

Neither history nor mystery but reality

By David Elstein,

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After a debate in which so many valuable contributions described situations outside the UK, I am loath to return to the core domestic argument. But the nub of that argument is relevant everywhere else – not least in places like New Zealand [0] and Sweden, where the forces at work are so clearly defined.

In the UK, the essential points are these. Can the market offer everything that the public sector broadcasters can provide? If not (and only the most Panglossian advocate would take such a line), what is the best and most cost-effective way of delivering what is missing? Conversely, do we need the public sector as our bedrock, which depends on scale to deliver its unique effects? Or are there inherent deficiencies in public sector provision, which mean that either the content lacks sufficient distinction, or the cost of provision is unnecessarily high?

In his **openDemocracy** contribution, Peter Ibbotson [0], having held senior positions in the BBC, ITV and Channel 4, concludes that market providers are always under pressure to deliver larger audiences, even for the minority programmes that regulators require them to broadcast as part of their licence terms. Short of a direct relationship between producers and consumers (subscription funding) fully displacing an indirect relationship (advertising), he sees a continuing need for some provision from broadcasters without shareholders.

Sound as this line of argument is, it cannot deal with the inherent inefficiency, especially at the margin, of public sector provision. Like me, he regards most of BBC1's output as indistinguishable from market provision. But beyond that paradox is a further one: that even as the BBC strives for overhead savings to re-invest in new programmes, it is evident that these are the least cost-effective programmes the BBC provides – as, by definition, the most worthwhile ones were already being provided. There appears never to be a question of the BBC reducing costs in order to reduce the licence fee.

Channel 4 suffers from similar defects. Its revenue so far exceeds its actual programme needs that it splurges tens of millions of pounds on increased staff (doubled in 5 years) and non-core business ventures. In the absence of shareholders, there is no incentive to contain costs or avoid speculative investment. A conscious decision to reduce ratings and revenue – by targeting the kind of programme provision that Roger Graef [0] would clearly like to see adopted – holds little attraction for Channel 4 executives, who see themselves running a “multi-faceted media corporation” rather than a channel expected to serve minorities.

Richard Collins [0] is puzzled by the absence of reference to the internet in the original exchange between Andrew Graham [0] and myself [0]. It is, in many ways, a good distribution medium, and a useful adjunct to broadcast transmission. However, the BBC's embrace of online technology has exposed certain issues Richard needs to address.

Peter Ibbotson raised one in connection with the crowding out effect on market players that the BBC's huge investment in online provision [1] has had. Another is that the internet is not truly

akin to broadcasting, least of all that which is licence fee funded. After all, more than half of all licence fee payers have no access to the web at home, whereas 40 per cent or more users of BBC online services live abroad (many of them in California). Meanwhile, domestic users of BBC online content will normally be paying as-you-go telephone charges: so the free-to-air and universality principles that underpin the licence fee and public sector broadcasting are both eroded by internet provision.

I can see where [Jean Seaton](#) [1] is coming from, but I am afraid she misses her own points as much as mine. That spectrum was scarce, and was assumed to belong to governments, was a necessary (even if not sufficient) condition for public sector broadcasting. In most countries, the first – and for long periods the only – broadcasters were publicly owned.

Avoidance of clashing broadcasts occupying the same spectrum was one motive. High standards and broad range were another. And control was a third: state broadcasters would be at worst neutral and at best supportive of government. Virtually all of Western Europe and the Commonwealth followed the example set in the UK by the BBC. Without spectrum scarcity, it could never have happened. For Jean Seaton to claim that this is “simply wrong”, or that “most countries did not produce a public service system as a solution to” spectrum scarcity, is just perverse.

Moreover, it is very much my argument that simple, low-cost regulation of commercial players can produce most of the benefits Jean seeks. My point was that public sector status did not automatically lead to the creation of content the market could not offer. BBC1 costs us well over £900 million a year, yet 90 per cent of its content could easily be provided by the market. This week, it offers us a slew of originated programmes and acquisitions that commercial broadcasters can and do provide all the time: though whether any commercial station would have offered both *Danger: Celeb At Work* and *Celebrity Sleepover* in the same week is hard to believe.

Michael Grade’s actual words were that “the BBC keeps the rest of us honest”. But the BBC is also inexorably driven by its funding mechanism to compete in commercial terms for audience share. The new BBC1 Controller was recently heard exhorting her drama department to “bring me drama like ITV’s”.

Of course, regulation keeps ITV up to the mark: but it is a purely commercial imperative that leads it to invest so heavily in original drama that outclasses anything the public sector broadcaster, BBC1, can offer.

Indeed, Jean’s attempt to “refute” my argument only re-inforces it. She points out that the creation of ITN (regulated commercial provision) substantially improved on previous (public sector) news provision. She then argues that, after changes in the licensing system in 1993, ITV news quality is declining (not a view I share, though it is certainly true that the licensing changes have led commercial broadcasters to seek to marginalize news provision). But she then says that BBC news quality is also in decline: so how does public sector provision protect us from the real reason news is being marginalised – audience fragmentation?

Jean goes on to confuse ITN (a stand-alone news organisation) with the various ITV current affairs series provided in the past by Granada (*World In Action*), Thames (*This Week*) and Yorkshire (*First Tuesday*). That these were, in the 1960s, 1970s and 1980s, greatly superior to their public sector equivalents (such as *Panorama*), only supports my point that well-regulated commercial provision can achieve much at relatively low cost. The three series all triggered the release of wrongly convicted prisoners (respectively, the Birmingham Six, the Confait Three and the Guildford Four), amongst their many other achievements.

That all three series were progressively squeezed out of the ITV schedule was not simply a result of the misguided auction process (an explicit act of revenge on ITV by the Thatcher government). Poor regulation played its part. So did fragmentation – which also clearly drove Panorama to the edge of the BBC1 schedule on a Sunday night: public sector provision is not immune to this impact. *Right To Reply* has recently been dropped completely from the Channel 4 schedule: not a fate likely to be shared by Test Cricket coverage.

What Jean calls “the history of ITN” (actually, not Independent Television News at all, but the way in which ITV was regulated) tells us little about the status and value of public sector provision. To argue, from that “history”, that it is worth spending £3 billion a year on public sector provision in order to keep investigative reporting (why not £6 billion? Or £10 billion?) is simply to abandon the debate. The actual cost of making the three lost series, today, would be about £20 million a year. If we want such series to appear on free-to-air, universally-available television, we do not have to buy into the large-scale inefficiencies of the current system.

All I ask is that we look at the two public sector broadcasters frankly, acknowledge their weaknesses as well as strengths, decline to attribute to them some sort of mystical value, and require them to provide good value for the large sums of public money they absorb.

For this last point, I was roundly rebuked by Steve Barnett in his [Observer column](#) [2] commenting on the **openDemocracy** debate. In his eyes, value for money is equated with executing prisoners rather than jailing them, and with sending 10-year-olds down the mines.

The irony, of course, is that it is the BBC that claims to provide value for money, and pursues that objective with some vigour. Failure to seek value for money in such public services as health and education would be seen as unacceptable. If the BBC and Channel 4 cannot provide better quality at the same price as the public could pay in the open market, or the same quality at a lower price, what would be the point of them?

Steve said in his column that my argument was “easily refutable”. Perhaps it is. On behalf of **openDemocracy** I invite him to refute it, as this is a debate that has powerful and long-term resonance.

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