987 | - | - | 22h(1) |

Source: STTI/CNCL 1986/87

88.    The "must carry" rule would not apply to existing limited capacity systems arrangements were made for subscribers to receive by alternative means, the BBC and ITV/C4 services. One way of doing this would be to supply aerials to households so releasing the cable network from carrying the broadcasting services.

89.     Thematic services were first seen in Europe in 1984 with the development of cable networks in the UK and FRG, and with a terrestrial popular music service in Italy.

90.     Screen is to cost £10 a month, the equivalent of renting one and a half video cassettes a week, and would be devoted to screening 25 feature films a month, including, perhaps, two major features. BSB also claims that it wants to stimulate independent production by producing 12 films per year made in the UK, and to offer 400 film a year. It also announced that £14 million would be invested over three years into British film production.

91.     Press moguls used to be called those who belonged to the first era of the mass popular press in the early years of the 20th century. Media-moguls re-appeared in force in the mid and late century.

92.     Since 1969, however, the Community through the commission has produced a series of documents and the Council of Ministers adopted a number of Resolutions aimed at maintaining and encouraging the Community cultural heritage. Two pamphlets provide useful background: Cultural Action in the European  Community, European Documentation 1980, and the European   Community and Culture, European File 14/85.

93.     TV5's primary aim is to strengthen the position of the French speaking world, and to be a showcase for French - language television productions - and in a world to give people a francophone view of the world (see also E. Roy:1988;30-1).

94.     The scheme for a television fostering third sector investors was entrusted to Regie Francaise des Espaces which made use of the existing state-run channels. RFE would hire out time of the 3 state channels outside their normal transmission hours to companies, associations, groups and so on. Trade unions and political parties, however, were not to be allocated to rent the available TV time. For anything between five minutes  to an hour, the groups which would have purchased this facility would be able to use it for public information programmes, staff training, company communication, educational or cultural programmes Le Monde :27 October 1983).

METHODS IN ACTION: DEVELOPMENT OF THE PROJECT

This project followed a previous, in-depth study of the EC
Commission's <u>Television Without Frontiers</u> policy in 1985.
The Final Directive, as well as new thoughts about the
whole way that the EC works, enriched my understanding of
the policy and general policy process within the EC, making
me realise that communications policy, particularly
television policy, concerns an interrelationship and
reaction between the external realities and domestic
internal needs and pressures. Thus, when we speak about
television policy today, we have to distinguish between
conventional TV and the new means of transmission by cable
and satellite. A second question concerns the kind of
policy followed for the development of cable, and satellite
TV's impact on conventional TV and vice versa. But the EC's
policy alone could not clarify certain points. The
Commission speaks about television in general, especially
about regulations on legal aspects and quotas. Thus, I had
to look at particular countries.

France was very special, not only because I lived there
during 1984-85 but because I witnessed fundamental changes
in this country's television structure. Then, I wanted to
see what, why and how a Socialist Government formulated its
television policy. Why did it follow that policy path? Was
it coincidental or planned? Other things made me look at
France. The first was how policy changes- in the
broadcasting system of this country depend on who is in
power. Since the Liberation, every government has wished to
apply its own legislation to the audiovisual landscape. The
Socialist Government was the first Left administration to
govern France since the constitution of the Fifth Republic.
It was also interesting because it represented a new kind
of socialism in Europe, or rather a new tendency in
European socialism to adopt commercial policies. Secondly,
France is a leading European country, mainly due to its
'défi Americaine' anxiety. Changes in France influence
other European or EC countries.

When I came to the UK to continue my studies, I started
looking at the policy and broadcasting of this country more
critically. In effect, I learnt how British broadcasting
differs from the rest of the Continent. British
broadcasting has always been surrounded by myth in Europe;
changes in this system seemed to be significant in the rest

of the Continent. It has always been used as a point of reference by Europeans. Thus, living in the UK led me to start making some comparisons with other countries. Why did the UK adopt the C4 approach? And France the C+ one? Who is conservative and who is progressive? I started comparing France and the UK, as well as French Socialists and British Conservatives. Then I looked at cable and satellite and here the puzzle increased: in both countries, development was too slow whatever the policy path followed. This was one more incentive to compare these countries.

Why Luxembourg? The whole fuss Coronet created with France made me wonder why this country should not go ahead with its projects. Why did France react so strongly? It would have been hard to exclude Luxembourg; it was always in my French resources: 'CLT does this', 'CLT reacts in that way', 'Coronet is a Coca-Cola satellite against the French culture'. Why, finally, does Luxembourg risk going into the satellite business? Because I come from a small country as well (Greece), I am sensitive to their position in the world.

Despite being a very European study, it is also somewhat impartial. During the three years of investigating and searching, the London-Brussels-Luxembourg-Paris-London loop was repeated many times. I met people in all four cities; all of whom were helpful - or most of them - and I would like to thank them again.

This project is strongly based on documents, interviews, press cuttings, database searches and a wide range of books and articles on the subject. Documents were a prime source for their capacity to define a policy, or policy path, at least to a point. Here, I mean official government documents that show government intentions, including all public documents relating to the issue under examination. There are also 'personal' documents, which I have classified as private correspondence and annotated documents. The official documents have also been seen under the light of various articles and books of the field concerned with some of the issues. Then all of these sources have been linked to press cuttings. Press cuttings have been used to indicate how the policy debate has been represented in the media, inevitably including active publicity-seeking. However, a feature of this field is the frequency with which press stories are quickly denied by events (or some 'judicious' statements). Therefore, official documents have been used as primary sources.

Academic articles also helped, while some press cutting and articles from specialised magazines gave some other perspectives.

One problem was too many written 'peripherals' that were mainly useless. Being selective does not imply reliance on a few sources only. I tried to incorporate as much foreign literature as possible to be able speak about France with French references. This gave me the chance to review some French thinkers on policy and the media, largely ignored in the Anglo-Saxon school.

This dissertation has had many versions. At the beginning, each country was examined individually. At a second stage, I started making comparisons in the major points and, finally, wrote a first draft of the whole project.

Interviews were used to support or enrich my ideas, or to clarify some misunderstandings. As noted above, this study is very European, thus the interviews for were conducted in three phases in London, Brussels, Luxembourg and Paris. The questionnaire was an 'open-ended', 'elite-style' interview with a checklist of questions. Sixty interviews were carried out with a median length of 90 minutes. (20 in Paris, 5 in Brussels, 6 in Luxembourg, 29 in London). They were not tape-recorded; written notes were the only record. The interviews consisted of oral evidence, suggestions and critiques.

*Analogue*: information can be stored and transmitted via analogue signals (frequency modulations) or digitally (in streams of numerals). Analogue form is slower, less versatile and more prone to interference than digital form. See *digital*.

*Bandwidth*: a measure of transmission capacity in communications. Full colour television pictures require wide bandwidth; much less is needed for voice communications. See *cable*.

*Broadcasting 'Off-Air'*: the process of transmitting information (generally TV or radio programmes) to the public over the radio (hertzian) airwaves. By definition, it is a form of 'mass communication' only. See *narrowcasting*.

*Cable*: is one of three means of transmission in telecommunications (microwaves and satellites are the other two). This form of communications by wire is provided by three types of cable which vary in *bandwidth*. The greater the bandwidth of cable, the more information it can carry simultaneously and the more complex that information can be (e.g. video as well as audio signals). Multi-pair copper cable has been traditionally used for television reception; it has a narrow bandwidth with four to six channels. Copper-coaxial cable and fibre-optic cable offer *broadband* (high-capacity communications). Cable's development proceeds in the following phases: making broadcast signals available in areas of poor 'off-air' reception; making distant stations available thereby increasing the number of channels received; making new types of local, 'telematic' and pay-TV channel available (including *narrowcasting*); and integrating television services with *interactive* services.

*Cable Television*: a telecommunications system that delivers TV channels and by wire (cable) to a subscriber's TV receiver. New developments in cable technology mean that modern cable systems can carry other services such as 'home shopping', 'home banking', data transmission and telephone.

*CCITT (Comité Consultatif International Télégraphique et Téléphonique)*: the International Telegraph and Telephone Consultative Committee is the committee, through which the ITU regulates telecommunications standards. It is essentially consultative with no legal jurisdiction over its members. Nevertheless, CCITT standards are generally accepted throughout the world. They cover the transmission of data in many forms via telex, telephone and other public data networks.

*Cellular Radio*: uses the airwaves more efficiently than traditional radio telephone technology for the purpose of mobile communication. A country is divided into a honeycomb of small cells around low-powered transmitters/receivers. Mobile subscribers are connected to other cells or the main telephone network by means of cables linking the local transmitters/receivers to a computer-controlled exchange. Microprocessor technology is at the heart of the technique. The largest service in operation is the Nordic Mobile Telephone system which spans Sweden, Norway, Denmark and Finland and had by 1985 over 150,000 subscribers.

*CEPT (Conférence Européenne des Administrations de Postes et Télécommunications)*: the European Conference of Postal and Telecommunications Administrations is the European branch of the ITU, organising 26 member administrations. Its basic aim is technical standardisation, in order to 'harmonise and improve the administrative and technical services' of its members. It is essentially a consultative organ with no legal jurisdiction over its members.

*Closed User Group*: an arrangement giving designated users exclusive access to part of a videotex data base.

* From Dyson and Humphreys (1987)

*Computer Programme*: a set of instructions fed into a computer enabling it to handle data which are also fed into it (see *software*).

*Copper Coaxial Cable*: has a higher bandwidth and thus larger capacity than traditional cable technology. It uses a copper conductor and amplifiers or repeaters at intervals to boost the signal. This technology can offer up to between 30 and 50 channels but typically has limited *interactive* capacity compared optic-fibre cable.

*Digital*: information can be stored or transmitted in digital (as a series of distinct pulses) or analogue (as a signal fluctuating in intensity) form. In digital form the information consists of a series of separate characters that usually have only two possible states (e.g. 'on' or 'off', 1 or 0, etc.). Information stored or transmitted digitally is resistant to interference, can cope with much more information and can integrate voice with data and pictures. Digital signals can be more easily stored and manipulated.

*Digital Television Sets*: produce better-quality television pictures and allow the viewer to 'play' with the image on the screen, e.g. 'freezing' the picture or displaying several different signals simultaneously ('windowing').

*Direct Broadcasting Satellite*: (DBS) a geostationary satellite which picks up broadcast signals from an earth station and then retransmits them back to earth. The signal is powerful enough for it to be received direct (by the consumer) by means of a domestic dish aerial fixed to the roof (or in the garden) measuring as little as 90cm in diameter.

*Display technologies*: liquid crystal display technologies replace cathode ray technology as television receivers and enable small television sets and flat screens for 'wall-hanging' to be made.

*Electronic Mail*: a service which combines teletex and facsimile; subscribers are provided with 'electronic mail boxes'. An example is British Telecom's Telecom Gold.

*Electronic Switching*: effectively replaces electro-mechanical systems of telecommunications switching by computer control. The British 'System X' is an example.

*European Broadcasting Union (EBU)*: was established in 1950 and has 40 members (mainly West European public broadcasting organisations) in 33 states. It is perhaps best known for its daily Eurovision news exchanges. EBU has three main activities — programming (including programme exchange and co-production), legal (e.g. copyright issues) and technical (e.g. transmission standards). Under its auspices a number of West European public broadcasting stations experimented with a joint European television programme (Eurikon), eventually launched on satellite as Europa-TV in 1985.

*European Space Agency*: is an organisation founded in 1975. It reflects the ambition of European states to develop an independent space technology programme, including satellites and launchers. It produces the Ariane launcher (mainly a French product), and the ECS and Olympus satellites. It has 11 members, but is heavily reliant on finance from its larger members, notably France and West Germany (and to a lesser extent also Britain and Italy).

*Eutelsat (European Telecommunications Satellite Consortium)*: is an association of 26 European PTTs, established in 1982 to provide satellite services in Europe. It manages the OTS/ECS satellites (Orbital Test Satellite/European Communications Satellite), allocating available transponders.

*Facsimile*: a service that enables documents to be copied and transmitted from one location to another at great speed via the telephone network, thus bypassing the postal services.

*Filière*: describes a web of relationships and interdependency between industrial actors in and among sectors; typically it involves a flow of goods and is based on a

strong technological relationship (e.g. *filière électronique*). Analysis of these chains of relationship is aimed at providing a basis for rational government intervention aimed at 'strategic' points in the *filière*. It had a strong influence on French industrial policy under the Socialists.

*Footprint*: (of a Direct Broadcasting Satellite): Geographical area over which a satellite signal can be received.

*Frequencies*: radio waves are one form of electro-magnetic waves, which consist of electric and magnetic vibrations and were discovered by Herz. They carry radio signals and are described in terms of wavelength (with radio waves being the longest) and frequency (the number of waves passing a given point in a given time).

*Gateway*: in videotex, an arrangement providing access to a third party computer.

*Geostationary Orbit*: if placed in orbit 36,000 km above the earth, a satellite's speed matches the earth's rotation and hence its position relative to the earth's surface remains constant.

*Hardware*: A general term to describe the electronic or mechanical components of a communications system: e.g. satellite, computer terminal, TV set, etc.

*High Definition Television*: developed by NHK, the main Japanese broadcasting organisation offers high picture quality by using 1,125 lines (as opposed to the 625 lines now in use for colour television and earlier 405 for black-and-white) and 60 fields (picture repetitions) per second to reduce screen flicker. The main competitor is the British IBA's *C-MAC*, which seeks a more evolutionary approach using fewer lines (625) but achieving much sharper picture quality by keeping colour and brightness separate. *Extended C-MAC* will permit cinema screens in the home.

*Home Banking/Telebanking*: term used to refer to the ability to call up information about one's bank account, transfer money from one account to another, pay bills, etc., from one's home terminal by means of an interactive videotex or cable system.

*Home Shopping/Teleshopping*: terms used to refer to the ability to order goods, make transactions, etc., from the home by means of an interactive videotex or cable system.

*Information Provider*: an organisation that supplies the information stored on the computer of a public videotex or private 'value-added' or data service, e.g. banks, news agencies, mail order firms, travel agencies.

*Integrated Circuits*: complete electronic circuits on tiny chips of semi-conductor (silicon). They make possible the microminiaturisation of electronic equipment.

*Intelsat (International Telecommunications Satellite Organisation*: is an international organisation with over 100 member states. It is under the overall direction of a board of governors representing these states, but in fact its technical and operational functions are supplied by COMSAT (the American Communications Satellite Corporation). It manages the Intelsat communications satellites, and is responsible for running the majority of the world's communications satellites.

*Interactive*: a term to describe 'two-way' communication or a 'two-way communication system' that permits transmission as well as reception of messages. An interactive facility on a cable or videotex system can be used for a wide range of purposes: including home shopping, home banking, automated dealing in securities etc.

*International Telecommunications Union* (ITU): an international body under the auspices of the United Nations that is responsible for the allocation of radio frequencies. It has been traditionally dominated by technical experts and engineers. In recent years politicians have increasingly recognised the ITU's strategic importance. Consequently its work is becoming more and more 'political'. See also *WARC*.

*ISDN (Integrated Services Digital Network)*: ultimately this system will transform telecommunications into 'videocommunications'. By means of a combination of digital signals and new cable systems, much more information will be transmitted,

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at greater speed and efficiency, on a single system; this will permit the integration of voice with data and graphics, e.g. cable television, high-speed facsimile transmission, videophone.

*Microprocessor*: silicon chips that are themselves miniature computers, combing the different functions of a computer – memory, control unit etc. They can be incorporated in all types of equipment, revolutionising telecommunications and broadcasting.

*Microwave*: very short wavelength radio waves which are used for high capacity terrestrial point-to-point links.

*Modem*: is a modulating/demodulating device used to process electronic signals for transmission: for example, a telephone modem translates signals from a home computer for transmission over a telephone line to another computer. These devices allow a remote terminal to be used when connected to the computer over the normal telephone system.

*Narrowcasting*: term used to refer to the aiming of programmes at specialised interest groups. It involves a step beyond 'broadcasting', where programmes have to contain a mass appeal, and is facilitated by broadband cable systems.

*Online*: direct contact between one computer and another; or between a terminal and a computer.

*Optical-fibre cable*: a 'vanguard technology' (*technologie de pointe*), this type of cable is more modern and complex, but also much more costly at present than copper-coaxial cable. It has a high 'interactive' capability. It use light pulses to transmit a large amount of information through micro-thin glass or plastic fibres. It provides a very wide bandwidth with much less signal loss (with distance) and distortion than copper-coaxial cable.

*Overall* (of a Direct Broadcasting Satellite's signal): signals from DBS satellites may cover parts or all of countries, other than the country to which the WARC conference allocated a particular channel.

*PABX (Private Automatic Branch Exchange)*: modern digital PABXs can switch computer data, telex messages, and even facsimile as easily as voice conversations. The PABX lies at the heart of any modern office system.

*PTTs*: the term traditionally refers to the authorities that have sole responsibility for the operation and regulation of the telecommunications network.

*Satellites*: to an extent replace and to an extent augment terrestrial technologies like cable and microwave relay systems. Located in space, they receive and transmit signals across huge distances and can be used for international or domestic communication. There are different types: general communications satellites (like the Intelsat and ECS satellites), weather, earth-mapping, scientific research, navigation, military reconnaissance and surveillance, and *direct broadcasting (DBS)* satellites. The European Communication Satellites have been launched by the European Space Agency and are managed by Eutelsat. Like the Intelsat satellites they handle broadcasting as well as telecommunications transmission. Broadcasting from these satellites requires large receiving dishes and is typically suited to the programming of cable television systems. DBS (direct broadcasting by satellite) e.g. France's TDF-1 has a more powerful signal that can be picked up by a much smaller dish. Many satellites are in *geostationary orbit*.

*Semi conductor*: a material, such as silicon or germanium, which can be arranged as an insulation or a conductor of electricity, dependent upon the direction of an externally applied current.

*Silicon chip*: a wafer-fragment of pure silicon, only a few milimetres square, upon which an 'integrated circuit' is printed. See *integrated circuit, microprocessor* and *semiconductor*.

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*Software*: information and instructions that have been specially designed to provide the user with something useful when combined with a particular item of hardware, e.g. videotape, tv programme, computer programme etc.

*Switching equipment*: opens up a circuit for a subscriber when he/she requires it. See *electronic switching*.

*Teleconferencing/Videoconferencing*: two or more people can be brought together by videophone for a conference. This facility can be supported by other 'interactive' services, e.g. facsimile.

*Telematics*: refers to an extension of services beyond voice to data and video communications; telematics has been made possible by the microprocessor which enables terminals to become 'intelligent'. It signifies the totality of techniques involving the 'marriage' of telecommunications and computing.

*Teletex*: a service resembling Telex (but much quicker and more versatile) in which messages can be transmitted via word processors.

*Teletext*: information (text and very simple static graphics) displayed on the television screen, which is transmitted on the back of the broadcast TV signal. Only a limited number of pages (frames) can be broadcast per TV channel. The system is not interactive. Examples are Antiope in France and the BBC's Ceefax or the ITV's Oracle in Britain.

*Terminal*: a term used to refer to an item of hardware that allows information to be displayed (usually on a screen) and allows information input (usually by a keyboard).

*Value-Added Network services* (VANs). combine communications and the power of computers to provide a wide variety of information and transaction services, e.g. electronic mail, videotex services, reservation and billing services.

*Video-Cassette Recorder*: plays back video-tapes on which are recorded video (or vision) signals as well as audio (or sound) signals. When the original electronic signals are reproduced, they can be transmitted as a television picture.

*Videophone*: permits 'audiovisual' (sound plus sight) telephony by means of 'intelligent' terminals and broadband cable links. At present, it is being tested in Western Europe, notably by the French at Biarritz.

*Videotex* or *Viewdata*: a term used to refer to a communications system that makes computer-based information available on a visual display unit or TV screen. It uses the telephone lines or a cable network to connect the screen to the computer. Information is called up by the user by means of a keyboard.

*Visual Display Unit (VDU)*: a screen attached to a computer or word processor by means of which the user can see the information that is being fed into/called up on the system.

*WARC: World Administrative Radio Conferences*: they allocate radio/satellite frequencies and orbital positions. The WARC are convened by the ITU. At WARC 71 (in 1971) the first allocation of frequency bands to the broadcasting satellite service were made. At WARC 77 (in 1977) a complex international plan for satellite broadcasting was drawn up, which will be valid until at least 1994 and possibly into the next century.

*Word Processor*: a specialist function of a computer which processes information, manipulates texts, etc.

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