THIEVES, PIMPS AND THE FUTURE OF PUBLIC SERVICE TELEVISION

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I want to start with my thanks in case some of you don’t stay the distance. First I want to thank the Guardian. The irony for me is that I spent what seemed like a whole decade early on in my journalistic career trying to persuade a succession of Guardian executives to give me a job – without the slightest success. Then I became the Guardian research fellow here and everyone assumes I work for the Guardian….which is nice. I want to thank of course the Scott Trust for generously funding the research fellowship and thereby keeping my children in mobile phones and DVDs during my year at Nuffield. And thanks too to everyone here at Nuffield college from Marcia, who had the daily duty of emptying the forest of wastepaper from my room, right down to the Warden, via Daniel Lawson the Butler, but perhaps especially, it says here, Daniel Lawson the Butler. Thank you to all those with a more permanent place in Nuffield’s sun for your hospitality, help and encouragement.

Thanks finally to the rest of you for coming. I know many have made great sacrifices to be here. There are at least two of you, I know, who are missing Neighbours and Home and Away. I know of one college fellow who would probably have been watching Granada’s, Men and Motors channel. Paul Klemperer would have been here, I’m told, but for his commitments to the auction channel, biduptv.

These are the kind of channels that exist further down the EPG – for the digital refusniks among you that’s the electronic programme guide – along with such delights as The Dating Channel, Television X, and a seemingly endless succession of shopping channels on which Gerald Ratner would have felt at home.

Perhaps its stuff like this that prompted the recent campaign in Italy for a viewers’ strike under the banner: “Television is Nasty and Bad.” But it is the technology that gives us the choice of these channels, we are told, that also, perversely, threatens the future of public service broadcasting.

INTRODUCTION

Thieves, Pimps and the Future of Public Service Broadcasting. The full text, and many of you may know it, is this:

“The TV business is uglier than most things. It is normally perceived as some kind of cruel and shallow money trench through the heart of the journalism industry, a
long plastic hallway where thieves and pimps run free and good men die like dogs for no reason."\(^1\)

That was Hunter S Thompson in November 1985.

There could perhaps be no more appropriate week to remind us all of the vulnerability of good men. How was I to know I would end up talking to you a few days after the BBC looses its two top men, and a week after a former pizza baron is made chairman of Channel 4 and on the very day that Charles Allen’s ITV plc starts in business.

I have been pressed to name the names of the thieves and pimps but the list is too long - and after this week’s post Hutton traumas getting longer.

Suffice to say that this lecture is not intended as a narrow defence of the BBC, certainly not a defence of current BBC schedules, but it is intended as a defence of all public service broadcasting against the thieves and pimps who under the cloak of a free market would at worst seek to emasculate it or at best be reckless as to its emasculation.

In one sense for the last 20 years television has been a stable part of our lives. The average British adult, we are told, watched 25 hours a week then and he or she does so still. But during that time for those in television it has seemed that we have been working through a revolutionary even traumatic period.

For a start we don’t really know whether television will turn out to have been a 100 year wonder - a technology that was nothing more than a holding job between the printing press and lets say broadband. What we do know is that advances in technology have already given us satellite, cable and digital services and, for better or worse, hundreds of channels. It has given us subscription television and pay per view and now the means to construct our own individual schedules, free if we want of advertising. Technology has transformed the television experience but it is also on the brink of dictating the future television landscape. And this at a time when there exists a symmetry between a prevailing individualist, consumerist ideology and the broadcasting technology to realise it.

That is the real danger - not in a luddite way - but because the uses of communication technology, rather but not wholly like the uses of medical technology, need to be framed by principles as well as, if not instead of, by the ebb, flow and pressures of the market.

THE CERTAINTIES

I think some things – more or less controversial – more or less welcomed – have become clearer over my period at Nuffield.

\(^1\) Generation of Swine, Tales of Shame and Degradation in the ‘80s – Hunter S Thompson
I LOVE DIGITAL

At the end of last year we were told that more than half of homes now have multichannel television and that the take up of the BBC/Sky Freeview system has been faster than any recent technology.

We are beginning to love digital such that analogue switch off by 2010 is no longer impossible. - despite the last 10% of digital refusnicks - many of whom are probably in this room.

MORE OF THE SAME

Television is risk averse. Again a fairly uncontroversial statement now. The paradox here of course is that more choice can mean less. The brute facts of programme finance – where each slot must turn a profit, where programme supply is filtered through schedulers second guessing demand, where budgets are squeezed and co funding a commercial imperative – then formats with track records or more likely copies of formats with track records will succeed. That is more of the same.

SKY 6

Sky will launch a mass audience terrestrial channel 6 on Freeview – but it might simply be that Murdoch has bought Channel Five.

BBC REFORM

Even before Hutton, Charter renewal was almost certain to lead to substantial changes to the way the BBC is governed and the way its accountability to licence fee payers is audited. These changes are even more likely now.

ITV WITHOUT PSB

Ofcom will in the end find it impossible to hold commercial public service broadcasters – ITV, Five – to their public service obligations. Last month² Clive Jones, joint managing director of the newly merged ITV warned that unless there is substantial give on the £475 million cost of ITVs public service obligations then they will become commercially unsustainable. Only last week there were suggestions³ that Ofcom might indeed lower ITV licence payments and reduce ITV’s commitments to public service programmes. This would have major implications for the regulatory regime and for the idea that competition is good for public service broadcasting.

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² Conference Nations and Regions Salford December 3rd 2003
³ Kingsley Wilson, Investec Securities in Guardian January 27th 2004
PSB JOLLY GOOD

Finally that public service broadcasting is a jolly good thing. It is difficult to say more than this because there is no real agreement on much else: not how much public service broadcasting or by whom or who should pay or indeed what precisely public service broadcasting is.

WHY THE BROADCASTING MARKET IS DIFFERENT

A couple of years ago Damian Tambini, formerly of the IPPR and now here in Oxford and indeed here this evening, wrote a paper with Liz Forgan, formerly of Channel 4. They said this: “In the broadcasting environment as elsewhere markets are excellent mechanisms for delivering services tailored to consumer demand on the basis of individual decisions in competitive markets.” Then they added, presumably taking account of the traditional view that there were special circumstances surrounding broadcasting: “They [markets] do not always lead to the optimum outcome in terms of public provision or social benefit. The regulation of broadcasting markets has long accepted that there are public and merit goods that will not be delivered by the sum of individual decisions in a perfect marketplace and that regulation, subsidy and other forms of intervention may be justified.”

That position encapsulates a very British resolution of a complex problem that has sustained not only the BBC but also the rest of our public service broadcasting system. Now even this, you might think, modest settlement, is under threat.

This time last year Barry Cox, deputy chairman of Channel 4, gave the sinisterly entitled News International lectures here in Oxford. He looked peered into the future and saw a world in which the technology existed for the television market to become as near the perfect market as damn it. Though damn it he did not. He threw down the welcoming mat, anticipating, in his analogy, broadcasting becoming much like a newsagents where viewers could and would buy only what they wanted to see. In such a world the BBC, a cultural tyranny as he described it, would be stripped of the licence fee and forced to take its chances in the subscription market place. Channel 4 too would be put out to subscription with, perhaps, a top up from public subsidy. ITV would be allowed to abandon virtually all its public service broadcasting obligations in pursuit of commercial advantage.

Two weeks ago Richard Eyre, who once ran ITV, said this: “If the BBC did not exist we could no longer invent it. Its DNA contains structures of paternalism and uninhibited ambition which do not sit comfortably with the prevailing wind of free market pragmatism.”

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4 Content by Damian Tambini and Liz Forgan
5 News International Lectures, Oxford University 2003 Barry Cox
6 Richard Eyre Broadcast January 23rd 2004
Last week Ofcom announced that former pizza supremo, Luke Johnson, would be the new chairman of Channel 4. Johnson had previously announced in the Sunday Telegraph that state ownership was the least efficient form of ownership and he looked forward to further privatisations.

More significantly still perhaps as long ago as last May David Elstein spoke up for a subscription funded BBC. He speculated that the corporation would not be strapped for cash. Indeed in his view subscription would enable the BBC to concentrate on programmes demanded by its subscribers and not provided elsewhere in the market. David Elstein, ex Thames, ex Sky, ex Five, heads the committee set up by the Conservative Party to examine the future of the BBC and will report later this month. Will this become Conservative Party policy? For all its promise of consumer power, as we shall see, it might prove less popular than they imagine.

So this is not an argument about straw men. There is here a serious and current threat – a clear and present danger.

One of the deceptions of this market/subscription model is that it is presented as value free, neutral to the possible outcomes. As Barry Cox said, whether public service broadcasting survives or withers is of no particular matter. Only last week he repeated the broad outline of his Oxford thesis in a pamphlet for Demos. He added this: “It would be better… if we had a big commercial BBC which earned its living commercially, but it would not be a disaster if the BBC shrank to being a new kind of public service institution.”

It is as if market solutions come without any meaningful implications for social, political and cultural arrangements or any notion of the good society except in the self defining sense that a society in which market rights trump all other rights is indeed the good society.

It also assumes that we are free and independent individuals willing and able to define ourselves by the consumerist choices we make. The state is simply an enabling institution for the exercise of these choices. Anything else would be the imposition on others of one persons values or groups values, Reithian values perhaps – the values of the BBC tyranny.

Superficially the Cox/Elstein position is seductive. It seems refreshingly modern, free of the elitist cant that passes for the traditional justification for the privileged position of the BBC and the rest of the public broadcasting infrastructure. It announces that it is sweeping all that away with the promise that you the viewer – by only paying for what you want - will decide. By contrast public service

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7 David Elstein Broadcast May 30 2003
8 The Elstein report also recommended the sell off of the BBC’s production arm. The Conservatives declined to commit themselves to implementing its recommendations
9 Free for All by Barry Cox published by Demos January 2004
broadcasting seems nostalgic, trapped in a hierarchical, deferential world inappropriate for a diverse, mobile, individualistic society where global pressures blur distinctions of communities and nations. Faced by testosterone charged markets there is something elitist and limp about a cultural defence of broadcasting which cannot easily be measured or weighed. Essentially they are saying we have no choice in the matter. There is an inevitability about the broad scope of future technologically driven market arrangements. The end of history.

But this commodifying of broadcasting wrenches it from its social, political and cultural home and in doing so offers a poor descriptive as well as prescriptive model.

This is not a new thought. Last year in The Truth About Markets\textsuperscript{10} Prof John Kay suggested that imperfect markets can be understood best by examining the ways in which they are embedded in a social context.

Kay describes the provision of higher education – less politically contentious perhaps when he put pen to paper – in this way:

“Higher education…..flourishes in an embedded market in which government participates but does not control, financial incentives exist but do not dominate, structures are pluralist and evolving rather than directed, and social norms secure compliance with a system of which the community feels justly proud.”\textsuperscript{11}

I think this provides a useful analogous framework in which broadcasting can be viewed. As the late Hugo Young put it in relation to the BBC: “The BBC lives off a textured public understanding ….that took decades to embed in the national culture. No one else has reproduced it.”\textsuperscript{12}

One thing is clear: the broadcasting market cannot be viewed simplistically in terms of viewer demand dictating programme supply – which is the basis of the subscription model. There are two distinct clusters here: One around the relationship between viewers and broadcasters and another around the relationship between broadcasters and producers. We must understand both and the dynamic between them in the delivery of content.

I want firstly to look at some dimensions in which John Kay’s analysis might help us understand broadcasting more clearly.

\textbf{OWNERSHIP AND REGULATION}

In 1990 Mrs Thatcher had the big idea of letting the market flourish in broadcasting. The ITV franchises were to be put out to auction and the licences

\textsuperscript{10} John Kay: The Truth About Markets Penguin
\textsuperscript{11} ibid p 343
\textsuperscript{12} Supping with the Devils, Guardian Books
would achieve their market value by competitive bidding. Instead as we know the bidding process put in train a sequence of bluff, counter bluff and second guessing that made a match between value and price virtually random. It was also clear that if ability to bid high was to determine ownership then there was a danger that any rogue could get their hands on a licence. So the bidding process was circumscribed by quality thresholds imposed by the ITC to ensure that cultural, as well as financial, standards were maintained.

The result was that Thames bid low and lost to Carlton but Television South bid high and was disqualified because it was too high. Granada beat Phil Redmond because he was declared unfit to run. Central secured the Midlands franchise with an uncontested bid of just £2000 and GMTV won the breakfast franchise with a bid that imposed a crippling financial burden on the company. The fiasco ended with Mrs Thatcher famously apologising to Bruce Gyngell, then head of the losing Tvm franchise and one of the architects of the auction system, for the iniquity of the outcome.

Even at the high point of Thatcherism then ownership was circumscribed by rules to ensure the quality of content.

Today the stakes are higher because the Communication Act now allows ownership of UK broadcasters by non EC companies. If ITV or Five were bought by one of the American media giants, even in these days of Ofcom’s light touch regulation, Culture Secretary, Tessa Jowell, has said there would be draconian rules to safeguard news, domestic production and so on.13

The danger of American ownership is the misunderstanding of the broadcasting market here by, for example, maximising shareholder value through the exploitation of vertically integrated in house production; or by ensuring UK production has US sales potential and so on. The result might be profit maximisation at a much lower market share. Greg Dyke says that even when he was at London Weekend Television there was the 15% option – an ITV operating more profitably on a 15% market share. Either way the result is an impoverished viewing experience. In a sense the failure of Sky One to create successful domestic production stands as an example of this misunderstanding.

So the more we liberalise the keener we are to put in place rules to shield us from its consequences. And for very good reasons. We understand that issues of ownership do not override social and cultural sensitivities. The question is this: is it possible to make that kind of content regulation stick with hostile owners?

INDEPENDENTS AND LIFESTYLE

Two weeks ago a letter appeared in Broadcast the trade magazine. It was from a Robert Eagle of Eagle and Eagle Film and Television Producers. He questioned the
value of credits at the end of programmes. He called them “institutionalised vanity”. He may be right.

But he went on, I suspect only half joking: “Its astonishing how hard we’ll work for poor pay so that we can see our names on screen. Three seconds per programme over the course of a career just about adds up to Warhol’s 15 minutes of fame – which is what, pathetically many of us desire far more than cash.” 14

I wonder whether it is rational or irrational to prefer the credit to the cash. There is perhaps self interest in the credit that leads on to the next job. However, what drives an independent producer is a complex set of motives that are not wholly commercial but which, in the end, might make it financially successful. As well as the vanity, the glory, there is the respect of one’s peers, the satisfaction of making a product of distinction.

If you open the handbook of PACT – the trade organisation for independent producers – you find hundreds of companies – the majority of them still small like, I imagine, Eagle and Eagle.

The independent sector may have grown from a lifestyle industry into a proper business proposition seducing grown up venture capitalists.

But this is often a low return business, producing programmes that are costly in relation to their slot and with limited prospects for exploiting rights. They frequently revolve around passionate and committed individuals. Like the artist or the innovator they are not necessarily driven by financial reward. We don’t understand this aspect of the market by reference to profit and loss because these are businesses for which turning a profit is only tangentially the issue. For many, within reason, the product – the idea - can be more important than the pay.

**TRUST AND COMMISSIONING**

The mantra from independent producers is that they want the best ideas to get commissioned, believing themselves to have most of the best ideas. But can there be a free market in the best ideas? Of course there is now considerable market intervention to redress the balance between independent producers and broadcasters, especially vertically integrated broadcasters.

That has been done partly for economic reasons – to help build a financially thriving sector – and partly for cultural reasons – because we believe that this thriving independent sector will deliver quality content. Indeed it is arguable that the independent sector has transformed the diversity of content of domestic, especially factual production. And that diversity includes regional diversity that is increasingly sustained through independent production companies.

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14 Broadcast January 23rd 2004
Originally this intervention was through the 25% independent quota which broadcasters must commission. Ofcom has even indicated that further structural changes could be on the way – say by doubling the quota – to stimulate innovative programming. Then last year came the publication of terms of trade which give independents new opportunities to exploit the rights of the content they have created.

But another question arises as to who decides what are the best ideas and how do these get to screen.

Last year a report called Inside the Commissioners\textsuperscript{15} examined the complex process involved in commissioning programmes. It made grim reading for the hundreds of small production companies struggling to get their ideas into production.

One commissioner told the researchers: “Unreasonable amounts of money and time are being spent on things that will never make the screen. We are throwing money down the toilet pretending we are going to let a thousand flowers bloom.”

What the researchers identified was the intense social context in which the commissioning process operates. It found for example that between 20 and 50% of commissions originate with the commissioner and are then handed to favoured, presumably trusted, independent companies. Secondly, it pointed out that personal relationships are crucial to successful commissioning, what is called ‘peer group commissioning’, rather than taking the riskier more creative option of working with new suppliers. Some independents, then, get preferential treatment at the expense of real but untested talent. Arguably the result is the unsatisfactory one in which sellers (producers with good ideas) do not find buyers. And buyers (broadcasters) get locked into transactions that do not necessarily maximise their interests.

BRANDS AND REPUTATIONS

John Willis, once director of programmes at Channel 4, left Granada for WGBH Boston. He is now head of factual at the BBC. Last year he described his dismal times at Granada in this way: “I felt unhappy there because its one priority was profit. Programmes and people were irrelevant. I spent most of my time sacking my former colleagues and they changed my job three times after they realised I wasn’t a cost cutting loyalist and actually wanted to make programmes.”\textsuperscript{16}

John Willis raises an important question. In the creative industries is excessive attention to the bottom line the best route to financial success? The Work Foundation published a report\textsuperscript{17} last November which suggested a number of key factors, as well as maximising shareholder value, that are crucial to delivering a high performance company. For example: encouraging creative innovation; paying

\textsuperscript{15} Inside the Commissioners: The Research Centre Glasgow, 2003
\textsuperscript{16} At the Sheffield International Documentary Festival October 2003
\textsuperscript{17} Work Foundation: The Missing Link from Productivity to Performance November 2003
attention to the needs of all stakeholders including the wider community; treating workers well and so on. Under this index, of 1000 companies surveyed those in the top half were 42% more productive than those in the bottom half.

Will Hutton who heads the Work Foundation said this: Companies “are living economic and social organisms which need nurturing, which are embedded in a network of fragile human relationships and which have to deliver value to a multiplicity of constituencies – of which shareholders are but one, if crucial element – if they are to prosper.” 18

So is this the lesson ITV forgot? Can it become a great broadcaster simply by focussing on shareholder value. There is more at stake here and that is reputation.

In television trusted brands have real value in a fragmented market where getting consumer attention is critical. Where there are questions about legitimacy, trust and authenticity then reputation – you only have to look at BBC online - can be a key factor in gaining competitive advantage. Reputation and brands are a form of social contract between broadcasters and audience. Even HBO, Discovery, National Geographic let alone PBS in America and BBC here are brand conscious with clear ideas about what their viewers and indeed advertisers expect or will tolerate.

Cross promotion works because it goes with the grain of trusted brands. British television sells abroad because it is a trusted brand. How much have you heard all this in the last few days about the BBC. As David Lipsey has said in relation to quality branding: “Curiously in this curious industry, economic regulation of the classical kind does not work. Competition alone is not enough. Cultural standards are important, not only in themselves, but for ultimate commercial success.”19

DIVERSITY AND MARKET FAILURE

One of the key issues in this debate is the boundary between public and private. Why do we draw it where we do and what should guide us? This has been a pressing issue because of the disputes over the remits for BBC News 24, BBC3 and 4, BBC online and the digital curriculum. In all those cases private companies have sought to prevent the BBC encroaching into these areas.

It is a common complaint from the private sector that is not just the size of public broadcasting but its predictability that is the issue. This is a false and constraining distinction. Broadcasting is not, after all, the only activity with this problem. The private sector constantly operates against the background of the risk of public intervention, whether it be changes in taxation and spending or alterations in the regulatory regime. It is part of the social and political context in which our markets operate. Private schools are constantly at risk of changes to their tax status or an increase in education spending; the NHS isn’t told to go easy on the cures in case it

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18 Will Hutton Observer October 26th 2003
19 David Lipsey in Culture and Communication ITC publication
damages private health care. Public broadcasting is in a similar relation to commercial broadcasters, software and online companies.

In Britain since the arrival of ITV public broadcasting has always engaged with market. It is this – as much as the licence fee – that has ensured that it has remained mass rather than ghetto. Inclusive rather than marginal.

But with the arrival of multichannel have things changed?

We know the impact of multichannel television on traditional public service broadcasters. For some time they have been in the business of merely managing decline. For example, the audience share of BBC1 and 2 is down from around 50% in 1988 to about 38% now. ITV’s share is down from 42% to around 25%. And other research has shown how it is traditional public service broadcasting that suffers most – Panorama audiences down 31% in Sky homes, Alan Yentob’s arts series, Imagine, down 64%.20

David Bergg’s research21 has also pointed to the narrowing range of programming on the terrestrial channels: Current affairs down 35% between 1993 and 2002. Arts programmes down 50% while soaps and long running dramas are up 40% on BBC1 and 20% on ITV. As a consequence, perhaps, the BBC’s 2002 annual report showed that the BBC’s reach had fallen by 1.9% - that is fewer people switching on to any BBC programme during the week.22

The ITC was moved to warn in its annual report published in 2002 that current affairs, arts, regional and religious programmes were what it called “threatened species”. 23

Let me give you two quotes

“A diversity of distributors has not led to a diversity of content – with more channels competing for the same viewers the pressure is towards the safe format, the avoidance of risk. Twenty years after the birth of multi channel television it is still astonishingly devoid of original content and hugely dependent on sports, movies and repeats.”24

“Multichannel is the new breeding ground for public service broadcasting…..If the real experimentation taking place outside the traditional public service broadcasting environment is to flourish the outdated checks and balances seemingly required to guarantee diverse content should be swept away.”

20 MTVN Observations June 19 2003
21 David Bergg research presented at Oxford Media Convention 2003
22 BBC annual report 2002
23 ITC annual report 2002
24 Mark Thomson: Television and Beyond: the next ten years, ITC publication
The first is from Mark Thompson, chief executive of Channel 4. The second by David Abraham general manager of UK Discovery Networks Europe.

The Mark Thompson position is reinforced by research published last year by Mark Oliver into the future of television content in the digital age. It demonstrated how important public funds are to broadcasting investment. Not only directly through the BBC but also because of the leverage substantial BBC budgets give to ITV and other terrestrial budgets. ITV must invest to compete with the BBC. Oliver reported that terrestrial channels have only 75% of viewers but deliver 90% of investment in original programmes. Three out of four programmes on terrestrial television originate in the UK whereas only 4% of multichannel does. Perhaps it is not surprising therefore that Sky One’s current answer to falling ratings is Nip/Tuck, a new American drama about cosmetic surgery.

With multichannel investment so badly skewed why is it claimed that multichannel will render public service broadcasting redundant. There are cable and datellite channels that nominally at least make genre which would traditionally be regarded as public service. We might think, for example, in particular of science programming on Discovery, history on the History Channel, arts on Artsworld.

The traditional justification for public service broadcasting is the familiar one of market failure – ensuring the transmission of programmes that commercial organisations with obligations to shareholders would not provide. It mirrors the debate about the difference between consumers and citizens. Consumers operate in the market; citizens’ needs are met by public service.

The presumption is that the free market – delivering programmes like some of those on Discovery, the History Channel and Artsworld – would, if not now, in time at least, establish the optimum outcome for the distribution of broadcasting resources. The market failure argument would become redundant squeezed by the proliferation of channels and consumer choice.

A few years ago Price Waterhouse Cooper examined what the impact of a purely commercial landscape would have on public broadcasters. Low cost, mass audience programmes like soaps and popular lifestyle would be safe but low audience, high cost output is threatened. That’s news, high end drama and documentary. Patricia Hodgson who then ran the ITC which commissioned the research, said: “Reduce public service channels to the market failure genre only and you have a narrow mix that simply cannot provide the cultural foundation for broadcasting or its contribution to society.”

But perversely there are those who now regard the BBC as the source of, not the solution to, market failure. It is an inflated BBC, they argue, with its hypothecated

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25 David Abraham Financial Times June 11th 2002
26 Mark Oliver report for BBC ‘Future of Television Content in the Digital Age’ October 2003
27 Patricia Hodgson New Statesman lecture 2003
tax that is the villain drowning out the private sector and depriving viewers of imaginative market driven services. These voices might, for example, exclude public broadcasting from history or science programming, sports and rolling news because these are currently provided by the market – the History Channel, Discovery, Sky Sports, Sky News. As Hodgson indicated: this way lies the marginalisation of public service television on an American scale.

But the market has fundamentally different purposes from public service. Making programmes for the public good is not what the market is about. It is about delivering product to subscription paying consumers and demographics to advertisers. In this sense it is fickle and short term, responding rightly to fashion and ephemera. Crime programmes remember were the new sex, history was the new crime, reality the new history. The market may deliver individual programmes of public service merit – as indeed Discovery, Artsworld, the History Channel do - but in a commercially expedient, culturally random way. A need not underwritten by consumer or advertiser clout – is of little interest to the market. It is not surprising therefore that the History Channel for all its apparent merits is known as the Hitler Channel – it knows what kind of history sells. And history that does not sell so well will find it tougher to get commissioned.

And as we have seen the result is not diversity but sameness. And this is point not lost on viewers. Research admittedly published in 200228 into digital take up posed this question: “You have got to have cable, satellite or digital television nowadays to watch decent programmes.” Respondents were 40% more likely to disagree than agree.

So this question arises:

HOW DO WE KNOW WHAT VIEWERS WANT?

We could use ratings or we could ask them. But it is more complicated than that.

The case against the subscription model in broadcasting has been set out in detail by Prof Andrew Graham of this parish and Gavyn Davies, latterly of the BBC. Broadcasting is a public good, like defence and street lighting. The marginal cost of delivering a programme to an additional viewer is zero. There are, then, welfare losses if it is not free at the point of delivery. What’s more payment at the point of use exaggerates a malign tendency that already exits. As Graham and Davies put it: “there is a very real danger that consumers will under invest in the development of their own tastes, their own experience and their own capacity to comprehend. This is not because consumers are stupid but because it is only in retrospect that the benefits of such investment becomes apparent.”29 The result is that viewers will not watch, and are even less likely to pay for, programmes which in hindsight they

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28 Mediaedge:cia published in Financial Times July 2nd 2002
29 Andrew Graham and Gavyn Davies: Broadcasting, Society and Policy in the Multimedia Age 1997
might have wished, or needed, to have watched. It is much the same with our under investment in health and education.

But of course there is an awful viscous circle. Under market conditions if consumers don’t demand, or are unaware of their need to demand, broadcasters and producers will under invest in the delivery of these programmes.

The subscription model will therefore, not only fail to deliver what viewers need (which smacks, some of you might think, of the old paternalism) it will also fail to deliver what viewers want.

**PARADOX OF THE ABSENT VIEWER**

This is a much maligned character among the hard headed empiricists of Nuffield. But I will persevere because I think she does bear further examination.

John Dunn in the Cunning of Unreason writes: “A moment’s reflection is enough to make clear that our own actions are a singularly unreliable guide to what our preferences really are, let alone to what we might seriously suppose to be in our own interests. Only the very inattentive can suppose that anyone is a consistently sound judge of their own interests, and only the hopelessly ingenuous are likely to suppose that most human behaviour dependably reveals (even) what its perpetrators are up to.”

Why do we put up with paying for television we don’t watch? Do the choices we make as viewers in any obvious way reflect our own rational self interest? Will the dogged pursuit of self interest actually deliver what we want? Indeed can we distinguish between our wants – for which we are prepared to part with cash - and our interests – for which we may not be?

The presumption is that once we have the technological ability and the deregulatory framework to pay only for what we want then that will deliver the optimum arrangement for consumption and distribution. An end to the coercion of the licence fee.

But what about the contrary position: that we will into existence or at least consent (even at our own expense) to a broadcasting regime we may not ourselves consume. This position is not fanciful. We know it is not uncommon for voters to desire an end but not to will the means. Because, in John Kay’s words, our behaviour is adaptive rather than rational we support social institutions that interfere with our freedom of choice. We consent to a tax on things we enjoy but perhaps ought not to do, for example, the consumption of alcohol and nicotine. We consent to subsidies on things we think are of value but may rarely use, like libraries.

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30 John Dunn The Cunning of Unreason 2000 p100-101
31 John Kay: The Truth About Markets p369
Choice then can be quite irrational or at least incapable of being rational because we do not have, and indeed cannot have (in the Graham/Davies sense), the information on which to behave rationally. What is more self interested choice can have contradictory and deleterious unintended consequences. Last summer Roger Levett wrote a paper for the Fabians entitled ‘A Better Choice of Choice’. He cites our obsessive use of the car. As more people exercise their freedom to choose the car over public transport so congestion and pollution increase and safety declines. The result of all these seemingly free and rational choices has outcomes that no one of them intended nor collectively wanted. Some (individual) choices exclude other (collective) choices. As Levett says: “Every choice is constrained by the context in which it takes place.”32 In broadcasting, individual choices in favour of viewing multichannel for example might, under the subscription model, have the unintended consequence of emasculating public service broadcasting.

But how can we say this is an unintended rather than an intended consequence?

Well, in virtually every measurement of public opinion available an overwhelming majority of respondents not only support the broad traditional principles of public service broadcasting (quality, diversity, education, information, originality) they also support the specific genre (news, current affairs, education and so on – arts and religion are the exceptions) that have traditionally been regarded as public service broadcasting.

For the last 30 years the ITC has carried out an annual survey of viewer opinion33. This table represents the 2002 replies to the question: How important is it that BBC1 and ITV carry the following programme types and what is your personal interest in these programmes?

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<tr>
<th>Programme type</th>
<th>Essential/very important they are shown</th>
<th>Personally very/fairly interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>News</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Current affairs</td>
<td>66</td>
<td>68</td>
</tr>
<tr>
<td>Factual</td>
<td>65</td>
<td>84</td>
</tr>
<tr>
<td>Children’s</td>
<td>65</td>
<td>31</td>
</tr>
<tr>
<td>Education</td>
<td>63</td>
<td>57</td>
</tr>
<tr>
<td>Drama</td>
<td>58</td>
<td>81</td>
</tr>
<tr>
<td>Regional</td>
<td>60</td>
<td>71</td>
</tr>
<tr>
<td>Entertainment</td>
<td>55</td>
<td>77</td>
</tr>
<tr>
<td>Sport</td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td>Arts</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Religious</td>
<td>31</td>
<td>24</td>
</tr>
</tbody>
</table>

33 The Public’s View ITC 2002
The programmes they are interested in are not always the ones they think are important and certainly also not always the ones they watch. I know some of you think these results need a health warning, not least because the next question was not: do you really mean that or are you just trying to impress me? But these results are repeated year in year out. So taking the figures at face value we have 60% or more saying news, current affairs, factual, children’s, and regional programmes are essential or very important for BBC1 and ITV to carry.

MTV of all people has carried out similar research with similar results34.

To state the blindingly obvious: on the whole this is not what people watch – certainly not in great numbers. If we take the week ending March 9th last year for example - and the pattern is the similar week after week - of the top 50 programmes none was a documentary, none was a current affairs programme, none was an education programme and the highest rating news bulletin came in at number 35. The week ending June 1st four factual programmes creep into the top 50 – but these were the Antiques Road Show, Bargain Hunt, Changing Rooms and of course Big Brother. 35

Research into attitudes to news and current affairs also show this imbalance between value and viewing. Ian Hargreaves’ work for the ITC last year36 demonstrated the importance of broadcast news. It was by far the most trusted and valued source of information. 95% said they were very or fairly satisfied with broadcast news. The figure for current affairs was 90%. And in answer to the question: who do you trust to tell the truth? news on the BBC and ITV scored around 90%, the Sun scored 10%. Even the Guardian only scored around 28%. And yet for all this trust and value Hargreaves also charted a serious decline overall in the consumption of broadcast news and current affairs – a 5.6% fall in news viewing since 1994 and a 31.7% fall in current affairs.

There is plenty of other research that makes a similar point. In July 2002 the ITC published Pride of Place which surveyed 5500 viewers (about their attitudes to regional programming). They were asked to agree or disagree with this statement:

“Even though I do not watch certain types of programming I still think it is important that they are available for others to watch on free to air channels.” 37

89% agreed with this statement.

34 MTVN Observation June 2003
35 BARB figures
37 Pride of Place, Jane Sancho ITC July 2002
Further evidence came a couple of weeks ago at the Oxford Media convention from the man who matters most at the moment. Stephen Carter, chief executive of Ofcom, gave some preliminary insights into Ofcom’s survey of 6000 viewers for its review of public service broadcasting. He said there was substantial support for programmes of range and quality in the mixed schedules we traditionally associate with BBC1 and ITV. There was also substantial support, he said, for impartial television news and for drama and serious factual programming.

All this suggests that viewers are perfectly capable of approaching and assessing broadcast content in their dual roles as consumers and as citizens. Their judgments about content can embrace both but – and this is the important point – both cannot be consistently expressed through the market. And if the market were the only mechanism for allocating broadcasting resources it would end up with the unintended consequence of a much diminished public service broadcasting sector. It is in this sense that the market cannot deliver what viewers want.

**BROADCASTING IN A DEMOCRACY**

The question then is why do viewers value certain kinds of programmes when they only intermittently consume them. There are a number of possible – but untested - explanations for this.

It could be like the NHS, a public service that is available at great cost to my annual tax bill, which I rarely use but suspect I will need - desperately - one day. What is more I want to be protected from other people’s illness. Or is it like the school fee paying parent, or those whose children have completed their education, or the childless who are not, as far as I know, demanding the return of that portion of their taxes which goes to education?

In cases like these we recognise a wider social good – a better educated, more tolerant, healthier, more prosperous perhaps even happier country. In this context I thought you might be interested in this happiness index I came across.38

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>Happiness Index</th>
<th>Ave Hours per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>4.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Socialising after work</td>
<td>4.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Lunch</td>
<td>3.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Praying</td>
<td>3.8</td>
<td>0.5</td>
</tr>
<tr>
<td>Watching TV</td>
<td>3.6</td>
<td>2.2</td>
</tr>
<tr>
<td>Napping</td>
<td>3.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Shopping</td>
<td>3.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Childcare</td>
<td>3.0</td>
<td>1.1</td>
</tr>
<tr>
<td>Working</td>
<td>2.7</td>
<td>6.9</td>
</tr>
<tr>
<td>Morning commute</td>
<td>2.0</td>
<td>0.4</td>
</tr>
</tbody>
</table>

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38 Daniel Kahneman
There are two things I think you need to note here. If you look at the middle column – the happiness index. Firstly it explains why there are so many television programmes about sex. But if you look at the pleasure from praying it doesn’t explain why there are so few programmes about God - unless of course we are praying for more programmes about sex. And if you look at the third column – how much time we spend doing these things – 0.2 by the way is 12 minutes - it suggests that to maximise happiness we need to spend more time having sex and rather less time watching television.

In Spheres of Justice Michael Walzer asks: what is the just distribution of a social good. There are some things, he says, like health, the law, education that we readily consider appropriate to be distributed on the basis of need. (As opposed to other goods which are distributed on the basis of want and the cash ability to realise that want.) I would argue that all those things that we traditionally regard as public service broadcasting are just such a need. Walzer says (SOJp89/90): “Needed goods cannot be left to the whim, or distributed in the interests, of some powerful group of owners or practitioners.”

And he goes on:

“Needed goods are not commodities. Or more precisely they can be bought and sold only insofar as they are available above and beyond whatever level of provision is fixed by democratic decision making (and only in so far as the buying and selling doesn’t distort distribution below that level.)”

In these circumstances, he says, we rightly and legitimately choose to block or constrain, free exchange. This, it seems to me, is the principle by which we circumscribe the size and reach of public service broadcasting. And it is the recognition of this principle that is the implied judgment expressed by viewers in the surveys I referred to earlier.

Of course in a liberal democracy we are forever balancing competing rights and needs. In broadcasting this means that on the one hand there is the bundle of rights protected by a free market that entitles citizens not only to free expression but also to the freedom, as consumers and entrepreneurs, to watch what we want to watch and to make money from those who want to watch it. On the other hand is the bundle of rights protected, I would argue, by public service communicators which give citizens access to information, education and diverse cultural expression and which promote minority interests and protect minority voices. In broad terms the first batch of rights are individual rights and the second are those which are held communally and have collective benefits. As John Kay has pointed out we restrict freedom of contract in such areas as slavery and the sex industry. And in television we already make those judgments. We recognise the need, for example, to weigh the

39 Michael Walzer: Spheres of Justice 1984
right to freedom of expression against legally enshrined obligations against racial incitement and in support of (ill defined) notions of taste and decency.

SO WHAT IS PSB – DOES ANYONE KNOW?

The traditional view of public service broadcasting has two potential dangers: that it is exclusive, excluding those who are disinterested in, or unreconciled, to the Waspish culture of its founders; secondly that it is coercive, dragooning viewers into a narrow conception of community, nationhood and interest.

It is also true that each of the words in public service broadcasting is now longer wholly appropriate. Public – because of a supposed loss of faith in the ‘public’ to resolve issues of provision in quite the way it used to. Service – because in the past ‘service’ has tended to be mistaken for a paternalistic elitism and because now ‘service’ is mistaken for ratings. Broadcasting – because one thing is clear: that the delivery of content in the future will not be only, if at all, through broadcast television but via broadband, mobile phones and so on.

But this does not destroy the notion of what provisionally we might call inclusive communications. Its broad purpose is to help make civil society possible in a diverse world. It is defined less by what it is than by what it does, the impact it has or is capable of having, the intention of those who make and broadcast it. It is about more than plugging the holes that market failure leaves behind. It embraces new forms of content and new systems of delivery for a more media literate time that can identify these purposes in a broad range of programmes.

This broader understanding of what constitutes public service broadcasting does not embrace Charles Allen’s view that ‘I’m a Celebrity…’ is public service. But it does, for example, embrace these: ‘Jamie’s Kitchen’ gave real insights into disengaged youth; the episode of ‘Faking It’ in which a former merchant seaman became a drag artiste, though format television, was genuinely revealing about straight attitudes to gays; equally ‘Wife Swap’ at its best and most observational tells us a lot about class in modern Britain.

What these programmes have in common for me is this sense of inclusiveness. They are about articulating voices that are not always heard and about helping viewers understand what those voices are saying. Inclusiveness embraces the importance of impartial and balanced information available to all. It embraces tolerance, diversity and universality.

Viewers understand this broader definition of public service broadcasting. We know from Ofcom’s Stephen Carter that the viewing public embraces soaps and sport, his research shows, as culturally significant. This is something of which the writers and producers of soaps have tried to persuade us for years. In February last year a BBC campaign on domestic violence, called Hitting Home, played out across all genre and all BBC outlets. It generated 17,000 calls from the public – 244 followed one edition.
of Panorama and 357 after a wife beating storyline in Casualty. According to research published in the BMJ when Coronation Street’s Alma Halliwell died of cancer smear tests increased by 21%.

Terrestrial television still has to learn some of the lessons of exclusion. For example 6 in ten Asian Britons have multichannel and, as Ian Hargreaves has said, they feel underserved by the traditional terrestrial channels. This, I guess, was what was behind Greg Dyke’s branding of BBC as a “southern middle class institution” and Gavyn Davies’ comments that the BBC had been hijacked by “southern, white, middle class, middle aged consumers.”

To set against that there is evidence that the warm embrace of inclusiveness is extending to new areas of communication. The BBC’s plans for a creative archive – allowing anyone to download and use for non commercial purposes any BBC owned material is one. There are plans for ITN to give colleges and universities free access to its news archive. The BBC initiative in Hull where schools are linked to BBC Hull’s interactive services and into a wide range of BBC educational material is another. As Dyke has said: “The future of television is happening in Hull.” So we now know where to find him.

**CAN REGULATION WORK?**

I want to end by saying something very briefly about the regulation.

I have mentioned already the good cop, bad cop kind of regulation. Either the ‘right’ people own and run broadcasting in which case regulation can be light touch. Or the authorities play fast and loose on ownership and then contain the thieves and pimps with draconian content regulation. The former seems benign on both fronts; the latter dangerous and uncontrollable.

Ownership is critical because it bears on culture. John Kay has described how institutions rely on adaptive behaviour to sustain their values. In his presumably soon to be axed Telegraph column John Simpson put it this way –Andrew Giligan notwithstanding): “What really controls us all is our belief in a single basic philosophy – the notion that public service broadcasting, even handed, accurate, calm, fair, thoughtful is the highest form of broadcasting there can be.”

If we have learnt anything from the events of the last week it is that the best guarantor of outcome is process and that is ultimately determined by institutional ethos. The early criticism of the competitive instincts of Greg Dyke at the BBC were framed in his apparent misunderstandings of the purposes of the BBC. Jeremy

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40 Hitting Home Report by Janice Burrows, BBC Audience Lines
42 Greg Dyke Speech at launch of Hearing Voices local radio initiative June 18 2003
43 Gavyn Davies Speech to Royal Television Society 2003
44 Greg Dyke Financial Times December 10th 2002
45 John Simpson Sunday Telegraph August 17 2003
Isaac’s threatening valedictory warning to his successor as he left Channel 4 revolved around his suspicions that Michael Grade would betray the channel’s founding principles. Both are a reflection of the importance of ethos in public service broadcasting. Even Charles Allen, head of Granada spoke yesterday of creating a new culture at ITV, though in the same breath he referred darkly to reducing regulatory costs. I think we know what that means.

The purpose of regulation then is to foster and sustain broadcasting institutions – public and commercial - with the values to produce public service television in a competitive environment.

Mark Thompson (ITC book), who for all we know might be the next director general, has called for producers and schedulers who will stimulate public interest in the new, rather than recycle the successes of the past, who will provoke debate and accept occasional failure. This, he said, will need broadcasters who have both the freedom and the resources. He concluded: “That rather than regulation is the best way to guarantee the future of an innovative and creative television culture.”

CONCLUSION

So in conclusion the broadcasting market cannot operate outside its social, political and cultural context. More than that it is inseparable, in my view, from a notion of the good society. It is in that sense that the extent to which public policy seeks to create the conditions in which public service broadcasting can flourish is a political as much as an economic enterprise. Viewers understand this and they respect the need for public service broadcasting irrespective of their own viewing preferences. This complex interaction makes the market alone, a singularly unreliable and inappropriate mechanism for sustaining quality television.

Finally I would say this: we will know the good men have died like dogs – and as I said at the beginning two just have - if among other things: the Ofcom review gives sustenance to those who want to tamper with the licence fee; if top slicing of the licence fee becomes a reality; if new fiscal mechanisms are not found to sustain ITV’s public service role; if Channel 4 is privatised; if Disney owns ITV; if David Elstein is director general and Rupert Murdoch is running Channel 5.

THE END

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46 Mark Thompson Television and Beyond: the next ten years, ITC publication