PUBLIC SERVICE BROADCASTING AND NEW MEDIA TECHNOLOGY: WHAT THE BBC HAS DONE AND WHAT IT SHOULD HAVE DONE

PETER GOODWIN

Abstract

This article analyses the response of one of the world's leading public service broadcasters to new media technologies — satellite, cable, digital broadcasting and interactive information technologies. It shows how and why the BBC has largely abandoned any serious attempt to exploit these for public purposes. It argues that the BBC's attempts to exploit them for commercial purposes are both ineffective and threaten even its traditional public service remit. The article suggests that the BBC's policies on new technology have contributed to a pervasive "common sense" in UK political debate that new technologies cannot be utilised for public service goals. The article takes issue with this "common sense" by demonstrating how generally accepted arguments for the continued validity of public service broadcasting apply equally to public service use of new technology. Finally, the article argues that an expanded notion of public service broadcasting cannot be divorced from a more general challenge to current free-market orthodoxy.

Peter Goodwin is Lecturer at the Centre for Communication and Information Studies, University of Westminster.

For two decades, new technologies of audio-visual distribution have figured prominently in debate over the future of public service broadcasting. First direct to home broadcasting by satellite and broadband cable, and now digital broadcasting and interactivity, have all been seen as posing a quite fundamental challenge to an institution which was born and matured within the technological constraints of analogue terrestrial transmission.

That challenge has been two-fold. One side of it — what we might call the negative side — has been extensively discussed in both academic and public policy forums. This is the proposition that new technologies of transmission, by effectively removing "spectrum scarcity," undermine or totally remove the basic rationale for public service broadcasting. The debate on that proposition is by no means at an end. But in Britain, at least, defenders of the continued relevance of public service broadcasting have for the moment seemingly secured both an intellectual and a practical victory. The BBC has survived as a public funded broadcaster with its existing scope of publicly-funded services intact, until at least 2002, and its more radical critics are currently marginalised in both academic and public policy debate.

The second side of the challenge — what we might call the positive side — has been altogether less debated. This is the challenge of what (if anything) public service broadcasting institutions should do with the new technologies, or, to put it in rather wider context, what should be the role of public service in the utilisation of the new technologies of broadcasting distribution.

This is the question that I attend to address in this paper. To anticipate, my argument is that in neglecting this question, defenders of public service broadcasting have effectively conceded quite unnecessary ground to its opponents. In doing so, although they have won an important battle, in the longer term they are in serious danger of conceding the war.

In advancing that argument, I will of necessity have to deal with some of the more abstract discussions about what the rationale for public service broadcasting is. But, as has been correctly observed, "public broadcasting is the product of history rather than of theory" (Hamada 1997, 37). The institutions and concepts of public broadcasting have developed pragmatically, often with a good deal of piece-meal post hoc rationalisation. So I will begin my argument, by a critical examination of how one of the world's leading public broadcasters, the BBC, has over the last decade and half confronted in practice the question of what it should do about the new technologies of broadcasting distribution.

The BBC's approach to the new technologies of transmission has shifted during this period. I will identify three distinct phases in strategy. But what needs emphasising from the start is that all of them have been highly influenced by the more general political background of the period in which they evolved. The Conservatives under Margaret Thatcher won the election of 1979 and the party was from then on in office continuously until the Labour landslide of May 1997. This whole period has been characterised by a persistent drive by the Government to "revive market liberalism as the dominant public philosophy "(Gamble 1994, 4). Despite major shifts in the specifics of broadcasting policy during the eighteen years of Conservative rule, this drive continued to condition the Government's general approach to broadcasting issues throughout this period. It also conditioned the response of broadcasters.

Phase One: The BBC's Bid to Run DBS

Thatcher's first term, from 1979 to 1983, was more or less coincidental with the start of serious thinking among broadcasters about what practical strategies needed to be adopted towards the new technologies of broadband cable and direct to home satellite. So, from the beginning the BBC developed its attitude to new technology in a political and ideological environment increasingly dominated by what was already the most vigorously free market administration in Europe.

In the early eighties the Conservative Government produced major policy documents on both Direct Broadcasting by Satellite (DBS) and broadband cable (Home Office 1981; ITAP 1982). One strand of general "Thatcherite" policy was already apparent in both these documents. The Conservative government's general belief in free enterprise meant that it saw the responsibility for developing the new technologies as being primarily the responsibility of the private sector. It was therefore assumed that unless there were very specific reasons to the contrary no public money would be put into either cable and DBS.

A second strand common to both documents was that the new broadcasting technologies should be developed primarily for "industrial" reasons — for their supposed benefits to various sectors of British industry — rather than for specifically "broadcasting" reasons.

The BBC on the other hand started the period of Conservative government with the traditional if vague belief that the BBC itself should be involved in all new broadcasting developments, and involved in them on traditional non-profit making public service lines. It was this institutional mind-set that characterised the first phase of the Corporation's approach to the new technologies — an approach which continued until about 1985.

However, this vague public service approach by the BBC entailed very different attitudes to cable and satellite. The different strategies adopted to the two new technologies of distribution were justified by reference to the traditional public service principle of universal service. Starting from the principle of universal service, the BBC most definitely did want to be involved in DBS, but it most definitely did not want to be involved in cable.

"Two years ago," declared BBC Director General, Alastair Milne in 1982, "the BBC, which has been in the forefront of new technology since it began, saw the virtues of DBS and put them thus to the Government: A British satellite with two BBC television channels could provide additional services for the whole population of the United Kingdom provided the viewers made the decision to buy or rent a receiving dish and pay the additional money for the extra service. If they did not do so they would not be disadvantaged: they would still get the best for their licence fee that the BBC could provide." But in contrast to DBS, "it is our belief that as much as 40% of the country will never get cable on a commercial basis" (BBC 1982a, 2). Cable, could not, therefore provide a universal service.

So, on the basis of what some might see as a rather purist interpretation of the public service principle of universality, the BBC from the start bowed out of participation in cable. It was therefore effectively content to leave cable to the private sector — albeit with some serious reservations about the extent of deregulation of cable proposed by the Government, a deregulation which the BBC then feared "would be socially divisive, would sacrifice had won programme standards and would coarsen a

popular taste which has been painstakingly developed by public service broadcasting" (BBC 1982b, 34).

Satellite broadcasting was however a different matter. As the 1982/3 BBC Annual Report put it, "In many ways our attitude towards cable had been formed by contrasting it with the potential benefits of Direct Broadcasting by Satellite (DBS)."

As we have already seen, from 1980 the BBC had proposed to run two DBS channels. As, at that time it was anticipated that DBS would start with only two channels, the BBC was effectively bidding to run the start up of DBS in its entirety. These two BBC DBS channels were to be financed by an additional payment by viewers taking the satellite service. Whether that extra payment was to be an extra licence fee (just as there had been an extra licence fee for colour) or subscription was unclear. At the time, the distinction between the two may have seemed rather academic, because the BBC's plan involved it running all the new DBS services.

The BBC justified its proposed DBS services primarily on the rather vague public service grounds of providing extra choice for all. Earning extra money for the BBC was a motive, but it was a secondary motive. As the BBC's then Director of Television Programmes and Development, Bill Cotton explained in 1982: "When we applied for and took on board the running of two DBS services we realised that they would be services that would cost the viewer more than he presently pays — on the other hand they would, by the nature DBS, be available to all. There was one particular service that we believed people would pay extra for and that was a feature film service using films prior to their release to Network Television. […] The proposition was that in doing this we could charge the viewer a fair price — paying a fair price to the distributors and ploughing the profit back into network broadcasting and thereby taking a small, but significant pressure off the licence fee. […] The proposition for the other channel was to mount an international service which would involve acquiring programmes from all over the world and producing programmes for international sale" (BBC 1982a, 22).

We can speculate on how successful such services would have been. But being first in the field seems to have been an important factor in the evolution of new television services. So had the BBC succeeded in launching these two DBS channels in the mid-eighties, BSkyB's subsequent rapid rise to dominance of UK satellite broadcasting would, at the very least, have been far more problematic. Instead satellite broadcasting in Britain would probably have developed along similar lines to the way that it has since developed in Japan (where NHK runs the two direct to home satellite channels with easily the biggest take up).

For a couple of years in the early eighties it seemed that the BBC might succeed in its DBS ambitions. In 1982 the Government authorised the BBC to provide the first two DBS channels. This authorisation was not, it should be stressed, because the Government shared the BBC's predilection for public service use of the new technology. Rather it was because the Government wanted to develop DBS rapidly for industrial reasons, and at the time the BBC seemed the keenest and best equipped potential provider of content for the service.

The Government specifically sought to encourage UK manufacturing industry in this enterprise by favouring United Satellites Limited — a consortium of British Telecom, British Aerospace and the General Electric Company — as the providers of the satellites which would carry the new service. In 1983 the BBC signed an agreement with United Satellites and expressed the intention to start broadcasting two DBS channels in 1986.

The Government had from the beginning said that no part of the DBS services in the UK should be financed from the licence fee, so the two new channels were to be financed by subscription and their capital funding was to come from the private sector. By the second half of 1983 the BBC had come to the conclusion that it would to be unable to shoulder the financial burden and risk involved on its own. So at the end of that year the Corporation approached the independent television companies and their regulator, the IBA, to explore the possibility of co-operation over DBS.

In 1984, with the support of the Government, a consortium of the BBC and the ITV companies was established to operate the new DBS channels (with launch date now put back to 1987 or 1988). In June 1985, however, the consortium announced that it would not proceed with its plans. With that announcement the development of UK DBS passed entirely into the private sector (regulated by the IBA).

The reason for the end of the consortium was unwillingness of the parties involved — both BBC and private — to take on the very considerable risk involved, especially given the Government's requirements that DBS use a British satellite system. Even as the consortium was being established the BBC was declaring that "although the BBC conducted protracted negotiations with the British Satellite Consortium, Unisat, it was not able to conclude a satisfactory contract for the use of a satellite system" (***BBC Annual Report*** 1983/4, 10).

In 1985, the BBC recorded that "the commercial viability of such a [DBS] service, without Government assistance and within the conditions established by the Government, was looking increasingly doubtful." It continued, "the BBC has every intention of remaining at the forefront of new technologies serving the public interest" (***BBC Annual Report*** 1984/5). But, in fact, with the end of the DBS consortium in 1985, the BBC effectively abandoned any strategy for public service use of the new delivery systems within the UK. The first phase of the BBC's approach to the new technologies had come to an end, and come to an end without any tangible results.

Phase Two: Commercial Use of New Technology

The second phase of BBC strategy towards the new technologies crystallised over the next couple of years. Out of the whole period of Conservative administration, these were precisely the years which saw the most direct Government challenge to the traditional public service foundations of the BBC. Margaret Thatcher personally favoured putting advertising on the BBC — a change which would have been a fundamental break with traditional financial arrangements for public television in the UK. In 1985 the Government established the Peacock Committee to examine the financing of the BBC. The Committee's leading members were committed free-marketeers, and it was no doubt anticipated by the Government that they would favour advertising on the BBC's traditional services. However, when they reported in 1986, they explicitly rejected this option. Instead the Peacock Report advanced an ambitious long-term strategy for the BBC centred on the concept of "electronic publishing" using the multi-channel potential of broadband cable. To this long term strategy the Committee added a number of important shorter term recommendations on the terrestrial broadcasting system, many of which (mainly concerning commercial broadcasting) were to be incorporated in the 1990 Broadcasting Act. We will return later to some aspects of the Peacock Report's long term strategy for the BBC. At this stage, however, we will note one important feature of the Committee's shorter term rec-

ommendations. The Peacock Report laid particular emphasis on the need to encourage efficiency in the provision of broadcasting. It therefore proposed a number of measures to exert financial discipline on the BBC.

In keeping with Peacock's recommendations on this score, the Government announced in 1986 that the licence fee was to be indexed to general inflation . Because broadcasting inflation was considerably higher than general inflation and because the indexation was to start from a low notional base, this would , in the Government's own words exert a "double squeeze" on the BBC's finances. This squeeze on the real value of the licence fee has continued ever since (with increases in the licence fee being set at or below the Retail Price Index).

"Initial calculations showed that the BBC's resources could be managed in such a way as to maintain broadly the range and quality of existing services," declared the BBC Annual Report 1986/7, "though any improvements and developments would have to be paid for out of savings elsewhere." Effectively this finally precluded the BBC from public service use of new delivery systems. It also put great onus on the BBC to supplement its diminishing (in real terms) licence income, by commercial activity. From this period can be dated the revamping and expansion of the BBC's commercial activities, first under the banner of BBC Enterprises, and then under the banner of BBC Worldwide. And from this period can also be dated the explicit formulation of a new general approach by the Corporation towards its use of new distribution technologies.

In January 1988 the BBC submitted evidence to the House of Commons Home Affairs Committee on The Future of Broadcasting. The corporation's written memorandum to the committee neatly summed up what was to be the second phase of the BBC's strategy on the new delivery systems. This second phase was the result both of the collapse of the BBC's DBS ambitions and of the fall-out from the Peacock report.

The strategy the BBC put to the Home Affairs Committee in 1988 had two central strands. On the one hand, "the BBC does not wish, over a foreseeable planning and funding period to compete to manage any of the new services or to compete with them for advertising and subscription income."

On the other hand, "new channels may offer the BBC valuable commercial opportunities for the onward sale of programmes, skills and resources. If so, the BBC seeks the freedom to exploit its existing resources and generate as much income as possible for reinvestment in programmes" (Home Affairs Committee 1988 II, 25).

It is this two-fold strategy which governed the bulk of the BBC's theory and practice towards the new broadcasting technologies for most of the following decade. Use of new technologies of distribution would not be for public service — however vaguely defined — but instead would be commercial, so as to earn extra revenue to help finance the BBC's increasingly underfunded traditional terrestrial services.

One other factor reinforced this new strategy. Commercial activities, unlike public service ones, fitted in with the Conservative Government's more general philosophy of encouraging an "enterprise culture." So a drive to commercialism within the BBC was not simply a coldly calculated attempt to make financial ends meet. It was also, to a considerable extent a directly political initiative by the management of the Corporation, so as to court favour with the Government. As one internal BBC strategy discussion document put it in 1991: "Beyond the needs of the consumer, there is a need to run with the political tide. Entrepreneurialism was a requirement of the 1980s and will still have an important place to play in the public sector in the 1990s. The BBC's

involvement in commerce signals that it is part of the market place" (unpublished Charter Review task force party report on "The BBC: the Entrepreneur," 1).

In the years that followed the BBC's efforts at commercial exploitation of satellite and cable advanced on two broad fronts — one international, the second domestic.

In November 1991 the Corporation launched BBC World Service Television (WSTV). WSTV was first conceived several years before as a logical extension of BBC World Service Radio, an international, Government funded public service, using the new technology of satellite delivery of television. The BBC World Service lobbied Government to provide extra funding to extend its international public service radio services to television. This lobbying was unsuccessful. BBC World Service nevertheless continued with the project on the basis of "self funding" public service. However by the time WSTV was launched in 1991 its rationale was shifting again — towards the straightforwardly commercial. WSTV would exploit the supposed international demand for BBC programmes and the new delivery systems, so as to earn extra money for the BBC. Since then BBC WSTV has expanded into a range of satellite and cable delivered channels, operating in most major television markets, as partnerships between BBC Worldwide and a variety of commercial partners.

On the domestic front, in November 1992, the BBC launched an advertising and subscription funded UK-directed satellite channel, UK Gold, using its library material, in partnership with the ousted ITV mainstay, Thames Television, and the American cable-operator, Cox. Again, the operation has expanded, with, in October 1996 the announcement of eight UK directed advertising and subscription funded satellite and cable channels to be run in partnership with major UK commercial satellite broadcaster, Flextech.

These new commercial initiatives by the BBC figured in both the Government's 1992 Green Paper on the BBC and in the BBC's own strategy document of the same year, Extending Choice (DNH 1992; BBC 1992). But in these two 1992 documents they had a very much subordinate place. Less than two years later, in the Government's 1994 White Paper on The Future of the BBC, they figured altogether more prominently. "The BBC's more recent proposals," declared the White Paper, "are designed to provide a strategic purpose for its commercial activities. The BBC has given considerable thought to its plans for these activities in the future, especially the international opportunities. […] The Government welcomes the initiatives which the BBC has undertaken and considers that it should continue to develop its commercial activities" (DNH 1994, 23).

The White Paper maintained that the BBC's "long-term objectives and values as a public service broadcaster should underpin all its other activities." It also insisted that "the BBC's commercial activities should be conducted in ways which are fair to its competitors. That means that they must not be subsidised by the licence fee or the Grant-in-Aid which finances World Service Radio." But, with those two riders, the White Paper set down, for the first time in the history of British broadcasting policy, a major new role for the Corporation as a commercial player in the global communications market: "The BBC's commercial activities in the United Kingdom are likely to increase through cable and satellite services and through publishing. However the Government believes that the BBC's commercial initiatives should aim increasingly at international markets, so helping to create and sustain a United Kingdom presence in an international multi-media world, and increasing the United Kingdom's competitiveness" (DNH 1994, 24).

This official declaration of the BBC as potential world-beater in the new media markets was by no means a unilateral imposition of strategy by Government. As the White Paper clearly recognised, the initiatives had been made by the BBC itself. Particularly in the early stages of inception of WSTV, these were no doubt the product of what has sometimes been rather jaundicedly termed "BBC imperialism" — the desire of the Corporation to participate in any new broadcasting developments. But, more importantly, the BBC's international commercial initiatives were also the result of the BBC management's eager response to the twin Government pressures of financial stringency and conformity to Conservative norms of "entrepreneurialism" in the public sector. The BBC's international commercial initiatives would both help make ends meet, without extra public funding, and also demonstrate the BBC's participation in the "Enterprise Culture."

These international commercial initiatives had also, between the Green Paper of 1992 and The White Paper of 1994, received enthusiastic endorsement and further impetus, from the Opposition front-benches. A year before he became Prime Minister, Tony Blair declared that "Britain is fortunate to have potential competitive advantages" in inventing and marketing the information economy. These include "our leading information companies, from BT to Pearson, from Ionica to Reuters, from Mercury to the BBC" (Blair 1996, 104). As Blair's comments also indicate, support for the BBC's international commercial role was now firmly linked to a similarly bipartisan enthusiasm for new developments in information technology — an enthusiasm now largely focused on "the digital revolution."

Phase Three: "The Digital Dividend"

Phase Two of the BBC's approach to the new distribution technologies lasted from roughly 1985 to 1996. During this period there was only one significant exception to the Corporation's strategy of using cable and satellite exclusively for commercial purposes. In its 1992 strategy document, ***Extending Choice***, the BBC proposed to launch a free to air 24 hour UK-directed television news channel, funded from the licence fee, and distributed via satellite and cable. The proposal figured little in the discussions on the renewal of the BBC's Charter that took place over the next two years, but remained as a future aspiration.

It surfaced again, with rather more force, in 1996. In that year the BBC published ***Extending Choice in the Digital Age*** (BBC 1996). This strategy paper marks the beginning of a third phase in the BBC's approach to the use of new distribution technologies. It makes further proposals for their commercial use by the Corporation, but it also makes a range of proposals for their public service use. These include the 24 hour television news channel. But this is now no longer a solitary exception to an otherwise commercial rule. Instead it is just one part of what the BBC calls the "digital dividend" of public services utilising the new digital technologies.

Extending Choice in the Digital Age describes this prospective public service "digital dividend" as follows:

- Complementary channels to both BBC1 and BBC2, in widescreen, primarily distributed via digital terrestrial transmission, "giving viewers the option of selecting additional programmes offered alongside the continuing schedule — whether another chance to see a highlight of the week, a gem from the archive or a programme which complements the one just watched;"

- A twenty-four hour news channel, again distributed primarily by digital terrestrial transmission;
- "More chances to see regional programmes at convenient times;"
- "Education services which take full advantage of digital technology's facility to promote interactive learning, in the school, workplace or home;"
- Digital radio, "with CD-quality sound" and "a growing range of services" (BBC 1996, 2).

On the face of it this is a quite radical change in BBC policy towards the new technologies, from that of the previous decade. But whether it marks such a big change in practice remains far more questionable. ***Extending Choice in the Digital Age*** makes the assumption that "licence fee income remained fairly flat" (BBC 1996, 23). That obviously raises the question as to how the proposed extra public services constituting the "digital dividend" will be paid for.

Extending Choice in the Digital Age put forward two answers. It declared that there would be more "savings," this time through the use of new technology. (BBC 1996, 63-4) But this claim sat uneasily, with the (ultimately unsuccessful) campaign that the Corporation was mounting at the very same time as the document was published, for an increase in the real value of the licence fee, on the grounds that soon there would be no room for further substantial internal savings on costs (Birt 1996).

Secondly, ***Extending Choice in the Digital Age*** claimed that there would be a "virtuous circle" whereby "commercial earnings will further improve the quality of our public service programmes and, therefore, the assets which can be exploited around the world" (BBC 1996, 39).

This idea of a "virtuous circle" between public service and commercial activities, applied not simply to the BBC's new digital operations, but was effectively at the centre of the whole of what we have described as phase two of the BBC's approach to new technology, an approach which received explicit Government endorsement in the 1994 White Paper on ***The Future of the BBC*** with its strategy of (public service) "serving the nation" with (commercial) "competing worldwide."

The BBC's traditional public service role has been two-fold. BBC Home Services provided a public service to the domestic audience, financed by the licence fee. Alongside that, World Service Radio had its own, admittedly ambiguous, international public service role — "impartial" political news and analysis, publicly funded, by the UK Foreign Office.

In neither case is there an unqualified "virtuous circle" linking traditional public service requirements with the new commercial operations. The international public service role has clearly been at odds with the political requirements of some of the states within which the BBC hoped to expand its commercial operations. As a result of these World Service Television was excluded from Malaysia and China, and the BBC was forced to abandon its Arabic Television service (because of political opposition from its commercial partners, who were closely connected with the Saudi regime).

Less obviously but, if anything, more importantly, the tension between public service and commercial operations extends to the domestic front. To take one not unimportant example, much of the BBC's domestic public service remit has traditionally involved providing high quality drama about contemporary UK working class life. Such subject matter has very limited export potential. However costume drama, with a "heritage" orientation, about UK middle or upper class life in the past, has much

more of an international market. A public service broadcaster oriented to a domestic audience would prioritise the former over the latter. A commercial broadcaster, oriented to an international audience, would prioritise the latter over the former (Sparks 1995, 336-338).

These tensions between commercial operations and traditional public service persist into phase three of the BBC's approach to the new technologies. But they are now joined by a further tension. Alongside the public service "digital dividend," ***Extending Choice in the Digital Age*** declares that "the digital era will create new opportunities to accelerate the expansion of our commercial activities." Chief among these would be "a range of specialist themed channels and services." These could give subscribers "the opportunity to see programmes of their choice at times which are convenient to them" (BBC 1996, 39). But clearly the more of these services that are supplied free as part of the "digital dividend," the less will be available for sale.

The limits on the funding currently available to the BBC and the pressures of its commercial strategy therefore make it likely that the public service uses of the new technologies announced in ***Extending Choice in the Digital Age*** will be confined largely to a recycling and reformatting of (probably less commercially attractive) material already produced for the BBC's main terrestrial channels. In particular it is difficult to see how much free-to-user interactive educational material is likely to be generated in such a context. Phase three of the BBC's approach to the new technologies therefore marks an important formal break with phase two, but far less of a break in practice. Commercial exploitation of the new technologies by the BBC seems likely to remain more important than its use of them for public service purposes.

Having reviewed the historical development of the BBC's approach to the new distribution technologies, we are now in a position to make some more general observations on them.

First, taking the period as a whole, the dominant approach to the new technologies is that the BBC should use them for commercial purposes. This was the explicit position of the BBC during what we have described as phase 2, a phase which lasted longer than the other two phases combined. And it was a position which received bipartisan political endorsement and encouragement in the last phases of BBC charter renewal in the mid-nineties. This commercial approach to the new technologies now has deep institutional roots in the BBC.

Second. where public service uses of the new technologies have been proposed, these have all been premised on no extra public funding. That was the reason for the collapse of the BBC's DBS ambitions and with it the end of he first phase of the BBC's approach. It is also quite explicit in the new phase initiated by ***Extending Choice in the Digital Age*** (and forms the central reason for our scepticism about this apparent new turn).

Third, where public service uses of the new technologies have been advanced, they have generally been unambitious. They have been either closely related to existing public services (e.g., the recent proposals for digital "side-channels" complementing BBC1 and BBC2) or to actual or potential commercial provision (e.g., the BBC's early eighties DBS proposals). They certainly do not envisage using anything near the full potential scope of the new technologies for public purposes. That scope has been far more fully explored by the BBC on the commercial front.

None of these three aspects of the BBC's general approach to the new technologies has been significantly challenged during nearly two decades of often vigorous

debate on public service broadcasting in Britain. That debate has focused almost entirely on the traditional public services provided by the Corporation. The BBC's general approach to the new technologies has therefore tended to be accepted by default.

An Alternative Approach

But several of the central arguments advanced in the debate on traditional public service broadcasting — arguments which in a number of cases have passed into the conventional wisdom on the subject — also have strong implications for public service use of the new technologies. Although their authors have generally failed to draw them out, these implications suggest a different, and far more prominent role for public service in the digital age to that even currently officially envisaged by the BBC.

At least four such arguments, each of them prominent in recent discussion in Britain on public service broadcasting, carry such implications.

The first comes from a seemingly surprising source, the free-marketeers of the Peacock Committee. The Peacock Report represents the most intellectually coherent and fully developed contribution to recent British debate on broadcasting to basically accept the notion that the abolition of spectrum scarcity will eventually fundamentally narrow down the rationale for public service broadcasting. With the increasing availability of new technologies of distribution, the report envisaged the development of broadcasting through three stages, the third of which would-be characterised by "Indefinite number of channels. Pay-per-programme or pay-per-channel available. Technology reduces the cost of multiplicity of outlets and of charging system." The policy regime appropriate to this third stage, according to Peacock, was "Multiplicity of choice leading to full broadcast market." In such a situation the BBC would, argued Peacock, be best funded mainly by subscription, i.e. would no longer be a primarily public funded public broadcaster (Peacock 1986, 136).

However, even within this vision, Peacock still envisaged a place for public service. "Would it not be sufficient, in this context, to confine government activity in the broadcasting market to regulation designed to enforce the law of the land with respect to matters such as public decency, defamation, slander and blasphemy and with respect to the prevention of monopoly? The answer to the question is 'no,' if for no other reason than that viewers and listeners themselves may be willing to provide public finance for broadcasting activities in their capacity as voting tax-payers. […] A simple illustration makes our point. Many citizens who never go near our National Galleries value their existence and are prepared to contribute as tax-payers to their upkeep."

The Committee envisaged four general areas of programming as being suitable for public patronage, suggested by the key words "knowledge, culture, criticism and experiment." […] To be more specific:

> *(i) There should be news, current affairs, programmes about science, nature and other parts of the world, as well as avowedly educational programmes, all of which require active and not passive attention and which may also contribute to responsible citizenship;*
>
> *(ii) There should be high quality programmes on the Arts […]*
>
> *(iii) there should be critical and controversial programmes, covering everything from the appraisal of commercial products to politics, ideology, philosophy and religion […]*

> *There may also be a case for experimenting with types of entertainment and popular programmes of different standards to the ones which viewers and listeners would have demanded unprompted"* (Peacock 1986, 127-8).

Now, considering both that it comes from a committee of such openly free-market disposition and that it is considered appropriate to a situation where there is "an infinite number of channels," this is a very wide-ranging list of legitimate candidates for "public patronage." It is also a list from which few would dissent.

But precisely because it is considered appropriate for a situation where spectrum scarcity has been effectively abolished, Peacock's argument for continued (if limited) public service cannot be confined just to programmes carried on the channels which existed during spectrum scarcity. In principle it applies to programmes transmitted over new channels and ones with an interactive dimension. As Peacock's own example of National Galleries demonstrates, his basic rationale for "public patronage" in information provision is in no way technology bound.

Of course, for Peacock, such public provision was to be the exception rather than the rule. But his reasoning in this respect is economic rather than technological: "The only a priori stipulations are that state support should be direct and visible and not achieved by cross-subsidisation or 'leaning' on programme makers, and that such patronage should account for a modest proportion of total broadcasting" (Peacock 1986, 128). These stipulations are grounded in Peacock's belief that, with the growth of new distribution technologies, "a full broadcasting market" could develop, analogous to that in the printed media. But that economic vision has come under sustained attack from defenders of traditional public service broadcasting.

Nicholas Garnham puts the nub of the case as follows: "As the example of the newspaper industry indicates, the production and distribution of symbolic goods such as TV programmes, exhibit certain special economic characteristics that inhibit the efficient operation of markets, leading in particular to oligopoly" (Garnham 1994, 13). One of these special economic characteristics is that one person's consumption of broadcast programmes of broadcast programmes is not rival to another's.

> *If I watch a given programme it doesn't stop anyone else watching it. There is thus no need to ration by price. Moreover, once a given programme has been made the marginal cost of an extra viewer within a given transmission area is zero. A number of things follow from this. First consumer welfare is maximised if the programme is offered at zero cost, although of course if this were actually the case no programmes would be produced. Second, the problem of "first copy" costs, the fact that costs of production are high in relation to the marginal costs of distribution […] constantly favours the search for the economies of scale that stem from audience maximisation. […] Pressures to audience maximisation favour oligopoly* (Garnham 1994, 13).

For these (and other) economic reasons Garnham concludes — and he is by no means alone in this view — that "even, under conditions of channel abundance, the broadcasting market is unlikely to operate as the advocates of 'free' markets hope" (Garnham 1994, 15). This is a powerful and fundamental argument for the continuation of public provision in broadcasting, and — it should be added — its continuation on a far less "modest" scale than Peacock envisages. But it shares with Peacock's more limited rationale one central feature — it is not technology bound. Garnham himself starts with the example of the newspaper market. What he describes are not simply

the special economic characteristics of "traditional" television programmes, but of all symbolic goods. If his argument is valid as a justification of the public provision of "traditionally" distributed television programmes — and I believe it is — then it is equally valid for the public provision of programmes (including interactive programming) distributed by the new technologies.

So, two poles of the British debate on public service broadcasting come up with some powerful and widely accepted reasons why public money should be spent on a wide range of audio-visual services quite independent of spectrum scarcity. In practice each of them has been confined to the existing traditional broadcast services. But each of them also provides powerful justification for the extension of publicly funded public provision into the full range of services potentially provided by the new technologies.

To put the point crudely, if there are reasons for publicly funded public service broadcasting independent of spectrum scarcity (and the thrust of debate in the UK in recent years is to accept that there are) then why should this reasoning be confined to old technology? Surely, it potentially applies equally to the whole range of the new.

To recognise general justifications for public service provision on new distribution technologies, is not, however, to answer how extensive such public provision should be. So far as "traditional" channels are concerned, the Garnham case for public provision, suggests that the extent of public provision should be large. And the nature of his argument gives no reason to believe this public provision should be any the less, so far as new technologies are concerned. The new technologies of distribution, after all, preserve exactly the economic features of symbolic goods on which Garnham's argument rests.

But the Peacock case for continued public service both envisages it as being modest and requires that public provision be transparent, i.e. justified for each case. If we are to extend his arguments to new technologies, then must we still accept his qualifications?

Not if the post-Peacock UK debate on traditional public service broadcasting is anything to go by. Here, Peacock's proposed qualifications on public provision have been overwhelmingly rejected.

At the centre of these qualifications is Peacock's belief that, with the disappearance of spectrum scarcity and the growth of the possibility of direct consumer payment for broadcast services, the market can effectively provide most broadcasting. Public provision does not disappear, but it has to be justified on a case by case basis. For that reason Peacock proposed a Public Service Broadcasting Council (PSBC) which would allocate public money programme by programme, presumably using as its basic criterion for programmes to be publicly subsidised that they should be both publicly desirable and not provided by the market.

In 1992, in Extending Choice, the BBC itself briefly flirted with this idea that public service broadcasting should confine itself to what was not provided by the market. "Over time," it declared, the BBC "should withdraw from programme areas or types in which it is no longer able or needed to make an original contribution" (BBC 1992, 19).

However, most subsequent debate on the future of the BBC has decisively rejected this notion (see for example the responses cited in Goodwin and Stevenson 1994 p55-61). The BBC has also, in practice, rapidly abandoned it. And Peacock's practical conclusion from his qualified notion of public provision — a Public service Broadcasting Council — has received an almost universally negative response (Barnett 1993 is one representative example).

The thrust of these widespread objections to confining public service strictly to what the market fails to provide has three interconnected elements. First is the danger of creating an unattractive "public service ghetto." One of the strengths of traditional public service broadcasting, it is generally agreed, is its mixture of the popular and the worthy. Second is the perceived role of public service as raising standards across all programming. Third is the practical impossibility of determining whether this or that programme would or would not have been provided by the market.

These are powerful arguments. So far as traditional public service provision is concerned they have become the conventional wisdom of the recent UK debate. But, if they apply to public service as traditionally delivered, surely they also apply to public service use of new distribution technologies. The great advantages of mixing the popular with the worthy and of setting standards, and the intractable problems of rigidly demarcating what exactly the market will not provide, all apply to satellite and cable channels and to interactive programming, just as much as they do to a handful of terrestrial channels.

Indeed, one other, widely accepted argument in the UK public service debate suggests that the new technologies may have a particular affinity with public service use. Historically notions of public service broadcasting in the UK have contained a strong element of delivering a uniform national culture to a uniform audience. There is a certain (but not absolute) fit between this concept of purpose of public service broadcasting and the technological limitations within which it grew up — a strictly limited number of channels.

But, at least since the Annan Report in 1977, this "uniform national culture" justification for public service broadcasting has been generally replaced by a pluralistic rationale. (For an account of the shift see Scannell 1996). As one contributor to the recent UK debate puts it, "Public service broadcasting is no longer about articulating the unity of the British nation. Public service means providing space for the whole gamut of diverse social forces at work within the geographical entity of Great Britain and Northern Ireland" (Ellis 1993, 20). But if that is what public service is essentially about — and again there would be few open dissenters — then surely the new distribution technologies provide important new "space" for diverse social forces, and hence more space for the operation of the public service principle.

To sum up, recent UK debate provides a number of powerful and widely accepted arguments for the continued and extensive role of public provision in broadcasting. All these arguments are independent of spectrum scarcity. And therefore all of them also provide a powerful case for wide-ranging public provision in the utilisation of the new broadcasting technologies.

So why have they not been deployed to make this case? Why have neither the BBC, nor its defenders, argued, as a matter of course, for publicly funded satellite and cable channels of every hue, and publicly funded interactive services across the whole range of information, education and entertainment?

The answer is that both the BBC and the great majority of its friends have in practice accepted that the existing level of public provision for broadcasting can be defended, but that any extension of public provision cannot.

Now, as we have seen, in terms of the broadcasting debate these two positions are contradictory. The very same arguments that justify existing public provision, also open up the case for increased public provision. That prima facie case for increased

public provision is reinforced by the claims that are now routinely made for the potential of the new digital technologies. To quote just one representative example, made in 1994 by the then Opposition spokeswoman on media, now a cabinet minister in the Labour Government: "An ongoing technological revolution could radically change our working lives and our leisure opportunities. […] The entertainment, information and communications media hold the key to unlocking this future" (Mowlam 1994).

If the new media technologies potentially offer so much, and if there are arguments for traditional public provision of broadcasting which are valid, widely accepted and logically extendible to the new media technologies, then the case for a considerable extension of public provision in broadcasting, utilising these new technologies, would seem inescapable. That it has so far escaped the attention of both the BBC and most of its defenders requires an explanation more general than the broadcasting debate.

That explanation is not difficult to find. In Britain it is now the conventional wisdom of politics that no new public money can be found for anything — including matters apparently higher up the political agenda than broadcasting, like health and education. That conventional wisdom has been systematically fostered by eighteen years of Conservative government, and is now eagerly endorsed by New Labour. It has also, in a small way, been (perhaps inadvertently) encouraged by the BBC's acceptance of a static or declining public income, and by the UK defenders of public broadcasting studiously refusing to carry the logic of their arguments into the new technologies.

Those in the UK who really want to take their temporarily successful defence of public service broadcasting into the digital age will have to confront that more general conventional wisdom. Otherwise slowly — and no doubt more slowly than the prophets of the digital revolution claim — but nevertheless surely, the temporary victory in the UK for the principle of public service broadcasting will be marginalised. The traditional areas to which the public service principle is now confined will became progressively smaller parts of the broadcasting landscape, and even those areas will be progressively threatened by the growing commercial pretensions of their institutional embodiments.

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