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THE REFORM OF BRITISH TELEVISION POST-PEACOCK: A POLICY STUDY

By

MARK BRADBURN WHEELER

THESIS SUBMITTED FOR PHD.

QUEEN MARY AND WESTFIELD COLLEGE

1994
ABSTRACT

Throughout the eighties, and particularly from 1986, British broadcasting has been understood as undergoing a fundamental change. Consequently, this thesis will analyze, explain and assess the major developments which have taken place in the wake of what has been widely perceived as an on-going transition within the British broadcasting system. This reform has often been identified as a shift from a system orientated around the concept of public service to one in which alternative core tenets such as free enterprise, competition and commercialization have emerged alongside the traditional paradigm. It has been motivated by a number of imperatives; the 'push' of technology, convergence between the telecom and broadcast industries, the emergence of new media actors, market-liberal ideologies and the political will of the Thatcher government. This thesis will test the relative importance of these factors and consider the crucial questions which are shaping the debate over the future of British broadcasting into the second millenium.
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Finally, and most of all, I would like to thank my mother for all her support throughout the years of this thesis. Although I sometimes do not always show my appreciation, I cannot be more grateful to you. I therefore dedicate this thesis to you and to Dad, who we all continue to miss so much.
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<td>ABC</td>
<td>ASSOCIATED BRITISH CORPORATION.</td>
</tr>
<tr>
<td>ABC</td>
<td>AMERICAN BROADCASTING COMPANY.</td>
</tr>
<tr>
<td>ACTT</td>
<td>ASSOCIATION OF CINEMATOGRAPH TELEVISION AND ALLIED TECHNICIANS</td>
</tr>
<tr>
<td>AMSTRAD</td>
<td>ALAN MICHAEL SUGAR TRADING.</td>
</tr>
<tr>
<td>ATV</td>
<td>ASSOCIATED TELEVISION.</td>
</tr>
<tr>
<td>BAFTA</td>
<td>BRITISH ASSOCIATION OF FILM AND TELEVISION ARTS.</td>
</tr>
<tr>
<td>BBC</td>
<td>BRITISH BROADCASTING CORPORATION.</td>
</tr>
<tr>
<td>BCC</td>
<td>BROADCASTING COMPLAINTS COMMISSION.</td>
</tr>
<tr>
<td>BETA</td>
<td>BROADCASTING AND ENTERTAINMENT TRADES ASSOCIATION.</td>
</tr>
<tr>
<td>BECTU</td>
<td>BROADCASTING, ENTERTAINMENT AND CINEMATOGRAPH TECHNICIANS UNION.</td>
</tr>
<tr>
<td>BFI</td>
<td>BRITISH FILM INSTITUTE</td>
</tr>
<tr>
<td>BRU</td>
<td>BROADCASTING RESEARCH UNIT.</td>
</tr>
<tr>
<td>BSB</td>
<td>BRITISH SATELLITE BROADCASTING.</td>
</tr>
<tr>
<td>B-SKY-B</td>
<td>BRITISH SKY BROADCASTING.</td>
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<tr>
<td>BSC</td>
<td>BROADCASTING STANDARDS COUNCIL.</td>
</tr>
<tr>
<td>BT</td>
<td>BRITISH TELECOM.</td>
</tr>
<tr>
<td>CAB</td>
<td>CIVIL AERONAUTICS BOARD.</td>
</tr>
<tr>
<td>CBS</td>
<td>COLUMBIA BROADCASTING SYSTEM.</td>
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<td>C4</td>
<td>CHANNEL FOUR.</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>CPRS</td>
<td>Centre for Policy Studies</td>
</tr>
<tr>
<td>CTL</td>
<td>Compagnie Luxembourgeoise de Teledefuson</td>
</tr>
<tr>
<td>DBS</td>
<td>Direct Broadcasting by Satellite</td>
</tr>
<tr>
<td>DG</td>
<td>Director-General</td>
</tr>
<tr>
<td>D-MAC</td>
<td>Multiplexed Analogue Component</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>EEC</td>
<td>European Economic Community</td>
</tr>
<tr>
<td>FA</td>
<td>Football Association</td>
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<tr>
<td>FCC</td>
<td>Federal Communications Commission</td>
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<tr>
<td>GMTV</td>
<td>Good Morning Television</td>
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<tr>
<td>HTV</td>
<td>Harlech Television</td>
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<tr>
<td>HDTV</td>
<td>High Definition Television</td>
</tr>
<tr>
<td>HMSO</td>
<td>Her Majesty's Stationary Office</td>
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<tr>
<td>IBA</td>
<td>Independent Broadcasting Authority</td>
</tr>
<tr>
<td>ICC</td>
<td>Interstate Commerce Commission</td>
</tr>
<tr>
<td>IEA</td>
<td>Institute of Economic Affairs</td>
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<tr>
<td>INLA</td>
<td>Irish National Liberation Army</td>
</tr>
<tr>
<td>IRA</td>
<td>Irish Republican Army</td>
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<tr>
<td>ITA</td>
<td>Independent Television Authority</td>
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<td>ITC</td>
<td>Independent Television Commission</td>
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<td>ITCA</td>
<td>Independent Television Companies Association</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>ITN</td>
<td>INDEPENDENT TELEVISION NEWS.</td>
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<td>ITV</td>
<td>INDEPENDENT TELEVISION.</td>
</tr>
<tr>
<td>LWT</td>
<td>LONDON WEEKEND TELEVISION.</td>
</tr>
<tr>
<td>NBC</td>
<td>NATIONAL BROADCASTING COMPANY OF AMERICA.</td>
</tr>
<tr>
<td>OBA</td>
<td>OPEN BROADCASTING AUTHORITY.</td>
</tr>
<tr>
<td>OFTEL</td>
<td>OFFICE OF TELECOMMUNICATIONS.</td>
</tr>
<tr>
<td>PAL</td>
<td>PHASE ALTERNATION LINE.</td>
</tr>
<tr>
<td>PLC</td>
<td>PUBLIC LIMITED COMPANY.</td>
</tr>
<tr>
<td>PLO</td>
<td>PALESTINE LIBERATION ORGANIZATION.</td>
</tr>
<tr>
<td>PSB</td>
<td>PUBLIC SERVICE BROADCASTING.</td>
</tr>
<tr>
<td>PSBC</td>
<td>PUBLIC SERVICE BROADCASTING COUNCIL.</td>
</tr>
<tr>
<td>RAI</td>
<td>RAI TELEVISIONE ITALIANA.</td>
</tr>
<tr>
<td>RPI</td>
<td>RETAILS PRICE INDEX.</td>
</tr>
<tr>
<td>SDLP</td>
<td>SOCIAL DEMOCRATIC LABOUR PARTY.</td>
</tr>
<tr>
<td>SDP</td>
<td>SOCIAL DEMOCRAT PARTY.</td>
</tr>
<tr>
<td>SEC</td>
<td>SECURITY AND EXCHANGE COMMISSION.</td>
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<td>SCOB</td>
<td>STANDING COMMITTEE ON BROADCASTING.</td>
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<td>TV</td>
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<td>TVS</td>
<td>TELEVISION SOUTH.</td>
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<td>TSW</td>
<td>TELEVISION SOUTH WEST.</td>
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<tr>
<td>UK</td>
<td>UNITED KINGDOM.</td>
</tr>
<tr>
<td>US</td>
<td>UNITED STATES.</td>
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<tr>
<td>VLV</td>
<td>VOICE OF THE LISTENER AND VIEWER.</td>
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INTRODUCTION

The 1990 Broadcasting Act can be seen to mark the beginning of the final stages of a British legislative cycle which started in 1982.¹ This cycle has included official reports, policy documents and legislation. At the heart of this cycle stands the 1986 Report of the Committee on the Financing of the BBC (The Peacock Report).² In the period of the cycle preceding Peacock, the legislation (whilst being market and technologically led) remained scant and peripheral. The report’s importance lied in its synthesis of deregulatory theories within broadcasting and the ideological agenda it set for the following debate. Throughout Margaret Thatcher’s period in government (1979-1990) and, in particular, after her second electoral victory in 1983, the attitudes, ideologies and policies directed toward British broadcasting may be perceived as undergoing a significant change. These reforms were directed by a number of factors including new technological developments; the encroachment of market-liberal economic and political ideologies, arguing for a retraction of state intervention, leading to general revisions within the economy promoted by the Thatcherite policies; alterations within the composition of the political elite and the political relations between the government and the broadcasting institutions.

It is the intention of this thesis to analyze, evaluate and interpret the principal developments which have contributed to and have taken place in the wake of what has been generally comprehended as an on-going transition within the British television system. This transformation has been frequently identified as a shift from a system located around the concept of public service to one in which different core tenets such as free enterprise, competition and commercialization sit astride the traditional
systemic principles.

Within this context, the 1986 Peacock Report has proved to be a key policy document in channelling alternative ideas into an industry which had been founded upon a series of precepts dating from the introduction of nationally available radio channels in the twenties. This thesis will therefore test the extent to which the deregulatory ideas exhibited within this report were borne out in the subsequent development of the policy, resulting in the 1990 Broadcasting Act, and within several key policy ends: television finance and regulation. The subsequent policy-making period has been high-profile and controversial. It has been seen by some to have exhibited many contradictions in the government’s attitude and thinking towards broadcasting. These issues and problems look set to continue as the resulting policy is implemented. For example, the day after the Act had received Royal Assent, the merger of satellite channels Sky and BSB was announced.

Throughout this thesis, the terms of broadcasting and television policy will become synonymous with one another. This is, in part, reflective of the government’s general merger of these terms. However, the focus of my study will be the British television industry. This is not to say that radio was forgotten during this period (although it certainly had a less significant place in the Thatcher government’s approach to broadcasting) as the 1990 Act had been responsible for the creation of the commercial sector’s Radio Authority, freeing up former BBC radio channels for commercial tender and establishing a national commercial network. Substantial changes have affected British radio and will no doubt be considered elsewhere.
Thus, I will outline the crucial reforms which have increasingly affected an industry which has been perceived as being central to Britain's national and cultural life. In statistical terms, the importance of television may be measured in the general ownership and renting of television receivers. As television receivers have become domestically marketable, the broadcasting industry has become a more visible and potent force in creating profits both within a specific leisure economy and the general economy. Therefore, it is not a study of policy-making in the strictest sense. It is not my intention to look into all the considerations of policy organization or networks in minute detail. Further, it does not focus on broadcasting simply as a case study of policy management. Instead, it is concerned with the imperatives governing policy within the broadcasting sector, which were both specific to this sector and also referred to the more general aims which were being expressed during this period. Moreover, the final two chapters of the thesis will assess the embryonic impact and effects of this policy in the first two years of its implementation.

The thesis is relevant to political scientists as it investigates the imperatives which shaped policy-making in a particular sector of the British economy. These developments occurred throughout a decade in which a dominant political will and perhaps, more problematically, an ideology entitled 'Thatcherism' was being expressed. This drive for reform was formally located around the concept of deregulation, which had been shifted from the marginal location of economic debate throughout the seventies into a key method for organizing economic policy during the eighties. Deregulation, alongside the pillar of privatization, proved to be indispensable to a government whose polices were, at a surface level, grounded in the
economic monetarism of Milton Friedman and the political libertarianism of F.W. Hayek.¹⁰

In the case of British broadcasting, the system was seen to be ripe for reform as it was organized as a publicly regulated duopoly, the British Broadcasting Corporation (BBC) and the Independent Television sector (ITV), in which there was no competition for funds between a public licence fee for the BBC and a monopoly of advertising revenue for ITV.¹¹ The system had been typically justified as it was technically confined to a narrow band of available airwaves (‘The Limited Spectrum’) and had been rooted within the concept of Public Service Broadcasting (PSB) in which both the publicly funded BBC and the private ITV companies were legally required and regulated to ensure that their programmes educated, informed and entertained.¹² These normative assumptions were to be challenged with the emergence of the new media technologies of cable and satellite, which increased the number of available channels, and the ability to manufacture domestic reception equipment for these channels.¹³ Such a series of developments provided a significant ‘push’ for new or alternative methods of resource distribution to be attempted within the industry. Principally, the wider availability of these channels supported the calls of market-liberals for organizing the system upon the tenets of ‘choice’ and ‘competition’.

However, as chapter one indicates the process and extent of deregulation has been conditional upon the concepts, ideologies and structural foundations of the industry that is to be deregulated. Moreover, this process has been shaped by other factors comprising the national culture, the political will motivating such a policy, the
political relations demarcating the industry's position within the state, and elements of opposition which, either due to ideological intransigence or inappropriateness in the distribution of resources, may resist this drive for reform.\textsuperscript{14}

Therefore, the thesis is also germane in providing an understanding of the role of British broadcasting within the body politic. Television has been often cited as a principal source for providing the public with information.\textsuperscript{15} In particular, television, and to a lesser extent radio, have been interpreted as being vitally important in allowing citizens to access world news as indicated by the following table:

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|}
\hline
         & 1980 & 1983 & 1985 \\
\hline
Television & 52   & 60   & 62   \\
Radio      & 14   & 10   & 14   \\
Newspapers & 33   & 28   & 23   \\
Magazines  & 0    & 0    & 0    \\
Talking to People & 1    & 1    & 1     \\
\hline
\end{tabular}
\caption{Table 1.}
\end{table}

As a consequence, broadcasting has been understood as having a crucial political role as well as acting in an economic or social sense. These figures do not demonstrate how people use television or whether an overt relationship exists between the political meaning of a text and the audience interpretation of such meaning.\textsuperscript{17} However, they do indicate, to some extent, why broadcasting is seen to occupy a political position due to a model of political communication which perceives television as one of the key mediating links between the political elite and the electorate due to its central position in the distribution of information. In turn, this has meant that
broadcasting has been understood as being crucial in preserving political liberty and promoting pluralism within the British liberal democratic system.

For this pluralism to be maintained, the independence of the broadcasting institutions and private companies has been seen as vital. Formally, the British broadcasting system has through a mixture of constitutional — the BBC Charter, the buffer of the Independent Broadcasting Authority (IBA) — and financial — the licence fee and the indirect public payment of advertising — devices has been perceived as occupying an independent position within the British polity.18 Alternatively, the system has been subject to criticisms as broadcasting institutions have been subject to covert intervention during crisis periods, have been governed by dominant ideologies promoted through their evolution and the increasing politicization of appointments, and may be subjected to state control through financial alterations and pressures.19

It is therefore a central concern of this thesis to consider the relationship between broadcasting and the state. To this end, I will discuss how these relations have been manufactured, and what the Peacock Report and the subsequent policy and the implementation of this legislation demonstrate about this relationship. For the advocates of deregulation, the economic reform of the system was not only intended to dismantle the duopoly but to provide political liberty for the citizen through the ‘Consumer Sovereignty’ of choice and competition.20 However, these policies were being developed during a period of acute political tension between the government and the broadcasting institutions.21
Throughout the period of my investigation, a strain of overt governmental repression became evident through a series of highly visible incidents including the controversy surrounding the BBC’s documentary on Northern Ireland extremists ‘Real Lives’, the Thames ‘This Week’ programme ‘Death on the Rock’, Special Branch’s seizure of tapes for a programme on the ‘Zircon Spy Satellite’ and the Home Office’s broadcasting ban on Sinn Fein. As a consequence, this thesis will consider how the interface between market freedoms and state repression was negotiated and the extent to which this dichotomy underpinned the subsequent legislation.

Therefore, this thesis is about the multi-faceted nature of a broadcasting policy which may be seen to encompass several areas of British political life. It will provide an examination of the issues of regulation/deregulation within Britain using the British Television post-Peacock as a case study. This analysis is both relevant to the media industries in other countries and to changes which have occurred in other policy areas throughout the Thatcher government’s period in office.

It is contributing to an on-going debate about the role of broadcasting into the second millennium. The fundamental tenets of the traditional British television system have been questioned as new technologies, changing ideological perceptions and varying political wills have dominated the discourse. In this respect, topical questions concerning the nature and future of public service broadcasting may be clarified by discussing the imperatives which governed British broadcasting policy making throughout the late eighties. A considerable body of literature has been devoted to the
British broadcasting system over the last few years which has stemmed from the academy, newspaper journalists and the industry itself. The most public debate has been divided between market-liberals urging greater reform of the system, politicians arguing for increased efficiency, traditionalist broadcasters maintaining that certain principles remain unassailable and a new generation of broadcast managers who have started to embrace more commercial principles (personified by Carlton's Michael Green). This debate looks set to continue and is currently beginning to encompass the role of public service broadcasting in a more commercial global media environment. In this respect, questions of convergence between broadcasting and telecom organizations are becoming more pertinent as new delivery systems comprising digital compression and interactive services will become domestically marketable.

Secondly, the thesis is relevant to texts upon broadcasting as a subject in itself, policy-making, liberal democracy and regulatory theory. The literature produced by students of deregulation has largely focused on changes in economic policies. The work of Dennis Swann, Susan and Martin Tolchin, Cento Veljanovski, Leigh Hancher and Michael Moran provides a useful guideline to understanding the concepts and addressing how and why deregulation has been pursued. The most pertinent studies to deregulation in the communications industries have been Jill Hills' *Deregulating Telecoms*, Jeremy Tunstall's *Communications Deregulation*, Cento Veljanovski's edited edition *Freedom in Broadcasting* and Kenneth Dyson and Peter Humphreys' (with Ralph Negrine and Jean Paul Simon) *Broadcasting and the New Media Policies in Western Europe*. Hills and Tunstalls' books clearly deal with wider
issues within communications and Tunstall’s book is solely concerned with a study of the United States. Veljanovski’s work draws together a number of eminent market-liberal economists (notably Alan Peacock and Samuel Brittan from the Peacock Committee) to discuss deregulation in broadcasting. The book’s importance not only lies in its analysis but as several of the authors were involved within the policy cycle itself. Dyson and Humphreys take a cross-national perspective comparing deregulatory policies and the implementation of these recommendations across several Western European states.

These latter works also cross into the literature developed by political scientists and media specialists. This field is broad and for convenience may be categorized, with regard to this thesis, into a number of areas (which cannot encompass the disparate nature of media studies itself); politics and policy making, political economy and institutional analyses. The former may be seen to include works such as Raymond Kuhn’s edited edition *The Politics of Broadcasting*, Michael Tracey’s *The Production of Political Television* and *Television and the Public Interest: Vulnerable Values in West European Broadcasting* edited by Jay Blumler. In respect to the field of critical political economy the work of Nicholas Garnham in *Capitalism and Communication*, the various contributions of Peter Golding and Graham Murdock and the material produced by Richard Collins, Colin Sparks and Vincent Porter within the journal *Media, Culture and Society* remain important. Finally, a number of institutional analyses exist ranging back to Tom Burns’ seminal study *The BBC: Public Institution and Private World* through to more recent investigations such as Jeremy Tunstall’s *Television Producers*. Consequently, it should be acknowledged that
this thesis builds upon the work of other scholars who have addressed these areas.

However, the originality of my contribution results from two main factors; its approach to the material and inclusion of new empirical detail. First, it employs a research methodology which is drawn from a literature concerning the theories and implementation of deregulation in order to provide the theoretical constructs through which this material may be analyzed. This literature enables the reader to discern the arguments, ideologies and elements of political will which have contributed to the evolution of this policy. Moreover, it will determine the nature and extent of deregulation within broadcasting and consider the political position of the broadcasting institutions, vis-a-vis the state, in the light of new or alternative policies. In order to analyze such material the thesis will employ a structure suggested by a model for broadcasting policy outlined by Jeremy Tunstall in an article in Parliamentary Affairs. Tunstall has noted that the traditional broadcasting policy-cycle usually takes twelve years and is reflective of the British media tradition of slow, incremental reform. He suggests that ‘public’ broadcasting policy undergoes three major stages; *enquiry, political and operational*:

"First, there is the *enquiry phase* --- in this the ‘public interest’ is to the fore, reflecting the consensus of the committee members who are the usual selection of public persons from the law, the universities, big business, the trade unions, Scotland and Wales. From their consensual focus on the public interest and from their scanning of the evidence and the old reports of previous policy cycles, they go for proposals which indeed stress the ‘public interest’, which is expressed in apolitical terms, are a trifle unworldly and rather lack financial realism. Recommendations for new TV channels, for example, tend to be short on financial detail.
"The second is the political phase. The report goes to the relevant government minister and department. A White Paper may follow, then a bill and, after the usual debates, a law is finally enacted. The act may reflect only quite a small part of the public committee's recommendations, and even these may be adopted in altered form. In keeping with the political nature of this phase, the neutral media coverage of politics and politicians tends to be prominent, while the financial details and the 'public good' aspects more vague.

"The third is the operational phase, which puts the legislation into effect. In practice, the legislation has said very little about what a new TV channel, for example, will carry; not only a programming policy and the crucial financial details still need to be decided, but many institutional/organizational details have to be worked out from scratch because they were little considered in the several previous years of 'debate'. Evidence that the operational planning was hurried and unrealistic seems to be provided by the fact that each of the new television channels (in 1955-56, in 1964 and in 1982-3) ran into immediate major and foreseeable, but unforeseen difficulties."

The post-Peacock policy cycle has been the fourth since television began to assume a role of at the centre of the British mass communications medium after the end of World War Two. Each of the previous three post-war cycles has been linked with a report produced by a Royal Commission and the subsequent enactment of the legislation, often varying from the intention of the report. This policy-cycle differs from previous periods as it has been conducted in a context in which the post-war political consensus was replaced by the determined and conflictual imperatives of Thatcherism. Further, it was inevitably a more multi-faceted entity as it was reflecting the complexity of audio-visual policy formulation in an era of rapidly changing variables. Therefore, by using the policy-cycle criterion it is possible to compare and contrast the eighties broadcasting policy with its predecessors.
Secondly, this thesis is concerned with a relatively recent cycle of policy-making and will discern how the 1990 Broadcasting Act has affected developments within the broadcasting economy and regulation through a number of case studies. In this respect it will be addressing original material concerning how the policy was developed and how it has impacted on the broadcasting industry throughout the years 1990-1992. In order to make such a contribution, it will be structured as follows:

Chapter one will outline the principles, motivations and arguments which have underpinned regulation. This chapter continues by considering how these arguments were undermined by the failure of Keynesian Welfare Economic policies throughout advanced western economies and big government, most especially in the United States with the Vietnam War and Watergate. This meant that the economic studies and arguments of monetarists in resource allocation, in particular the ‘Chicago School’ including Milton Friedman and George Stigler, led to the rise of deregulatory theories. These theories were increasingly put into practice within the advanced western economies as financial crises became more prevalent. Such policies circumvented the partisan nature of politics and were employed by both right-wing and left-wing governments. The chapter, then considers how deregulation has been applied to different national broadcasting systems including the United States, Germany and France. A degree of national variation is detectable. In Britain, this policy was developed in tandem with the evolution of the new media technologies (cable and satellite) and was drawn from market-liberal think tanks such as the Institute of Economic Affairs. The chapter concludes by arguing that the variations within deregulation provide an analytical framework through which deregulation
within British broadcasting may be studied. The criteria include national cultures, the appropriateness of the industry, the political will of the government and a concern with intervention.

Chapter two delineates the development of British broadcasting between 1922 to 1982. Through a thematic study of this material one can determine how and why public service broadcasting emerged within Britain. This broadcasting system has been conditional upon economic, technological, social and political interests. The system arose out of the twenties with the establishment of the BBC as a company in 1922 and a public corporation in 1927. This development has been popularly associated with the first Director-General John Reith. However it is necessary to ascertain the context in which Reith argued for and developed the BBC as a public service broadcaster.

Moreover, throughout this sixty year period public service broadcasting has come under review and a commercial competitor, ITV, was created in 1955. The potency of the public service system, however, may be seen to have shaped attitudes towards ITV in the manner in which it was regulated and financed and in terms of programming. A highly visible debate occurred throughout the seventies with the establishment of the Annan Committee (1974-1977) which considered how the fourth channel should be organized. Throughout this period, alternative pluralistic models were suggested which extensively questioned the traditional notions of political accountability. Throughout this chapter, the relationship between the British state and British broadcasting institutions will be assessed through a study of the committees, legislation, institutional practices, political interventions and ideologies.
which served to govern the development of British broadcasting. This chapter is therefore concerned with the arguments of formal independence which have been promoted by broadcasters and a number of academic studies, and is designed to test, through the historical material, the extent to which these institutions have been autonomous from state intervention.

The remainder of my thesis is concerned with the development of the most recent policy cycle associated with broadcasting (1982-onwards). This emerged during Margaret Thatcher's tenure as Prime Minister (although it should be noted that the Thatcher government's first involvement within broadcasting dealt with the overlap of broadcasting policy from the preceding Labour government concerning the fourth channel which was finally legislated for in the 1980 and 1981 Broadcasting Acts and established as Channel Four in 1982). The report stage is dealt with in chapters three and four. These chapters are concerned with the establishment of the Peacock Committee in 1985 and the conclusions of the report itself which was published in July 1986.

Chapter three, therefore, looks at the development of an intellectual, market-liberal critique of British broadcasting. Further, it will address the political climate of the early eighties and the increasingly antagonistic relationship between the broadcasting institutions and the government throughout this period. It is similarly concerned with the financial inequity which grew between the BBC and ITV and the development of new technologies. The government's response to these pressures upon the BBC was to attack the licence fee which it perceived to be politically unpopular.
and an unfair poll tax. In this respect, Peacock, in contrast to the previous reports upon broadcasting, had a tightly defined remit --- to consider the effects of introducing advertising on the BBC. The chapter provides a discussion of the ideological context of the Peacock committee.

Chapter four is overtly concerned with the report. Through a close study of the report it will be shown why Peacock rejected advertising due to the econometric studies it commissioned. However, the committee’s market-libertarians, Alan Peacock and Samuel Brittan, saw the report as an opportunity through which wider reforms could be targeted with regard to broadcasting. The report argued that change was inevitable as the new technologies of cable and satellite could allow for the introduction of the market as the principal regulatory force through ‘Electronic Publishing’. In turn, the closed duopoly could be replaced by an open market for independent producers and wider consumer sovereignty. Against this, the public service values were to be maintained by a ‘Public Service Broadcasting Council’ which was to be essentially a non-interventionist body. Underpinning the report’s conclusions was the linkage between economic reform and political liberty through the employment of deregulatory strategies which called for state retraction and a greater number of individual rights. The Peacock Report was pitched in the libertarian political economic theories of Adam Smith and also shared the belief of Whig Historians that the press was liberated from the state through the incorporation of advertising finance throughout a series of historical repeals. Its conclusions are primarily located around; the encouragement of a financial context for the incorporation of new media technologies which have provided the pull for reform;
substantive reforms to the traditional broadcasting organizations' financial arrangements in order to liberalise the market; and a concern with forging the individual's political liberty by the removal of interventionist broadcasting regulatory bodies.

Chapters five is concerned with the political phase of the policy. Chapter five provides a textual analysis of the 1988 White Paper and 1990 Broadcasting Act by comparing and contrasting these documents with the report in the areas of the new media, broadcasting finance and regulation. This chapter is also designed to consider whether the policy is internally coherent. It is concerned with the initial responses to the report, the resurrection of some of its ideas and the imperatives of policy management, clientelism, political will and ideology which contributed to the evolution and creation of the 1990 Broadcasting Act. This period of governmental policy-making was extremely complicated and was subject to departmental jealousies, the dominant position of the Prime Minister within the cabinet, short-termism and overt political intervention. A key irony of this process refers to the fact that the BBC was initially the subject for government attention, but ITV actually became the subject of the legislation. Fundamentally, the government was confronted with a report advocating both economic and political freedom within broadcasting, whilst it simultaneously pursued a crudely repressive policy by increasingly intervening during periods of political crisis. It is therefore the purpose of this chapter to determine if the government ever successfully reconciled the imperative of market freedom with its own desire to tighten the flow of political communication.
Chapters six and seven are concerned with the early *implementation* phase of the 1990 Broadcasting Act. The implementation phase is divided into a number of key areas which I have drawn from Peacock’s critique and recommendations for reform in broadcasting; broadcasting finances (including the new media) and regulation.

Chapter six considers the effects of the legislation upon the finance of broadcasting. It is concerned with the developments and changes which have occurred as British broadcasting has started enter a new commercial phase. Therefore, it will be concerned with the development of the new media channels, in particular the merger of the two satellite channel companies British Satellite Broadcasting (BSB) and Sky.

The 1990 Act famously, or infamously (depending on your point of view), included the recommendation to auction the ITV franchises. Although this recommendation was substantially modified from the initial competitive tender proposed in Peacock and the White Paper, as quality hurdles were included along with an exceptional circumstances clause through a process of extensive industrial lobbying, the subsequent franchise auction has removed significant sources of funding from the ITV sector on an annual basis. The legislation also removed significant powers from the Independent Broadcasting Authority’s (IBA) successor, the Independent Television Commission (ITC), in scheduling for public service commitments from the franchisees and called for a Network Centre which would commission programmes. Therefore, it is necessary to discuss how ITV has adapted to this more commercial system dominated by advertising interests. The chapter outlines these developments and considers whether the ITV system is more open or if a publicly regulated monopoly is
being replaced by a commercial monopoly.

Further, it is concerned with the effect that this has had upon the BBC, which is entering into a delicate phase as its charter is to be renewed in 1996. The BBC's response has been to formulate a resources strategy entitled *Producer Choice*. This chapter analyzes the policy, considers its genesis, the attitudes it reflects within the BBC management and determines its significance within the corporation.

Chapter seven considers the issue of regulatory reform by analyzing the regulation of commercial broadcasting with particular reference to the IBA's successor ---the ITC. This investigation considers the extent to which legal change has been mediated through institutional and ideological continuity. Clearly, the regulatory body is changing but has this change significantly exhibited the characteristics of deregulation? In particular, this chapter considers how the ITC supervised the 1991 franchise auction.

Therefore this study employs a mix of both a chronological and thematic structure in order to analyze this policy and the policy outputs. Finally, in the conclusion it will be necessary to draw the these strands together and comment upon how this research may inform successive research work.

The cut-off date for the thesis is November 1992. This date was chosen partly as it coincides with the second anniversary of the 1990 Act and with the Department of National Heritage's (the new home for broadcasting) publication of *The Future of*
Although, there is a significant overlap between the policy-cycle under investigation and the debate which will centre upon the BBC's charter (which is particularly apparent in the chapter upon broadcasting finance) this debate is presently unfolding and the future can only be speculated upon. This further brings to notice a general problem with researching, analyzing and writing a contemporaneous doctorate. Whilst, I believe that a number of detectable trends can be drawn from the material, I remain mindful to qualify any such conclusions with the inevitable possibility of unforeseen events, which might significantly alter the shape and the outcome of any policy.

This thesis will draw upon the publicly available primary and secondary material. The research sources include: official documentation from broadcasting institutions and government departments; internal organizational documents; legal documents, White Papers and Acts; the minutes of Parliamentary debates and Parliamentary committee debates; reports on British broadcasting including the 1986 Peacock Report, the 1988 Home Affairs Committee report The Future of Broadcasting, Charles Jonscher's report Subscription Television, the 1982 Hunt Report and the 1977 Annan Report; published academic books, political memoirs and journalistic accounts; specialist journal articles; an unpublished PhD thesis; written evidence to the Peacock Committee; trade journals such as Broadcast and TV Week; the extensive use of daily press articles from The Guardian, the Financial Times, The Independent, The Daily Telegraph and The Times and legal reports. It should be noted that a number of useful cabinet documents and official governmental memoranda, including minutes of meetings, have been unavailable due to the thirty-year ruling.
The thesis also has included selective interviews with policy-makers, regulators and broadcasters. These interviews were not designed to be scientifically accurate, but were used to test the accuracy of published material.


13. Ibid., pp.199-201.


23. See for instance the British Film Institute series of monographs entitled *The Broadcasting Debate* marking the White Paper debate.


28. Ibid., pp.315-316.


36. Ibid., pp.129-136.


42. Ibid., pp.148-149.


CHAPTER ONE: DEREGULATION AND ITS IMPACT ON BROADCASTING

Throughout the last decade, and most especially since 1986, British broadcasting has been perceived as undergoing a paradigmatic change. Therefore it is the purpose of this thesis to analyze, explain and assess the major developments which are occurring in the wake of what has been widely understood as an on-going transition within the British broadcasting system. This transformation has been commonly identified as a shift from a system orientated around the concept of public service to one in which different core tenets such as free enterprise, competition and commercialization have emerged alongside the traditional paradigm. Crucially, questions pertaining to the future of the new media, finance and regulation within broadcasting have been raised.

The broadcasting policy pursued by the Thatcher government (1979-1990) evidenced a process of deregulation or regulatory reform in which new policy goals have become targeted such as 'light-touch' regulation and increased market-freedoms (for example, freedom of entry for independent producers and actors from other sectors of the media economy such as newspaper publishing). This developed in a climate of economic and social libertarianism. As a political philosophy these arguments have been termed 'Thatcherism' and may be seen as an amalgam of market-liberal economic theory, an emphasis upon competitiveness and a return to liberal theories stressing an emphasis of individual rights over state intervention. Whether Thatcherism was a coherent philosophy remains questionable. However, from such a perspective a partially nationalised, duopolistic broadcasting system was
seen as apt for reform.

This implies that the developments affecting broadcasting can be seen to link in with wider areas of British economic and social life. The Thatcher government was understood as inaugurating an economic policy built upon the pillars of liberalization, deregulation and most especially privatization. Indeed, some commentators have suggested that Britain stood at the forefront of the privatization process and that the strategies employed throughout the eighties have been exported to other advanced and developing economies around the world.\(^3\) However, whilst privatization had an important place in the Thatcher government's general economic policy and also within the field of communications (for example, the selling off of British Telecom), it is not directly applicable to the developments in broadcasting.

Privatization may take several forms including changes from public to private ownership (for instance, the selling off of the public utilities including gas, water and electricity) to the contracting out of public sector services to private companies (for instance, local boroughs using private refuse collectors). While there may be similarities in the government's motivations toward reforming broadcasting and a number of parallels as the policy is implemented, it may be argued that rather different processes located around deregulation have occurred. These may incorporate, in their effects, the characteristics of privatization, but it was in terms of deregulation that they were consciously pursued by the Thatcher government as a strategy.
For example, there has been no essential alteration in British broadcasting's pattern of ownership as is understood by students of Thatcherite privatization. The industry has not been subject to the sell-offs which have affected other sectors of the British economy as objective factors have meant that such a policy was deemed inappropriate (for instance, the duopoly was founded upon a mixed economy of public and private financing).

Thus, in order to study the process of deregulation within broadcasting it is necessary to consider the following: how has this policy evolved and what have been the pressures and influences upon it? how will such a policy be implemented and will elements of continuity or contradiction become manifest? This chapter is concerned with outlining an analytical framework through which these concerns can be considered and to provide the reader with a background to the study of deregulatory theories and policies.

It will be necessary to address the key arguments related to the concepts of regulation and deregulation. Therefore, I will discuss the intellectual origins and political currents which have contributed to the debate surrounding these concerns. As deregulation has emerged from the United States, I shall draw on the academic arguments and policy-making decisions which have been prevalent in America. In turn, I will determine how these ideas were exported from the United States to other advanced economies, in particular those within Western Europe, and I will demonstrate the national varieties of deregulatory policy.
I will discuss how these arguments were applied to the communications and broadcasting industries. Again the arguments and policies of broadcasting deregulation have emerged from the United States and it will be necessary to analyze how they have reached fruition within the US political mainstream. The exportation of deregulatory policies for broadcasting systems has paralleled developments in other industries and I shall consider how they were taken up in Western Europe. The national culture, the political constellation of forces, the nature of the industry and the traditional regulatory environments have all remained of importance and have shaped the variation of policies.

In the conclusion, I will consider the questions which are raised by an analysis of international deregulatory policies and how they apply to the United Kingdom’s broadcasting policy. This analysis will crystallize the key issues and it will place this study in the context of related academic literature.
The process of deregulation may be identified if its 'mirror' -- regulation is considered. Leigh Hancher and Michael Moran have stated that regulation can be defined as either; the making and enforcing of a legal or administrative set of rules or the means through which systemic equilibrium is maintained (for instance, a process which allows for the stabilization and perpetuation of a system or order). Hancher and Moran employ an analogy from nature commenting:

"When a physical system is controlled by a 'governor' which automatically returns it to a state of equilibrium, we commonly picture it as undergoing a process of regulation."

In turn, deregulation can be perceived as encompassing two inter-linked processes. First, deregulation, in its most formal sense, may be seen as referring to the abolition, alteration and amendment of administrative or legal rules which have been employed to govern a specific economic or social activity. For instance, such a policy may be pursued in an industry which has been controlled by a monopoly in order to make that industry more competitive to the market.

However, in this simplistic account, deregulation's hidden complexity is omitted. For example, any amendment of rules may take on a number of different forms and create a reconstituted regulatory environment which could not have been previously envisaged. It would appear that when a complete cancellation of rules takes place a clear case of deregulation has occurred, yet such a cancellation may well mean
that more general or other applicable rules come into consideration, thereby producing a different regulatory order with its own set of dynamics. In addition, deregulation is complicated as rules can alter but traditional implementation procedures may still apply.

Thus, whilst such rule removals, amendments and alterations remain important factors in regulatory policy, an analysis based solely on this understanding is mitigated by its failure to provide an understanding of the phenomenon's complexity, most especially within areas of ideology and motivation. Consequently, it is more helpful to perceive deregulation in the light of the second definition of regulation --- systemic equilibrium.

From this perspective, deregulation may be seen to occur when commentators, policy-makers and actors from a particular sector of the economy or society concur that regulation cannot successfully fulfil the objective of systemic equilibrium. It is seen that there has been a breakdown in the mechanisms which have held the system at a point of equilibrium or what Hancher and Moran define as systemic dislocation. This means that the search for new methods of "balancing changes in economic costs and social benefits of regulation (are) the (stimuli) for deregulation." 7 Ironically, the purpose of pursuing deregulatory policies is to discover a solution for the disturbances to the systemic equilibrium by attempting to dismantle or remove the governors which previously held it in place.

To measure the nature and impact of deregulation, Hancher and Moran have
employed the concept of regulatory space.\textsuperscript{8} This concept requires definition and it may be best understood by an analysis of spatial parameters. As Hancher and Moran comment:

"We can ... speak of 'regulatory space' whose dimensions and occupants can be understood by examining regulation in any particular national setting, and by analyzing that setting in terms of its political, legal and cultural attributes."\textsuperscript{9}

Hancher and Moran continue by refining these broad themes into a more complex description of the issues which affect the nature and extent of regulatory control:

"The boundaries which demarcate regulatory space are defined in turn by a range of issues, so it is sensible to speak of regulatory space as encompassing a range of regulatory issues in a community. In these terms regulatory space may be furiously contested. Its occupants are involved in an often ferocious struggle for advantage. Any investigation of the concept involves examining the outcomes of competitive struggles, the resources used in these struggles, and the distribution of those resources between the different involved institutions. In other words the play of power is at the centre of this process."\textsuperscript{10}

This means that to analyze economic regulation, the reviewer's attention should be focused upon the participants who occupy the arena of 'regulatory space', a consideration of who is included and excluded within these relations and whether this is a systematic process, a discussion of how power is devolved between major and minor players and an analysis of the forces that shape regulatory ideology and implementation. This is a study of the brokerage of economic power in western societies. The key to understanding is founded upon the observation that the most important relation in economic regulation is the relationship between competing organizations\textsuperscript{11}. Accordingly economic regulation:
"under advanced capitalism is therefore best conceived as an activity occurring in economics where the public and private are characteristically mixed, where the dominant actors are powerful and sophisticated organizations, and where the biggest firms have taken on many of the features of governing institutions." 12

From this point of view, a number of issues need to be addressed, clarified, explained and assessed: what organizations are included or excluded in exercising influence upon regulatory policies? what has been the relative power of those included companies? and what is the scope of regulatory issues?

The importance of setting and culture cannot be underestimated as they provide the context in which regulatory rules and agencies are formulated and realized. The common feature of the conditions for regulation is variation: variation in terms of national setting, historical timing and industrial environment. This, in turn, means that different expectations are placed upon regulation, upon who are the legitimate players and about the consistency of relations between these actors. Thus an analysis of culture signifies "an interest in the recurrent tension between common structural forces shaping regulation ... and the idiosyncrasies introduced by unique historical, national and industrial settings." 13

As deregulation is the mirror image of regulation, it may also be conceived in terms of 'regulatory space'. As with regulation, deregulation has a location in space, in time and in particular economic and political settings. The origins and the speed of the process are to be observed in where and when it takes place. 14 Therefore in assessing deregulation a number of criteria can be used to tell one about the nature,
speed and implementation of this process:

*Place* - a study of how the external challenge of deregulation has affected a country’s domestic political arrangements and an investigation of how the existing national institutional structures have responded to such pressures. Therefore, the rate of incidence of change in regulatory rulings and the extent to which the traditional governors have been reformed or removed should be noted. Thus, it is necessary to determine the resilience of the state’s regulatory order which is invariably conditional upon:

i) the nation's domestic culture which can be measured through a discussion of the economic system, its institutional practices and its legal and political culture. This national configuration of interests demonstrates how deregulators have to take into account the interests which have supported the regulatory order and the effect that powerful client groups can have upon regulatory reform; and

ii) the state’s position in the international economic order. In recent years deregulatory policies have been generally been exported from powerful national economies to smaller ones. The success of deregulation in a particular country is, in many ways, dependent upon the country’s place in the world economic order and how far its economic objectives are located around national or international market goals.
Time - Two variables of time may be applied to deregulation. First, deregulation is subject to historical time, for example deregulatory episodes are closely associated with economic booms and slumps. Moreover, deregulation has been allied to the rapid economic and technical developments which have been achieved throughout the last two decades. The pace of change has been an important variable for governments.

The second variable of time is 'regulatory' or 'deregulatory' time. This is subject to two forms of temporal variation. Regulatory time applies to the length of time a particular regulatory regime has been in operation. The establishment of regulatory structures and the accompanying entrenchment of attitudes are crucial factors. It also refers to the process of regulatory or deregulatory sequencing (for example, was the nation an early or a late deregulator?). The early deregulators have been highly influential as they have not only laid the foundations for deregulatory theory, but have also demonstrated how deregulation may be accomplished in practice. This means that the patterns of regulatory reform may, to a greater or lesser extent, be seen to have been exported from early to late regulators.

Arena - This factor is important in two senses; in assessing how far an economic sector is a suitable arena for deregulation and in determining how policy objectives are fashioned in relation to the 'economic arena' they refer to.

Even a broad inspection of government policies and practices demonstrates different approaches toward certain industries. Some industries have evidenced major
transformations in their supervision and economic structure provoked through the
implementation of deregulatory procedures. Other activities have remained lightly
touched due to the co-ordination of economic interests, the type of services they are
expected to provide and the normative objectives of the regulatory agencies which
have been created to supervise their running.

Several factors may shape an industry's suitability to deregulation. For
instance, technology may be an 'exogenous' factor which, by its very presence, means
that old regulatory frameworks and policies are forced to alter as they have become
outmoded and anachronistic. Invariably, economies which have undergone some form
of internationalization have become more susceptible to deregulatory reform, as the
international economic order has undergone a major transformation recently resulting
in the creation of an integrated international marketplace which is sensitive to
substantial changes in national economies.

The ability of an industry to undergo regulatory reform may also be said to
contribute to the definition of policy practices. A critical concern is the extent to
which an issue is allocated in a policy network or policy community. Important issues
comprise; i) whether an economic activity has been internationalized and ii) the extent
to which there are common procedures and goals, instead of loosely organized and
inarticulated demands. Moreover, if an industry is subject to technological innovation
policymakers are more likely to be impelled to pursue the arguments for greater
choice and market freedom.
Therefore, with this organizational framework in mind it will be necessary to determine how and why these concepts have become vital to governmental policy. Further, through a consideration of these criteria it will be useful to analyze the nature and extent of deregulation both in the general economy and the communications industries. To carry out these objectives, I will begin by investigating the theories which have been traditionally employed to justify state regulation.

1:2. THE THEORIES AND PRACTICES OF REGULATION

Regulation has been generally conceived in two ways. First, there are forms of self-regulation which may be employed internally within an economic or social organization. In the case of a company there may be a number of rules to define practices, develop incentives such as promotion or administer discipline including fines or dismissals. Second, external regulation may occur when regulatory control is exercised by a body which stands outside of the regulated sector. This may take the form of a governmental department or that of a professional body. I intend to focus upon this second understanding of regulation.

External regulation is justified by the belief that the allocation of resources in any economic or social endeavour can be improved upon rather than being left to the market. It is contended that regulation, by providing systemic order, produces a more efficient use of resources which is socially beneficial and may stem monopolization. This efficiency argument underpins all forms of regulation providing the rationale for state intervention. This has taken several forms, although it should be noted that there
are no hard and fast lines between the different types of regulation.

First, there is economic regulation. The origins of economic regulation are drawn from the Anti-Trust legislation which occurred throughout the late nineteenth and early twentieth century, predominantly in the United States. State regulation was primarily introduced when 'free competition' was considered to have failed the market or "... in other words, the recognition that the market processes might operate inefficiently led to the conclusion that, in principle, at least, government action was justifiable to correct this inefficiency." Moreover such inefficiency had allowed for the proliferation of monopolies who could dominate the market at the expense of the rest of the economy and to the detriment of the public interest. The early state regulatory agencies were created with this concern in mind and took the form of boards of inquiry such as the Interstate Commerce Commission who regulated the U.S. railroad throughout the 1880s. Traditionally, economic regulation has been seen to act in the public or consumer interest. As Jill Hills has noted:

"To sum up, regulation by government of industry is intended to effect a transfer of wealth from one group to another. In general, that transfer is intended to take place from producers to consumers, and regulation is intended to benefit the consumer." 17

With the establishment of these 'public interest' tenets, economic regulation was developed throughout the twentieth century in a variety of ways. Regulation on a day-to-day level was not a fixed operational practice. Its realization was dependent upon a number of objective factors which may be unique to the industry or service which is being regulated.
For instance, in certain industries monopolization may prove to be the most efficient allocation of resources due to economic, technological or natural reasons. However, as the monopoly should not be allowed to freely exploit its position in the market, state regulations have been introduced to protect market and individual freedoms. For instance, licensing may be used to control prices, profitability and service. In broadcasting, a public monopoly allowed for the most efficient deployment of resources due the restrictions of the 'limited electromagnetic spectrum' of airwaves, which stemmed the number of possible suppliers. Thus, traditional state broadcasting regulation has comprised of licenses to govern the industry's economic order (for example, anti-trust style or cross ownership controls in the same geographic market), and controls over programme content.

There are other industries in which the minimization of unit costs has dictated the need for regulation. In the transportation industries the argument has taken on the form of the destructive or excessive competition thesis. For example, the railway industry's financial structure, including heavy and fixed investment and the relatively low costs of operations, has meant that the sector was prone to price-cutting during periods of recession or over-capacity, thereby provoking retaliatory cuts which produced a situation where prices fall to a marginal cost. To preclude this likelihood or to end such a cost-war, railroad companies have developed through a regulatory framework price-fixing or market-sharing agreements.

In addition, such excessive competition can be seen as being detrimental to the whole of the economy. For instance, if the banking system collapsed due to such
tactics, the whole of the financial system would fall with it. Consequently, in the United States a number of rules were introduced to stop individual banks from taking untenable risks and if these measures failed further protection was available via a deposit insurance scheme. Moreover, in the last resort the Federal Reserve Board existed as a final money lender in order to stem financial disorder.

As the last illustration demonstrates, economic regulation was deemed by policy-makers to be mutually beneficial for both the citizen and the good of the national and international economic system. Consequently, the theories of economic regulation were enhanced as they became synonymous with the Welfare Economics or Keynesian consensus within the general state and international economic theories. The 'public interest' would be most 'efficiently' served by interventionist state practices including regulation. In particular, standard economic theory produced a strong argument for the regulation of monopolies, as monopolies were understood as artificially restricting individuals from trading with each other:

"This is most obviously seen where a monopoly is formed through an agreement between those already in a trade to restrict new entrants. If a taxi-cab must buy a licence before he is permitted to carry passengers, his freedom to contract with others has been clearly reduced. The number of taxis in the industry will be lower than it would otherwise be, and we may surmise that there will exist both frustrated taxi-drivers and passengers. From the point of view of the economist, it is the potential benefits from enabling extra producers and consumers to contract with one another to their mutual advantage that constitute 'efficiency gains' from regulating monopolies and policing restrictive agreements."
The same arguments were employed by proponents of social and environmental regulation. Historically, these types of regulation have only entered the political mainstream in recent years, deriving extensively from United States President Lyndon Johnson's 'Great Society' programme in the 1960s. They are concerned with pollution, consumer information, safety, workplace health procedures, racial and sexual discrimination, and environmental protection.

They similarly hail from the market failure thesis. Thus, social regulations were designed to safeguard public's interest which the market could not be expected to fulfil through the operation of the profit motive. For instance, in the case of pollution it is clearly in the public interest if noxious and toxic substances are properly disposed of in spite of the expenses incurred by the manufacturer.

Moreover, the establishment of economic and social regulations in governmental policy was enhanced through the proliferation of regulatory agencies designed to govern finances and industries. Through the evolution of regulatory rules, processes and their own working practices, regulators have played an influential role in determining policies and setting out the procedures employed to conduct activities within the sectors under their jurisdiction. Consequently, regulatory agencies have had an extensive influence upon their respective sectors, and industries have been forced to accommodate themselves to these institutions. This has resulted in regulatory agencies being effectively placed at the crux of many areas of government policy.
However, as Jill Hills comments by making these practices "public and codified ... government comes under pressure to alter the rules in favour of certain interests and it tends to have less flexibility." Therefore, as this development has taken shape a paradox emerged as such institutionalism not only exposed the system's growth in power, but opened it up to extensive criticisms which, combined with economic recession and governmental insecurity, served to undermine its stability.

1:3. THE RISE OF DEREGULATION

The 'regulation-as-efficiency' model become questioned by economists who brought different perceptions to the issue of regulation. These arguments were developed principally in the United States (due in no small measure to the wide extent of regulation within the US and its importance as an advanced economy).

Several sources may be cited in the development of this literature. An investigation of regulation's historical origins revealed that owners' interests had provided the original motivation for such practices. The revisionist historian Gabriel Kolko studied early railway regulation in the United States and concluded that it had been implemented to aid railroad owners. The political scientist Marver H. Bernstein wrote a study upon independent regulatory commissions and argued that these organisations went through several stages: gestation, youth, maturity, debility and decline. In this final stage, he posited that a commission will preserve the status quo and act in the industry's, rather than the public, interest.
However, the crucial extension to this theory was drawn from the work of the economist George Stigler. In a number of papers, Stigler considered the implications of US regulation upon electricity prices and the securities market. In the former, he compared prices between regulated and non-regulated states and discovered that once certain factors were eliminated (for example, population density or the availability of hydro-electric power), there was no evidence to show that prices were any lower in regulated states than non-regulated areas. In another paper, he contrasted the performance of new share issues both before and after the creation of the Securities and Exchange Commission (SEC). Once again, it was discovered that if regulatory costs were taken into account, it was doubtful as to whether the SEC could provide a cost-effective service which benefited the consumer.23

From these studies, Stigler developed the economic theory of regulation, which had severe implications for the efficiency model. His basic argument was that government regulation existed as a commodity, upon which the forces of demand and supply were applicable.24 As Veljanovski comments:

"Regulations have an economic value because they redistribute wealth from one group to another. The demand for regulation comes from interest groups and the theory of cartels provides some clues to the factors influencing this demand. The supply of legislation comes from politicians who are 'paid' for the product not in money but in terms of votes and political patronage. Bureaucrats also have an influence on the nature of government involvement and they are seen as essentially national and self-interested."23

The emphasis was shifted away from a study of the motivation for welfare economics to an investigation of how bureaucracies operated and the manner in which
political decision-making occurred. The basic assumptions of this new approach were founded upon an important value judgement:

"... that people in their political behaviour should not be assumed to be motivated by fundamentally different forces than their private choice-making behaviour."²⁶

This alternative approach evolved into the theory of regulatory capture. This questioned regulation as a method of protecting the public interest. In place of the public interest theory, it emphasised a process which meant that regulatory policies had been enacted and implemented for the interests of the producer groups. It was argued:

"As a rule, regulation is acquired by the industry and is designed and operated primarily for its benefit."²⁷

In turn, the implications of these arguments were to be developed by the followers of supply-side economics or monetarism, in particular the 'Chicago School' including Stigler, Milton Friedman, R.H. Coase and Harold Demetz.²⁸ Their work proved to be of key influence throughout the sixties and seventies in informing general economic policies in both advanced and developing nations.²⁹ The gist of their arguments can be found in Friedman's economic analysis which built upon the connection between economic freedom and political liberty.³⁰ From this perspective, state intervention was regressive and insidious. He attacked state restrictions which he perceived as including registration, certification and licensing.³¹
Regulation was equally seen as a pernicious force, as it mitigated the potential market benefits of competition. Although ‘Chicago school’ members agreed with Stigler’s definition of regulatory capture, they were keen to extend their attack by arguing for the benefits of deregulation.\(^{32}\) Whilst admitting that the market is far from perfect, they contended that it was better than the other available regulatory options. It was argued that the market is a *self-regulatory system* in which the attraction of profits induces other companies to breach monopolist control and create more efficient practices which can undercut the dominant firms. Thus the solution to monopoly exists within the market itself. Therefore, as regulatory capture has been accompanied by the perpetuation of monopolies, deregulation provides the only mechanism through which resources may be efficiently allocated.\(^{33}\)

A further justification for a deregulated market was based on the assertion that the level of monopoly and the real inefficiencies within the economy were not that significant.\(^{34}\) Therefore, the welfare economic arguments were inappropriate as many of the practices they had defined as being either monopolistic or inefficient were founded upon solid economic principles.\(^{35}\)

Concurrent developments also served to challenge the arguments for regulation. In particular, technology has acted as an agent of change and has altered the structures of certain industries.\(^{36}\) For example, it has often meant that an industry, which had previously been perceived as being most advantageously organized through a natural monopoly, could become increasingly competitive. Through technological alternatives, public expectations were increased thereby pre-
empting the adaptation of regulatory governors despite institutional or ideological resistance.  

This has occurred within the communications and broadcasting industries. For instance, the US broadcasting regulator, the Federal Communications Commission (FCC) was initially resistant to the proliferation of cable and satellite channels, preferring to protect the existing terrestrial services. However, due to the demands of pressure groups and private interests for greater access to the newly available airwaves, it was forced to acquiesce. Consequently, technical advances, by reforming the economic order of various industries, have encouraged greater regularity flexibility. In the United States this has meant that policy goals have been directed toward deregulation.

Other economic changes have led to regulatory reforms and the introduction of deregulatory policies, notably the chronic instability which affected advanced western economies throughout the last two decades. Economic failures, such as recession or inflation, have had a profound effect upon the regulatory policies and agencies who were considered as contributory factors to such financial collapses. The credibility of the welfare economics of Keynesianism were undermined by market failure, and state regulations were also subjected to severe criticism.

Principally, economic regulation was seen to have led to an inefficient reallocation of resources. As competition was inhibited, the opportunities for profitability, growth and investment were restricted. For example, US energy
regulators balked at raising prices to combat rising costs, thereby constraining growth. Moreover, regulation was characterized as being inept, inefficient and a distortion of the market.

Whilst this phenomenon varied from nation to nation, due to differences in national economic policy, culture and ideology, regulation was increasingly the target of governmental and popular discontent. This was at its most extreme within the United States where the population had developed a deep historical antipathy towards regulation. In the United States distrust of the Federal government was further precipitated by the failure of the Vietnam War and the Watergate Scandal. As Susan and Martin Tolchin have commented:

"... regulation had become the natural whipping boy, and it was easier to lay the blame at the feet of the faceless bureaucrats in Washington than on mismanagement, (and) the greed of organized labour ... (in the mid) seventies the pendulum movement so typical of American politics, public opinion began to swing inexorably toward the private sector, in sympathy with its case against regulation: the uncertainty; the high costs of paperwork; its unnecessary delays; the inequities; and the negative impact on the market provision of individual industries within the world economy."40

These criticisms were echoed throughout advanced western economic thinking as these economies had suffered from market failure, recession and decline. The development of such arguments was also conditional upon the nature of the country's economy, political cultural and regulatory practices. For example, in Britain deregulation was closely tied in with the imported arguments of monetarism which were to influence Sir Keith Joseph's 're-think' in the seventies.
In addition, the calls for deregulation were influenced by the consumer and environmental lobbies. These pressure groups often attacked social and economic regulatory agencies. The consumer movement's activities escalated throughout the sixties and seventies, and European consumer groups were critical of the airline regulations which had allowed a cartel of international airline companies to monopolize the market through their control of routes and ticket prices.

Therefore the combination of new economic theories, economic instability and reforming influences served to place deregulatory policies at the centre of the political mainstream. Whilst the objectives of deregulation fostered a climate of consensus within the advanced nation's economic and social policymakers, it remained to be seen how the resulting policies would be enacted.

1:4. THE DEREGULATORY IMPULSE WITHIN POLICY

As it was the most regulated nation in the world, the United States was not only the leader in developing the theory of deregulation, but further proved to the leader in carrying out these reforms. Throughout the seventies and eighties, the federal government's interventionist powers were reduced. During Ronald Reagan's presidency, this dynamic was heightened by the administration's desire to dismantle federalist powers by devolving them to the states. Additionally, commentators have concluded that the US's hegemonic role within the world economy has had a major bearing on the exportation of deregulation:
Deregulation in the US has exerted a very considerable influence in policy thinking and policy actions in other parts of the world ... The particular feature of US deregulation which has rendered it highly influential ... was its scope; across the board the system of regulation was subjected to intense inquiry and in some cases radical treatment.42

A leading example of the deregulatory impulse was the American airline industry which had been subjected to comprehensive economic regulation through the 1938 Civil Aeronautics Act. This set up the framework for the government subsidization of commercial carriers and, despite the phasing out of these subsidies during the fifties, meant that the federal government was unwilling to encourage the entry of new competitors. Moreover, the industry was governed by the Civil Aeronautics Board (CAB) which was responsible for the certification of routes and carriers. In this capacity, it held on to a tremendous degree of power and in practice tended to rule in favour of the status quo by restricting alternative carriers’ attempts to bid for existing routes. As such, the industry was dominated by a cartel of major airlines and regulatory capture may be seen to have characterized their relationship with the CAB.

These regulatory powers were initially criticised by economists. However, the combination of the introduction of wide body jets, the 1973 Oil Crisis and the CAB’s response to these imperatives enhanced the case for regulatory reform. In 1975 Gerald Ford’s administration began to develop legislation which would lead to the deregulation of the industry. Throughout the following years, the CAB’s control was systematically loosened, as reforms such as ‘supersaver fares’ were introduced. After several years of debate and incremental deregulation, the 1978 Airline Deregulation
The Act was passed. The Act's intentions are summarized by Steven A. Morrison:

"The thrust of the airline deregulation movement was to rely on market forces, rather than the wisdom of regulators to allocate air transportation resources. The rationale for this came from the belief that a more competitive environment would exist without regulation because airline markets could satisfy the conditions for workable competition: relatively free entry and no significant advantage to large firms. The primary anticipated benefits of a competitive environment were a better mix of price and service quality and lower labour costs."

The Act was designed to remove the previous obstacles to the independent entry, routes, fares and service differentiation. Moreover, it abolished the Civil Aeronautics Board from January 1st 1985 and placed the remaining light-touch regulatory functions into the hands of the Department of Transportation. This was done to breakdown the perceived 'capture' of the Board and to limit the interventionist powers of the successive regulatory actors.

Morrison has concluded that the implementation of these policies proved to be dramatic. First, he comments that traveller's benefited from lower fares and advantageous scheduling procedures. Secondly, he argues that the carriers gained, as they could provide services on the routes they wished to fly and could charge fares in relation to market conditions. In addition, he contends that groups such as airline labour and small, outlying communities, who some had predicted would suffer under deregulation, have not been that adversely affected. However, Morrison inadvertently demonstrates that the industry's structure had not been significantly altered, and essentially deregulation had merely loosened the oligopolistic ties which had governed the industry, as the six major national carriers retained their status and power.
The deregulation of the US airline industry was far-reaching. The influence of these reforms was conditional upon the nature of the industry and the political/ideological will which was exerted within the policymaking stages. However, it not only demonstrated the scope of these policies, but made conspicuous the qualifications upon this legislation. For example, in spite of the industrial transformations the major airlines remained dominant.

Further, the airline industry illustrates how deregulation may be exported to other nations. As the industry was subjected to international regulations, jurisdiction has been shared equally amongst nations. Therefore, once the United States had deregulated its national airline industry, other countries were forced to react as they were responsible, within their own air-space, for overseeing companies who could now alter prices and bid for alternative routes. From 1978 to 1983, the US renegotiated most of its bi-lateral agreements with European and Asian nations, thereby pre-empting the partial deregulation of the other countries' airline industries. The role model for such agreements was the US-Netherlands bilateral agreement which included the removal of capacity frequency restrictions by granting unlimited charter rights between any point in either country.46

So whilst the exportation of deregulation may be partially accounted for by the success of these arguments on the consciousness of political elites, the implementation of these policies and the increased tendencies towards internationalization have precipitated the deregulatory momentum. For example, Dennis Swann has shown how the integrative nature of international financial markets has contributed to this domino
effect:

"Thanks to the technological developments all the main financial centres are now linked --- this is often referred to as the globalization of the financial system. Once one centre deregulates and process (continues) other centres are forced to follow suit -- otherwise trade is deflected to the lower cost centre." 47

The importance of this form of deregulatory sequencing is crucial. As there were early and late industrializing countries, there have similarly been early and late regulators and deregulators. 48 This sequencing is critical as regulation and deregulation are social processes in which copying proliferates. They have evolved through a process of diffusion as it has proved easier to reproduce an existing model instead of formulating a new set of arrangements. Consequently, the influence of the early deregulators has been vital in shaping the various forms of deregulation across nations. Moreover, this movement has by-passed the traditional ideological split between Left and Right, as, for instance, French Socialists (after the failure of the Keynesian experiment in 1982) have been just as willing to embrace these policies as the British Conservative Party under Margaret Thatcher during the eighties. 49

However, it is an oversimplification to simply see the ripples of deregulation emerging from the US epi-centre to the rest of the advanced and developing world. 50 This fails to take into account the objective factors which have shaped national and international deregulatory policies. The deregulatory impulse within Western European states has substantively diverged from the American experience. Distinctive national configurations and political cultures, mediated through bargaining and clientelism, have influenced the politicians' and policymakers' receptiveness toward deregulation.
Moreover, their attitudes and concerns may also be entrenched due to the longevity of the existing regulatory regime.

For instance, in Denmark and Austria the traditional regulatory agencies and rules received the support of powerful client groupings. Thus, deregulation in these countries has tended to be circumscribed by the composition of elite groups and normative practices. In contrast, in Britain, due to the national configuration of political will, ideological reform and client groups, policymakers favoured deregulation and were determined to activate and implement these policies throughout the national economy. As Anthony Smith has commented:

"The term (deregulation) was imported to Britain in the mid-1970s, but more by the new right than the left. Deregulation in Britain was rather different from that of the United States, although the same term was used. The UK's deregulators wanted and have very largely achieved a reform of the country's management-workforce relationships; they wanted more industry to be available for private investment; they wanted companies to serve the consumer with greater keenness, with better and more competitive products and services and at lower prices. They wanted millions of people to start accumulating shares and other property. They were trying in fact to revive the whole industrial economy by ensuring better services and supports of all kinds, especially in the newly burgeoning field of telecommunications. The term deregulation acquired wider and wider usage in their hands. It had much more to do with changing attitudes, with creating a new class of entrepreneurs, with manipulating change in society at large than had deregulation in the US."51

Therefore, the extent to which a regulatory regime is reformed is dependent upon the mediation of competing interests and priorities at a national level due to the position of national institutional structures, and legal and political culture. Thus, deregulation's shape varies significantly from country to country.52
Deregulatory policies are further shaped from industry to industry. Whilst a number of industries have been subjected to vast administrative and organizational changes, others have remained virtually untouched. This has been reflective of certain industrial practices which have proved more accessible for the introduction of deregulation due to their needs, traditional regulatory frameworks and their propensity for technological advancement.

The attempts to deregulate the British financial system indicate how national and industrial factors can shape these reforms. Historically, the British financial system was founded upon anti-competitive and restrictive practices which often suggested a de-facto, non-legislative and flexible approach to regulation. The system's peculiarities also combined with a unique set of industrial characteristics which served to differentiate it from other sectors. These comprised: a heterogenous industry consisting of bank and security traders who, whilst sharing the same aims, employed very different business practices; many conflicting macro and micro issues; constantly changing market conditions; new technologies and, with these constant alterations, a series of new economic conditions resulting in the rise of the financial conglomerations and the internationalization of the money markets. Consequently, deregulation had to take into account a series of invariably conflicting imperatives.

David T. Llewellyn comments:

"A major theme has been that the current pressures on regulation have been diverse, and these in turn have produced regulatory arrangements, which have been equally varied. The structure and operation of regulation has been changing in several directions simultaneously. The conclusion is that deregulation is at best an ambiguous concept when applied to the British financial system. A more accurate description is that the regulatory matrix has changed with some aspects of deregulation matched by
more intensive regulation."\textsuperscript{53}

Therefore, two central factors related to deregulatory policy have become apparent. First, throughout the advanced economic world deregulatory theories have achieved a consensus amongst policymakers, despite these governments' political position on the Left or Right. Second, in terms of implementation, the most consistent finding has been the inconsistency of deregulatory policy as it has been conditional upon national political, cultural and industrial requirements. It now remains to be seen how these theories were applied and developed in the context of the communications and, most especially, the broadcasting industries, and to note how these objective factors have subsequently shaped the nature and scope of these policies within these sectors.

1:5. THE APPLICATION OF THE DEREGULATORY IMPULSE TO THE COMMUNICATIONS AND BROADCASTING INDUSTRIES: THE UNITED STATES

Throughout the decade between 1975 and 1985, the deregulation of the communications and broadcasting industries began in the United States. Two factors may be perceived as contributing to this movement. First, a general consensus existed between politicians, policymakers and sections of these industries that deregulation would benefit both the national economy and specific areas within it. Jeremy Tunstall has noted:
"Washington is a city of fashions. The political climate changes every two years, and 1974 was a year of exceptional change. There was the expansion of congressional staffs, among whom was found a key deregulatory fervour. The staff of the House sub-committee on communications was of this kind from 1976 onward. Deregulation was the fashion, and the many subtle shades of deregulation made it all the more attractive."54

Second, the communications technologies revolution meant that major transformations within the distribution of communications were becoming available for business and domestic use. Effectively, two decades of new technology had been let loose in a single decade. The changes had emerged from the military experiments carried out during World War Two. They comprised: a computer revolution hastened by cryptography; microwave technology drawn from radar and rockets, for launching satellites, developed from German V1 and V2 missiles. These developments combined to enable access to greater number of communications links and also meant that new or different broadcasters could enter the market to provide services.55

Jill Hills has commented that these new hardware devices provided a challenge to the traditional monopolies who had dominated the communications and broadcasting industries.56 The justification for a highly regulated broadcasting monopoly had been founded upon the scarcity of the air-wave spectrum. Yet "the liberalization of equipment (increased) the demand for the liberalization of transmission which in turn (increased) the demand for the liberalization of equipment."57 So while the technological limitations had resulted in the previous compliance of these industries with the normative forms of regulation, the more recent technological developments made these regulatory structures appear increasingly anachronistic, irrelevant, bureaucratic and inefficient as a means for the proper re-
allocation of resources. Moreover, the opening of the market-place to cable and satellite provided opportunities for the hardware manufacturers to invest in research and increase their profitability.

The combination of a deregulatory consensus and a radically reformed market, instigated through technological change, has been understood by Tunstall as follows:

"... the twin revolutions in technology and regulation are indeed revolutionary, especially if one takes them together. It is the combination of running technology on 'fast forward' while running regulation on 'fast backward' that has produced the radical change. Or the image can be altered slightly to 'two steps forward and two steps back'."

The deregulation of the US communications industry conformed to this model. It was a long-running process which took over sixteen years to produce its first substantive piece of legislation, but in the meantime drastically altered the industrial and regulatory conditions. It started in an ad-hoc manner in which specific areas of the communications and broadcasting economies were targeted for reform during Gerald Ford's brief interregnum presidency between 1974 and 1977. This occurred through the appointment of Clay Whitehead to the Office of Telecommunications Policy and via legal judgements such as the anti-trust case against the national telephone company AT&T/Bell.

Jimmy Carter's presidential term (1977-81) heralded an increase in the pace of deregulation. The House of Representatives Communications sub-committee, chaired by Lionel Van Deekin, set the agenda by attempting to alter the 1934 Communications Act. From 1978 to 1980, a number of 'rewrite' bills were presented to the House.
Although none of these bills was passed, AT&T/Bell’s image was immeasurably tarnished as a result. Competitive practices were also deemed to be beneficial by the regulators themselves. The Federal Communications Commission (FCC) revised its long-held resistance to deregulation by reviewing radio and cable licences, and in April 1980 passed the Computer II decision which gave AT&T greater freedom in its transmission of data.62

When Ronald Reagan took office in 1981, communications deregulation accelerated as it fitted in with the administration’s general monetarist policies. Reagan appointed Mark Fowler as head of the FCC, and deregulatory activity peaked during Reagan’s first term (1981-1985). This began with Congress’s extension of radio and television licences to seven and five years respectively, and culminated in the showpiece 1984 Cable Telecommunications Act which massively deregulated cable services.63 In between, two other decisions shaped the pace of change, both occurring in January 1982. The old AT&T/Bell monopoly was relieved of its local services control and IBM’s dominance of the computer market was reinforced by its release from an anti-trust case.64 All these reforms were significant of an increasingly competitive set of market arrangements.

Whilst this period evidenced the rise of deregulation, the implementation of this policy has again illustrated the general features which have been understood as accompanying deregulatory policy. The peculiarities of the national configuration of interests, the regulatory structures and the industrial environment have all shaped the nature and scope of deregulation within broadcasting. It should be noted that the

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American market model for broadcasting was based upon the private interest power of the national radio (later television) networks --- ABC, CBS, NBC --- and the system, apart from a peripheral public service, never received public funds.

The pattern of traditional US broadcasting regulation arose from a process of bargaining and clientelism. There were a number of confusions to begin with. A US court decision ruled that the Commerce Department should not be able to act as licensor and then Congress attempted to reform the resulting chaos as the limited spectrum of airwaves became over-run with national and local radio stations when the 1927 Radio Act entrusted the supervision of licences to the Interstate Commerce Commission (ICC). As these arrangements proved to be unsatisfactory (as the legislation had given little information upon how the ICC should enact its brief) Congress decided to clarify the supervision of radio in the 1934 Federal Communications Act which created a new regulatory body --- the Federal Communications Commission (FCC) --- to act as licensing body.

Although the FCC was a quasi-independent state authority and held a measure of legal autonomy, it was subject to several pressures. Politically, the body's composition was controlled by presidential patronage. In turn, the appointees had to be ratified by Congress, and powerful Congressional committees could also exert influence upon the FCC. Its decisions, in practice, were subject to judicial review. The authority's major decisions had to pass through the District of Columbia Appeal Courts and often went to the Supreme Court. This meant that the decision-making process was unwieldy and could not easily respond to pressing demands.
Finally, the broadcasting industry held on to a great deal of power through a nexus of informal, de facto links. This was often exercised during the appointment stage as incentives were offered to the chief commissioners and senior staff members. In this respect, it has been argued that the FCC was subject to regulatory capture as the industry’s demands were put before the consumers’ needs. Muriel and Joel Cantor have stated:

"Until the mid-1960s, the industry and Congress dominated the regulatory process so that the FCC in effect seemed to be working with the networks rather than functioning in an adversary role as a regulator."68

Martin Cave and William Melody cite the case of the Commission’s approval of cable to demonstrate how this worked in practice:

"At first the FCC declined to take regulatory authority over cable. In 1965, however, in response to the pressure from broadcasters who feared that cable would take away their audiences, the FCC asserted that it had regulatory authority over cable and imposed a range of restrictions on the signals that cable could carry. These prevented a cable company from making available to its subscribers both certain pay-TV channels and signals imported from commercial stations outside the region."69

The extent to which these deregulatory policies could succeed was shaped by the industry’s traditions. A number of commentators have concluded that the FCC has promoted a wide number of deregulatory reforms as it became devoted to opening up as many television distribution outlets as the market could support. The aim of this policy was to minimize the government’s intervention and liberalize the broadcasting
market so that the new technologies and alternative services could be encouraged.

The high-point of this liberalization occurred with the ratification of the 1984 Cable Telecommunications Act.\textsuperscript{70} This altered the cable industry by securing franchise renewals, thereby protecting initial investments. This meant that local governments could no longer 'unfairly' deny franchises and that if the licence was not renewed the cable operators had to be paid their market value. The cable market was also aided by the removal of all forms of rate regulation after two years and by stemming the role of public pressure groups in the production of programmes, although mechanisms existed to allow the public the right to comment.\textsuperscript{71}

Whilst this Act may be conceived as a victory for deregulation, its scope was qualified by the inherent ambiguities of national and industrial configurations which had previously governed the industry's regulatory structure. As Tunstall comments:

"The deregulation (or minimal regulation) of cable illustrates some of the strengths and weaknesses of this whole sphere of communications policymaking. The final negotiations were between a House-Senate team of sub-committee staffers and a cities-mayor team of local regulators. This long drawn-out process frequently broke out in bitter public recriminations. Its ultimate achievement was to settle --- or to refer to judicial decision --- most of the burning issues of the current or recent regulatory chaos. What the process largely failed to do was to protect against the turbulence ahead.\textsuperscript{72}

Tunstall has shown how deregulation, far from weakening the FCC's status, perpetuated its bureaucratic power and made its operational practices less accountable to the public.\textsuperscript{73} The FCC had planned to reduce its staffing figures from two
thousand to below sixteen hundred. However its bureaux (Mass Media, Commerce Carriers, Private Radio and Field Operations) received a massive increase in applications to broadcast because of the increase in entry afforded by deregulation (for example, it was estimated that the Private Radio Bureaux received 280,000 applications in 1983) and so these cutbacks could not occur and, if anything, the department's bureaucratization was exacerbated. Moreover, the FCC failed to produce data documents, preferring to commission a prodigious number of legal or economic reports, thereby invalidating its role as a responsive regulatory agency.

Therefore, the impact of deregulation on regulatory practices has proved to be problematic. The extent to which these policies have been seen to succeed or fail has been coloured by the commentators' beliefs in the benefits or deficiencies of deregulation. For market-liberals, the American response was coherent as it promoted wider consumer choice and greater freedom of entry into the market. Thomas Hazlett suggests:

"These (the eighties) are the golden age of consumer welfare maximisation compared with the sorry episode of broadcast television protectionism in the 1960s and 1970s."75

For critics, the American experience has exemplified the problems associated with deregulation. Indeed Muriel and Joel Cantor have concluded that regulatory practices can never be dispensed with:

"The principal reason is that those already entrenched and in protected positions, ie the networks and other media conglomerates, would not wish to lose the advantage and special status they have attained over years of close collusion with the FCC."76
In conclusion, it may be stated that the consensus for deregulation in the US political mainstream and the technological proliferation enhanced the appearance of enormous opportunities for change. The nature of this change was conditional upon the system, which was already dominated by private ownership, political will and the balance of forces which had been evidenced in the traditional regulatory regime. As a result, in the US experience the impact of deregulation has proved to display elements of change with stability.

1:6. DEREGULATION AND WESTERN EUROPEAN BROADCASTING SYSTEMS

As with other industries, the theories, arguments and practices for deregulation within communications and broadcasting were exported from the United States to the other advanced western economies. In Western Europe many national broadcasting regimes were subjected to a partial or full implementation of these policies. However, this does not mean that the American Market Model has been transposed on to European broadcasting systems, as broadcasting deregulation has made conspicuous features that have been unique to the national cultures and regulatory systems in these countries.

Kenneth Dyson and Peter Humphreys have defined several imperatives for deregulation in Western Europe:
Firstly, new technologies including cable, satellite and video cassette recordings have changed policymakers's attitudes toward broadcasting. Therefore their receptiveness to regulatory reforms was not only in response to the 'shock-wave' engendered by these new technologies, but also referred to the motivation of 'demand-pull' as new ideologies and altering social habits expressed themselves.77

Secondly, technology has produced a convergence within the communications industries in which broadcasting can no longer be understood as being divorced from other economic activities including telecommunications, publishing and consumer electronics. This development radically altered the media market-place and enabled new or different entrants to seek access in the provision of broadcasting services. Throughout Europe new groups have sought entry, for instance, Bertelsmann, Hachette, Maxwell and News International from book/newspaper publishing; Havas from advertising and WH Smith from retailing.78

Thirdly, this combination of technological and market flexibility has provoked an internationalization of the broadcasting market. Satellite signals can by-pass national territories thereby allowing new entrants to operate multinational broadcasting operations. In addition, this has opened up the possibilities of international investment. For example Compagnie Luxembourgeoise de Teledefusion or CTL, a Luxembourg based company, is predominantly funded by French and Belgian capital79.

Fourthly, such internationalization has resulted in the creation of a highly integrated, international broadcasting environment and has consequently provided the
context for the de-facto exportation of deregulation as once "one environment (the US) ... (had changed) ... (it) forced change in another." 80

Finally, the combination of these factors had produced a complicated broadcasting environment in which the traditional regulatory rules and agencies were inadequate. Essentially, national sovereignty could be undermined. In 1982 the West German company Bertelsmann lined up with CTL to broadcast the German language station RTL from the media 'haven' of Luxembourg. 81 This meant that a national Western German television station could be broadcast from outside of the country's borders and consequently circumvent regulatory, business and scheduling procedures.

As Dyson and Humphreys comment:

"Over twenty satellite channels were available in 1987. Their development raised the spectre of circumvention of national regulation and a breakdown of state sovereignty in broadcasting regulation. The proposal of 'offshore' operators had major implications for broadcast regulation. These, new actors have exposed the 'Achilles heel' of regulation in the age of transfrontier broadcasting." 82

However whilst a number of common imperatives for pre-empting change can be identified, the nature and extent of deregulation throughout Western European countries proved to be conditional upon the features of national particularism, industrial structure and the resilience of the regulatory frameworks.

In contrast to the United States (in which the FCC supervised a number of private monopolistic networks) most European states located their broadcasting services around the principles, tenets and institutions of Public Service Broadcasting
The PSB system may be generally defined, although each system has nationally unique functions and variations, as one whereby the broadcasting corporations or companies have a defined set of duties --- ‘to educate, inform and entertain’ --- and one in which these organizations are financed to greater or lesser extent through state collected revenues --- a licence fee --- so that channels do not compete for funding. There are infinite variations between the systems in terms of detail, yet the PSB model may be historically seen as being exported from the United Kingdom to other Western European states. Therefore, within these nations, the variations upon the PSB systems, along with the national culture, the configuration of clientist interests and the political/ideological will of policymakers are all of extreme importance. As Dyson and Humphreys state:

"Development of broadcasting and new media policies in Western Europe appears to be increasingly shaped by a dynamism of political and regulatory ‘gamesmanship’ at national and regional levels, as governing parties seek either to maximise the economic and cultural rewards for new media investment or to limit the damage to their economic and ideological positions from a combination of market change, greater political and administrative complexity and ‘policy competition’ for investment."

This has meant that there has been a wide variety of deregulation throughout Western European broadcasting systems. In France, the state broadcasting monopoly was dominated by the ruling political authorities who exercised control by appointing sympathizers to run the radio and television. This resulted in the systematic governmental manipulation of the broadcasting media and orchestrated state censorship. The presidential election of Francois Mitterand and parliamentary election of the Socialists in 1981 marked a change for the political composition of the French government during the early eighties. The Socialists had been critical of
Gaullist and Giscardian interference within the media and the subsequent 1982 broadcasting statute deregulating the broadcasting market was reflective of their desire to liberate the system. Similarly in Italy ‘deregulation sauvage’ occurred after the 1976 Constitutional Court decision (when the ruling coalition was composed of socialist and communist parties) declared that RAI was a public monopoly which had been dominated by the ruling Christian Democratic Party for many years. Conversely, in Germany deregulation’s impact was qualified due to the in-built safeguards of the Federalist system. The German broadcasting system was a self-regulating monopoly which was autonomous from state and sectional interests containing a number of pluralistic, constitutional safeguards due to the fears of a return to the propaganda exploits of Joseph Goebbels during the Nazi period of totalitarian power.

Therefore throughout these countries the dominant cultural, legal and constitutional patterns were to substantially influence the debate, the development and implementation of deregulatory policy as well as arguments for competition. However, it should be again noted that in implementing these policies the combination of national culture, the traditions of the regulatory regime and political will has been profound. For instance, Raymond Kuhn has commented:

"Broadcasting in France ... is ... in a process of transition. ... Yet the break with the past is not quite as extreme as it may appear, at least in the short-term. The state remains the predominant influence in the shaping of the French broadcasting system of the future. The government is still accused of exercising political control over news output, and not just by the opposition. ... While French broadcasting is undoubtedly changing, very radically in many respects, it is also marked for the moment by an element of continuity."
CONCLUSION: DEREGULATION AS A CONCEPT FOR THE STUDY OF DEVELOPMENTS WITHIN BRITISH BROADCASTING

This chapter has demonstrated that deregulatory policies have become crucial throughout national and international economies. In the main, such legislation emerged in the United States and was exported to both advanced and developing economies. Therefore, deregulation has been accompanied by a general acceptance within political elite groups in spite of partisan attachments. However, the implementation of this process has proved to be significantly different from nation to nation due to the place, time and arena in which these policies are conducted. Certain states and industries have proved to be conducive toward deregulation, whilst others due to the setting, the regulatory traditions and the ability to be reformed have remained impervious.

For instance, the most consistent finding to be drawn from the deregulatory experiences in US and Western European broadcasting systems has been the cross-national inconsistency of these policies both in terms of policy-making and implementation. The key reasons for this refer to the national culture, the particular configuration of political and industrial interests, the resilience of the regulatory agencies and the ideological will to deregulate. Thus, in the U S., where a minimal form of regulation existed, the deregulatory policies have been reasonably well pursued. Although, even in this environment they have remained qualified. From the differences in regulatory backgrounds and the accompanying internal dynamics which are produced, the emphasis for deregulation will either be partially or strongly realized. As the French and Italian cases indicate, the political will to deregulate
broadcasting has equally been drawn from the Left as well as the Right as certain broadcasting regimes have become innately associated with the dominant political parties (for instance, the Christian Democrats in Italy or the Gaullists in France). Therefore deregulation's purpose was to provide political liberalization alongside the introduction of more competitive practices. In Germany, however, the political, economic and institutional cultures conspired against the widespread introduction of deregulation within broadcasting. Moreover, in all these countries the impact of deregulation has diverged with the American experience due to respective differences in broadcasting's economic and political position. Therefore, these processes have invariably been characterized by elements of changes and continuity.

As a consequence, these national differences in the diffusion of deregulation raise a number of questions which I intend to explore in order to determine the nature, direction and impact of regulatory reform in the British broadcasting (particularly focused upon television) policy-cycle:

What was the nature of the British broadcasting system? To address this question I intend to consider the finances, regulatory traditions and political position of British broadcasting throughout its history preceding the eighties policy-cycle. The system has operated through a series of rules and has been responsive to a particular constellation of technical, economic, social and political forces.

What was the role of the national political culture and changes within technology in shaping the context for deregulation? The climate of the political
culture and nature of broadcasting relations with the government throughout the early-
to-mid eighties may be cited as being vital in considering how and why deregulation
was taken up by policy-makers. Clearly, deregulation (both generally and within the
broadcasting industries) has grown due to the realities of political will as well as any
prescribed ideology. Further, the deregulation of broadcasting was also seen to
respond to the proliferation of new channels and greater opportunities of entry to
independent producers afforded by the new media.

What was the intellectual background to this development? In Britain, the
concept of deregulation particularly appealed to a number of policy-makers and think-
tanks who through the political organization and composition of the period had a
significant influence upon policy-makers. Throughout, the years a tradition of radical
economic theory was developed within these bodies. Therefore, it will be necessary
to trace the evolution of the notion of the deregulation of British broadcasting and to
discuss how these constructs were to inform the inquiry phase of this policy.

How was the inquiry phase conducted? The central change in broadcasting
policy may be seen to occur when a report is commissioned in order to assess the
possible reform of the traditional system. Thus it is necessary to consider how the
report responded the ideological, economic and political imperatives of the period and
to discuss the vision which it laid out for the future.

What were the crucial imperatives of the policy-making phase between enquiry
to act? Throughout the political phase of the policy-cycle the report’s
recommendations may be substantively altered due to the introduction of a number of imperatives. These comprise: the government's political will, the policy's organization, the respective lobbying of interested parties and the inevitable bargaining and negotiation which occurs amongst these actors. Another factor which may become prominent is the extent to which the concept of deregulation may be usurped by other imperatives such as commercialization which incorporate a number of similar measures but are pursued for different reasons. How far has the British broadcasting policy truly converged with the economic arguments and have serious divergencies emerged?

How far have policies been implemented and what early effects have been apparent within the broadcasting industry as a result? To measure the impact of deregulation it will be necessary to consider a number of case examples to determine the extent to which industrial practices, regulatory structures and agencies have altered or remained resilient.

These questions will provide the basis of my approach to the thesis. Therefore, I am concerned with examining the issue of (de)regulation and will employ the empirical data from the post-Peacock British television policy as a case study. This study is relevant to the reforms which have been directed at British broadcasting, to changes within other countries' media organizations and to other policy areas which have been subjected to regulatory reform.
1. See the Introduction of Kenneth Button and Dennis Swann (ed.), The Age of Regulatory Reform, Clarendon Press, Oxford, 1989, p.11 when Swann comments; "In practice, when we use the word deregulation we are employing a term which encompasses (a) differing degrees of deregulation and (b) a variety of possible changes in the way in which deregulation operates."

2. For greater definition on the contested meaning of the term 'Thatcherism', see Andrew Gamble, The Free Economy and the Strong State: The Politics of Thatcherism, MacMillan, 1988. In his analysis of the term, Gamble defines three broad themes on p.23, "Thatcherism as a hegemonic project; Thatcherism as a class or accumulation strategy; and Thatcherism as state-craft." For further details, see David Marsh, 'Explaining Thatcherism: Beyond Uni-Dimensional Explanation' in Patrick Dunleavy and Jeffrey Stanyer (ed.), Contemporary Political Studies: Proceedings of the Annual Conference held at the University of Wales Swansea, Political Studies Association, 1994, pp. 803-827.

3. See the Introduction of Cento Veljanovski with Mark Bentley, Selling the State: Privatization in Britain, Weidenfeld and Nicolson, 1988 p.xi when he states; "If political ideas could be copyrighted ... Mrs Thatcher's Government would be well on the way to achieving a runaway international bestseller."


5. Ibid., p.131.

6. Ibid., p.131.

7. Ibid., p.132.

8. Ibid., p.132.


10. Ibid., p.277.

11. Ibid., p.278.

12. Ibid., p.278.

13. Ibid., pp.3-4.


19. Ibid., p.9.


22. Ibid., p.13.


24. See Alan Peacock (ed.), Op.Cit., p.15: "The regulation agencies are 'captured' by the industry they are supposed to regulate."


27. Ibid., p.15.


32. Ibid., p. 15-16.

33. Ibid., pp.15-16.


35. Ibid., p.13.

36. See Jill Hills, Op.Cit..

37. Ibid..

38. For further details see Jeremy Tunstall, *Communications Deregulation: The Unleashing of America's Communications Industry*, Basil Blackwell, 1986.
39. In particular R.H. Coase was to compare public access of broadcasting with private property rights.


41. This refers to the age-old dichotomy between US Federal and State powers. This first raised its head during the 1790s when Alexander Hamilton called for a central National Bank, against the Constitutional Federalism developed by Thomas Jefferson. Jefferson's notion of an 'Agrarian Democracy' has had to be negotiated with the imperative of national development throughout the history of the US. For further details, see M.J.C. Vile, Politics in the USA, Hutchinson (Third Edition), 1983.


43. Steven Morrison quoted from Ibid., p.149.

44. Ibid., pp.162-163.

45. Ibid., pp.162-163.

46. Ibid., pp. 164-165.

47. Dennis Swann, Op.Cit., p.44.


55. Ibid.,p.5.


57. Ibid., p.16.
59. Gerald Ford had been sworn in as Vice-President after the trial against Spiro Agnew. Ford ascended to the Presidency in 1974 after resignation of Richard Nixon in the wake of the Watergate scandal.


66. Ibid., p.40.

67. Ibid., p.40.


70. Muriel and Joel Cantor, Op.Cit., p.47.

71. Ibid., p.47.


73. Ibid., p.150.

74. Ibid., p.151.


79. Ibid., p.142.
80. Ibid., p.143.
81. Ibid., p.142.
82. Ibid., p.142.
83. Kenneth Dyson and Peter Humphreys, Broadcasting and New Media policies in Western Europe, Routledge, 1989, pp.69-74.
87. See Ibid..
88. For further details see Don Sassoon 'Italy; The advent of Private broadcasting' in Ibid.. The resulting Italian system of private broadcasting was shaped, or rather not shaped, by omissions in the regulation of broadcasting as the various competing parties debated the consequences. In the event, the deregulation of the Italian system gave rise to a remarkable concentration of private ownership as 'de-facto' national networks evolved through the amalgamation of 'local' companies who linked up and 'synchronised' their programmes by using video cassettes due to an excessive crisis in profitability. In such a manner, the law, which had decreed against monopolization, was circumvented and the Italian press and media magnate Silvio Berlusconi ended up controlling the market.
89. The German system has evolved through a mixture of federalism and judicial review and was thus subject to both the Laender, the federal system which was constitutionally responsible for broadcasting and to the federation (Bund) which supervised telecommunications policy. This meant the negotiation of deregulatory policy was highly complex as the governing of broadcasting was divested between several competing institutions which due to the vagaries of the German election system were controlled by different parties. Therefore, in Western Germany, the established heritage of attitudes and practices resulted in " the overwhelming impression (that) ... the attempt to effect radical change had ... been qualified by the search for compromise induced by the regime characteristics of a federal system, and by the caution associated with a 'legalistic' political culture" (Kenneth Dyson and Peter Humphreys, Klearer Academic Publishers, Vol.17, No.2, March 1989, p.146 passim).
CHAPTER TWO: THE BRITISH PUBLIC SERVICE BROADCASTING SYSTEM

"The existence in this country of two broadcasting organizations, financed by different means and following quite distinct organizational patterns, may give the impression that in broadcasting matters, the United Kingdom has two policies rather than one. The facts of this position demonstrate that this is not really the case. One has only to put side-by-side the documents governing the conduct of the two British broadcasting organizations, the charter and the licences of the BBC and the Television Acts under which the ITA (now IBA) operates, in order to be struck forcibly by the essentially unitary character of the broadcasting system in the United Kingdom."1

The British broadcasting system (consisting of a public (British Broadcasting Corporation) and commercial (Independent Television) sector) has evolved in an integrated, rather than competitive fashion. It may be argued that different financial arrangements, channels, ideas and structures have all been incorporated into a cohesive order which was initiated under the first Director-General John (later Lord) Reith at the British Broadcasting Corporation (BBC) throughout the twenties and thirties. Moreover, it can be discerned that the introduction of commercial television did not herald a break from this tradition. Instead, this development followed the prescribed pattern and the Independent companies' supervisory body, the Independent Television Authority (ITA, later IBA) acted as a complementary regulator to the BBC Board of Governors.2 Further, the development of broadcasting has been contingent upon the support of the political elite. Therefore, as broadcasting was a social as well as an economic commodity, its political position has been an important imperative. This chapter's purpose to assess and clarify, through a review of the literature, the dynamics and structures which have defined the course of British broadcasting. It will test, through an analysis of the evidence, whether a unitary system has emerged and determine how political relations between the state and broadcasting have been conducted.
The substance of my survey will extend from the creation of the British Broadcasting Company in 1922 to the introduction of Channel Four in 1982. These dates refer to the establishment and perpetuation of a public service broadcasting system (PSB). It should be noted that a degree of overlap exists within British broadcasting history, as the PSB system was subjected to the political antagonism, which was to characterize the political discourse between the Thatcher government and the broadcasters, before the introduction of Channel Four. These tensions, which were either embryonic throughout this period or were specific to the eighties, cannot be dated exactly. However, the election of Margaret Thatcher’s government in 1979 clearly altered the ground-rules which had previously state-broadcasting relations. It is a further provision of this chapter to demonstrate the historical context for these crucial issues, which will be extensively dealt with throughout my thesis.

Two qualifications are required. First, it should be remembered that many measures were pursued in relation to short-term political requirements rather than being consciously developed to create an overall framework for broadcasting activities. Second, within this lengthy time-scale it would be a mistake to believe that all the important areas could be sufficiently dealt with in the available space below.

Thus, it has been necessary to place a number of limits on this work. Inevitably such qualifications are, by their very nature, an arbitrary means through which to judge the flow of historical information. However, a judicious selection of detailed material will hopefully prove to be mendacious in aiding our understanding. Jeremy Tunstall has suggested that broadcasting legislation follows a twelve-yearly
cycle\(^3\) and this model may be profitably employed in order to outline issues, trends and themes from the evidence. Such an approach allows the key concerns to suggest themselves out of the material, rather than being superimposed upon it.

This will be a survey concerning the creation and evolution of the system. It will determine the establishment of patterns and indicate the interplay of forces which have shaped the broadcasting environs. Important areas will comprise: the basic tenets and institutions of public service broadcasting; the regulation of these broadcasting organizations and their political position vis-a-vis the state.

Throughout this survey, I will analyze the arguments raised in respect to broadcasting. In particular, I will consider the debate surrounding the 1977 findings of the ‘Report of the Committee on the Future of Broadcasting’ (The Annan Report), most especially in regard to the fourth channel. Such a focus may be criticized as being narrow, yet I believe that the arguments raised over the fourth channel options serve as a microcosm for the general issues which have occupied political thinking. To some extent, ‘Annan’ can be perceived as crystallizing the concerns as the debate re-iterated the resonance of Public Service Broadcasting whilst simultaneously illustrating the system’s flaws and internal tensions.

In my conclusion I will address the following questions: how valid have the assumptions of unitary expansion been? What does this material demonstrate about the traditional modes of state-broadcasting interaction? What were the redolent tensions within the system? Is it possible to detect nascent antagonisms which were to flourish through the 1980s?
2:1. THE 'LIMITED SPECTRUM OF AIRWAVES'

Until the last decade, both domestically available radio and television broadcasts were limited to a narrow band of available airwaves. This 'limited spectrum' consequently qualified the availability of channels and effected how broadcasting would be organized. The early experience of the American radio system, in which competing radio stations interfered with each other's frequencies, demonstrated the practical need for a regulated system. However, it was realized that the mass dissemination of communications raised political as well as economic questions. For British policy makers this meant that a central dilemma had to be addressed:

"How (is it possible) to reconcile within a limited number of outlets the need of the state to make judgements of national priority as to how these outlets should be used, the need of each individual citizen for maximum freedom of choice in his search for personal satisfaction and the need for the broadcaster to express the truth about the world as he sees it."6

The solution arrived at, by the nature of the problem, should essentially be a temporary one. This is due to constant societal changes which demand different responses at different times. At best, a solution could only partially solve the dialectic between the state --- broadcasting --- and the audience.

Yet, in the case of British broadcasting, the system's ground-rules have remained consistently defined by the agreements reached in the early-mid twenties with the creation of the BBC as a public corporation. Whilst, the particular configuration of the twenties societal demands may have been resolved within this
broadcasting framework, it does not follow that such a conception should be intrinsically fixed. That such a perspective should have defined the course of British broadcasting from the twenties to the late seventies is not so much a measure of its fundamental correctness, but an indication of how broadcasting cannot be divorced from the wider set of political and national interests. Although the BBC represented a solution to a technical problem at one level, it was more significantly a sociological invention of profound importance involving a consortium of different interests including manufacturers, broadcasters, politicians and civil servants.

Two factors dominated the twenties' British government concern over broadcasting. On one hand, political pragmatism meant that the government did not want to involve itself within programme-making nor the commercial costs of radio. However, its actions were also defined by what has been termed as a 'post-war interventionism'. Although the market continued to define Britain's economic relations, it was not perceived to be the most effective method to manage a vital and limited 'national resource' such as broadcasting. The First World War had enhanced the power of a nexus of state organizations in a number of areas including health, insurance, coal and food-rationing as part of the war effort. As a consequence, the political elite's conception of state control had expanded and regulated order was deemed to be desirable. Jean Seaton comments:

"There was a widespread dissatisfaction with the ad-hoc nature of industrial competition. Even in the 1920s, during the post-war slump, there was a sense that there must be alternative ways to manage the distribution of resources."

93
Consequently, when the giant Marconi Company applied to broadcast, fears were raised about the possible free-market exploitation of a valuable national resource by a private monopoly. This concern, tied with the technical qualifications of the ‘limited spectrum’, pressured the government into taking an interventionist role in broadcasting. Thus a bargaining process between public and private forces to find a solution occurred. Underpinning this process was the ‘public utility’ ethos which proved to be vital in channelling the governments arguments and determining their approach toward broadcasting. In 1922, a publicly organized company --- the British Broadcasting Company (BBC) --- was created to provide a public service. It was jointly financed by the rival manufacturers such as Marconi and Metropolitan Vickers. By 1927 the British Broadcasting Company was replaced by the British Broadcasting Corporation. A Royal Charter governed the corporation for a ten-year period by setting out the basic tenets of public service broadcasting (PSB).

This response by policy-makers, in the twenties, to a technical issue demonstrated a number of key features which were to characterize British broadcasting policy over the years. Throughout the course of broadcasting’s development, it has been conceived as a vital national resource which was to be regulated, in terms of institutional development, programme output and supervision, in the public’s interest. Further, this response was indicative of a particular understanding of the social purpose of mass communication, which, inspite of a transition throughout the years, has underpinned the British broadcasting system:
"... the concept of social communications, and thus broadcasting, is closely linked to the more general notion of culture. ... The (British) definition points back to the nineteenth century, to Matthew Arnold's moralistic conception of culture as exposure to 'the best that has been thought and felt', to his horror of bad taste and vulgarity. Philistinism and parocholism were the enemies. The function of cultural institutions was to embody the 'collective' best-self."

2:2. PUBLIC SERVICE BROADCASTING

Over the following decades an incremental television duopoly has developed. This is not to say that the BBC and ITV were identical structures; there were significant differences in funding, regional composition, institutional ethos and regulatory organization. However, there was a convergence between the public and commercial sector underpinned by the tenet of public service broadcasting. This common understanding has been defined in the following eight principles:

- geographic universality - everyone should have access to the same services;
- catering for all interests and tastes;
- catering for 'national identity and community';
- detachment from vested interests and government;
- one broadcasting system to be funded directly from the corpus of users;
- competition in good programming rather than numbers; and
- guidelines to liberate programme makers and not to restrict them.

These tenets provided the duopoly with its core motivation both in terms of institutional growth and programming output. The British PSB system has also evidenced the contribution of the national economic and political culture. Its development has been closely associated with state statutes, committees, reports and regulations. As Dyson and Humphreys comment:
In the past broadcasting policy had involved roughly twelve-year cycles, revolving around major committees of inquiry ... which unleashed lengthy debate about the major issues.\textsuperscript{11}

Indeed, some commentators have deemed it as the most regulated television system in the world.\textsuperscript{12}

Effectively, the BBC and ITV became two halves of the same system which derived from a "single root and it is interesting to observe how these branches, instead of diverging over the years have stabilised their concentration more or less in parallel."\textsuperscript{13}

2:2.1 THE CREATION OF A DUOPOLISTIC STRUCTURE

Unlike other national broadcasting systems (for example, the United States) the British broadcasting system has been composed of two broadcasting organizations who have competed for audiences rather than revenues. This has meant that a circumscribed form of competition has existed. On one level BBC and ITV producers have competed against each other for their reputations, critical renown and audience approval. At another level, this division has been mutually beneficial as neither side attempted usurp the other's funds. It has enhanced these organization's finances and status. In many ways, the formation of this system was dependent upon the roles played by individual actors, institutional practices and how these forces interacted with the concurrent, prevailing socio-economic-political forces. Several historical phases have marked the development of British broadcasting.
The first broadcasting policy-cycle marked the transition between the BBC as a company to becoming a corporation. The corporate development of the BBC has been sustained through the principle of *universality* of provision. In order to create a national, centrally scheduled output, John Reith argued for assured sources of funding and the brute force of monopoly. To this end, he achieved support from the 1926 Crawford Committee. Therefore, the BBC was publicly funded by an annual, national poll-tax --- *licence fee* --- raised from the population and collected by the Post-Office. The committee also unquestioningly approved a broadcasting monopoly, and stated that the British Broadcasting Company should be replaced by a 'Public Commission operating in the national interest'. It unanimously recommended that this authority should not be representative of any vested interests and should involve "persons of judgement and independence, free from commitments ... men and women of business acumen and experienced in affairs." It completely rejected any demands for private control commenting that:

"... The United States system of uncontrolled transmission and reception was unsuited to Britain and ... no company or body (would be) constituted on trade lines for profit, direct or indirect."

The second policy-cycle saw a challenge to BBC's monopoly after its Charter expired in 1946. Whilst the corporation expected that its licence would be automatically renewed, Parliament felt that the war had made the BBC an instrument of the state. In 1949, the Labour government created a committee chaired by Lord Beveridge, famous for his recommendations for health and welfare reforms, and including within its membership the Conservative backbencher Selwyn Lloyd.
Although it argued that the public monopoly remained the most effective way to organize broadcasting, it was highly critical of the system. The report recommended that the licence should be renewed, however it felt that the BBC was not publicly accountable. The governors, who acted as public trustees, were ill-equipped to deal with their responsibilities. The Beveridge committee recommended a number of safeguards to stem "the four scandals of monopoly: bureaucracy, complacency, favouritism and inefficiency."^{18}

As the report was published in January 1951, its recommendations were largely ignored due to the 1951 General Election. Instead, the Conservative party's victory centred the debate upon commercialization. The Churchill government speedily announced that:

"(it had) come to the conclusion that in the expanding field of television provision should be made to permit some element of competition."^{19}

The dissenting minority report of Beveridge Committee member Selwyn Lloyd proved to be the platform for this approach. Lloyd disagreed with the perpetuation of a public service broadcasting monopoly and felt that it should be challenged by commercial stations to be run in competition with the BBC. He believed that sponsorship could be used to fund this service and would stem the monopolization of resources. The subsequent debate highlighted the BBC's overweening bureaucratic rigidity and its possible acquiescence to an 'extreme' government who, during crises, might take control of the corporation's output. Consequently, it was argued that a commercial service should compete with the BBC to stem monopolization, to provide
popular programming and to promote greater political liberty.

In contrast to the BBC, the ITV system was to be financed through 
*advertising revenues*. To this end, the government preferred funds to be raised 
through spot advertising rather than sponsorship. This meant that television companies 
would retain programme responsibility whilst agreeing to commercial breaks, at specific points, in return for advertising revenues. However throughout the 1954 Television Act's committee stage an important provision emerged; *the public regulation of a private enterprise*. This represented a compromise between the more traditionalist members of the Conservative party (influenced by Lord Reith who felt that the commercial station would be a disaster), who feared that broadcasting would be forced to go down-market, against the aims of the commercial lobby. This concern was to prove vital within the 1954 Act and the subsequent interpretation of its recommendations during the founding of Independent Television (ITV). As Stephen Lambert states:

"The public service conception of broadcasting was thus substantially maintained in a compromise mediated between the State's claim to regulate and the claims of free enterprise. The Government congratulated itself with the thought that such a combination of effective control on one hand, and greater freedom on the other, was 'a typically British approach to this new problem'."20

The 1954 Act licensed a new service comprising of regional contractors who would provide both local and network programming. It outlined regulatory, commercial and constitutional measures. A series of elaborate prohibitions were included in order to stem any form of 'commercial vulgarization'. They comprised; instructions to maintain 'impartiality', restrictions on taste and decency, a quota of British originated production designed to stop the proliferation of American imports.
and limitations stemming the advertiser's control over the schedule and programming. To ensure that these financial arrangements would be adhered to, a public regulator --- the Independent Television Authority (ITA) --- was created.\textsuperscript{21}

Thus, commercial television was fashioned in the image of the BBC. It was regulated by an interventionist body which had licensing and programming powers. Moreover, due to its five-yearly licence renewal, it was subject to Parliament in much the same way as the BBC, whose charter was granted on a ten-yearly basis. Indeed, the Act legitimised a confusion by euphemistically calling the system 'Independent Television'. As Gerald Beedle, a future director of BBC Television, ascertained it was "a mistake (to allow) the newly created British Commercial Authority to call itself the Independent Television Authority. The adjective was intended to imply independence from the BBC ... but was taken to mean independence from the government."\textsuperscript{22}

The early development of the commercial network enhanced convergence with the public broadcaster. ITV was designed as a plural system to promote competition and regionalization. However the subsequent crisis in profitability (due to the in\textsuperscript{\textregistered}quity of advertising revenues throughout the regions) meant that the ITV companies centralized their organization to minimize the financial risk. Each contractor contributed to the network's total output at an agreed rate of payment proportional to its wealth. Therefore, smaller regional companies could enjoy the fruits of nationally syndicated programmes which would attract audience and advertisers.
Simultaneously, the larger contractors could cover their costs by selling their programmes nationally. The commercial 'carve up' indicated that cartelism was to become the key organizing principle for commercial television. The plural system was effectively replaced by a unitary order, in which the 'Big Four' (Rediffusion, ATV, ABC, Granada) dominated the network's institutional (for example, control boards) and programming (for instance, national schedules) affairs. The smaller companies occupied a non-competitive subsidiary position chiefly providing local programmes.²³ The commercial system which took root, with its compromise between the free-market, a centralized schedule and control structure and the values of public service, became a complementary service to the BBC.

The movement toward duopoly, however, was to suffer from a formative tension. By 1960, the financial inequity between the BBC and ITV had grown as ITV's advertising revenue totalled £60 million against the BBC's paltry £15 million from the licence fee. In response, the Conservative government instituted a third broadcasting policy-cycle by creating the Pilkington committee to provide a wide-ranging review of broadcasting. The committee included Richard Hoggart who had written *The Uses of Literacy*. The 1962 report reflected Hoggart's concern that the working class was being absorbed into the middle class and that working class values were being eroded due to the industrialization of leisure practices. From this perspective, television was understood as an agent which could either profitably or detrimentally influence the masses. It was posited by the committee that television "was one of the major long-term factors that could shape the moral and mental attitudes of the time."²⁴ According to this logic, if television's purpose was to *enlighten*
through raising educational standards and moral awareness. The committee praised the BBC for performing this task. Conversely, it felt that ITV had produced worthless, populist programmes which had been aimed at the lowest common-denominator. The ITA was castigated as an impotent watchdog and it recommended that the commercial sector should be reformed.\(^{25}\)

The report’s arguments were largely ignored by the government who preferred to be selective in its interpretation of the report. For instance, it supported the introduction of the 625 line system and the creation of BBC2. Revealingly, the key proposals to be found in the 1963 and 1964 Television Acts were those which, when removed from the report, laid the foundation for a ‘planned co-existence’\(^{26}\) between the BBC and ITV. The 1963 Act increased the ITA scheduling powers. The ITA was to agree the basic schedule with the contractors through a series of network and regional committee. Further, the authority could ‘mandate’ a quota of documentary and current affairs programmes during peak-hours. As a consequence, the ITA increasingly took on the characteristics of the BBC board of governors.

More importantly, Section 7 of the 1964 Act placed a direct tax or levy on ITV contractors to stem excessive profits. This was an additional payment over and above the rentals paid to the ITA. The proceeds went into the Exchequer depending on the contractor’s advertising revenues. For the first £1.5 million of revenue there was no taxation, on the next £6 million the rate stood at 25 percent, and companies receiving receipts above £7.5 million were levied at a level of 45 percent. In such a manner, it was posited that the financial inequity between the BBC and ITV could be partially
Although, in many respects, these measures were ad hoc, had been determined by short-termism and were hotly disputed, they added up to more than the sum of their parts. Taken together, the levy and the increase in the ITA's interventionary powers meant that the ITV companies' were forced to re-invest their profits into programming (to avoid excessive taxation) and to conform to greater public service commitments. In many ways they could be seen as a prescription from government for the running of a national broadcasting service. The legislation had settled a framework for integration and the television duopoly had been firmly established. As Tom Burns noted:

"Whatever may have been the case in the first ten years, what we have now is the BBC and ITV pacing rather than competing with each other." 29

2:2.2 'PEACEFUL CO-EXISTENCE'

During this period of 'peaceful co-existence' a number of features became apparent:

First, the duopoly operated as the sole supplier of programmes due to the limitations of technology and market entry. This meant that the BBC and ITV had a monopoly over production resources, creative talent and the dissemination of their product. In effect, a vertically integrated broadcasting system emerged in which both public and commercial sectors acted as both programme-makers and broadcasters.
This resulted in the development of a command economy, in which the money received from the licence fee and advertising, entered the broadcasting market in order to spend in the resources sections as the broadcasters pleased. Moreover, the *national interest* obligation secured a home production quota to stem a flood of foreign programmes on the television channels.

Simultaneously, the BBC and ITV network increased their output, enlarged their number of employees, widened their activities and developed their organisation. Their growth was underpinned by an incremental increase in broadcasting finance. The BBC's income was enhanced by the turnover from black and white to colour licences. ITV's growth was heightened by the ITA's re-allocation of the company franchises in 1968 and the general increase in advertising expenditure. As Towyn Mason, Deputy Secretary of the BBC, comments:

"Throughout the sixties and seventies there was tremendous expansion within both the BBC and ITV. These were the 'Fat Years'. There was increases in real terms within the licence fee which was then negotiated every year ... and the advertising market for the ITV. The BBC and ITV could afford to be lavish. During this period, labour practices were relaxed and agreements grew up."  

Moreover, the financial controls were designed to enhance new programmes. The hourly costs for original programming are necessarily high due to the labour in writing, producing and developing a production. In 1984-1985, the average expenditure for a first-run production was £52,000 per hour. The following table indicates the total amounts required by the broadcasters in order to schedule new programmes, either home initiated or acquired:
Table 2.

<table>
<thead>
<tr>
<th>COSTS OF NEW TELEVISION PROGRAMMING, 1984</th>
<th>£ (MILLION)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBC (network only)</td>
<td>329.9</td>
</tr>
<tr>
<td>ITV</td>
<td>375.0</td>
</tr>
<tr>
<td>Channel Four</td>
<td>95.4</td>
</tr>
<tr>
<td>SC4</td>
<td>24.6</td>
</tr>
<tr>
<td>Total</td>
<td>324.9</td>
</tr>
<tr>
<td>Total TV expenditure</td>
<td>1,359.2</td>
</tr>
<tr>
<td>New TV programmes as percentage of total TV expenditure</td>
<td>59.1%</td>
</tr>
</tbody>
</table>

Source: Richard Collins et al., THE ECONOMICS OF TELEVISION

Second, as the number of employees grew the industry's labour practices became demarcated through unionization. The unions made wide-scale agreements with willing managements over wages, working hours, security of tenure and craft specialization. In order, to gain employment within either the BBC or the ITV companies, a technician had to become either a member of the ACTT or BETA. These closed shop practices secured the labour market and, along with the general expansion of the time, created an intensively manned labour force.

Third, broadcasting exhibited the growth of professionalism as a series of cultural codes and perceptions formulate the sector's practices. Several factors contributed to this development. The broadcasters, within BBC and ITV, often shared similar backgrounds, values and attitudes. Invariably they were male, white, middle-class and Oxbridge university educated. This ethos was enhanced through the seepage of personnel from the BBC to ITV during the late fifties. For instance, throughout a
six month period between 1955 to 1956 nearly five hundred BBC staff members left to pursue careers in ITV. Moreover, due to the specialization of skills required within broadcasting, individuals with residuals talent and connections could weave a career path between the BBC and ITV companies. The alumni have included Paul Fox, Melvyn Bragg and Michael Grade. These factors served to establish a core broadcasting elite. Moreover, this linkage contributed to a standard set of shared internal conceptions and practices, mediated through the ideology of public service broadcasting. In many respects, this has been a self-fulfilling process. Garnham, for instance, describes it as follows:

"Broadcasters have been induced to underwrite the legitimising myths of our broadcasting institutions because those myths have in part been designed precisely to maintain the internal cohesion of the institutions and control those at the top by flattering the broadcasters. Isolated from his audience by the nature of the medium, the broadcaster has allowed professional standards, validated by the judgement of his peers, to become an end in themselves and very real barrier between him and the public."33

Fourth, the programming principles of educating, informing and entertaining have remained at the core of the public service system. This conception for broadcasting demonstrated that elite groups have felt that British mass communications should chiefly have a social rather than economic value. The duopolistic period marked a streamlining of Reithian standards with programming to encourage cultural diversity, regionalism and entertainment.

Reith had felt that broadcasting should be primarily educational in order to train ‘character’ and promote a sense of moral obligation. A paternalistic attitude was introduced as the BBC’s purpose was to authorize cultural values rather than represent
listener interests. A ‘mixed programming policy’ was employed to enhance the coverage of a wide number of subjects, whether they be trivial or serious. In order to be ‘educated’ the audience had to encounter everything that could be heard. Therefore, radio was to act as a disseminator and filter for accepted values. He stated in 1924:

"It is occasionally indicated to us that we are apparently setting out to give the public what we think they need - not what they want ... But few know what they want and very few know what they need."\(^3\)

The BBC's programme policy, from the twenties until the late fifties, reflected an assumption of national cultural homogeneity which perceived culture as a single and undifferentiated force.\(^5\) The BBC was to be significantly challenged with the advent of ITV. The ITV mix included action series, comedies and quiz shows which popular ratings winners. The success of ITV meant that the BBC's share of the audience had been reduced to a mere 28 percent by 1957. Theoretically, the corporation could afford to ignore ITV as it continued to receive a secure income through the licence fee.\(^6\) Yet, the BBC understood that the political ramifications of such a drop in audiences could prove to be disastrous for the licence fee which was a legally binding poll-tax. To retain this funding the BBC realized it would have to develop popular programming to attract approximately half of the national audience and significantly adapt Reithianism. Under the leadership of Director-General Hugh Greene the BBC moved in this direction by producing new or alternative work such as ‘Face-to-Face’, innovative drama, and the coverage of General Elections, alongside a staple diet of popular light entertainment situation comedies and entertainments such as the ‘Black and White Minstrel Show’.

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This was a two-way process. Whilst the BBC had been forced to alter, it was argued that the quality of ITV programmes was raised through this competition for audiences. This shared outlook was reinforced by the ITV network's organisation. Independent Television was arranged to keep outright commercial values distinct from the programming. Therefore, there were no sponsored programmes and ITV companies were legally required to conform to the tenets of public service broadcasting. Although it was not immediately apparent, the monopoly within ITV secured this aim as it created a cohesive system which was easier to regulate and place into the context of the public side of British broadcasting. Intrinsically, competition meant convergence in practice. As Ralph Negrine comments:

"With these two institutions (BBC and ITV) in competition for the audience, their policies converged towards the demands of the audience. The process of competition (had) to some extent eroded the differences between the commercial and publicly-funded television services."37

Throughout the sixties and seventies self-regulating programme codes were developed. For instance, complementary scheduling arrangements were built up between the BBC and ITV companies. Gradually, and ineluctably, the two sectors stemmed the competition for audiences as nightly schedules were orchestrated to ensure a parity of viewers. Current affairs programmes were 'twinned'. BBC Director of Television Huw Weldon explained that "if Panorama ran opposite a movie on ITV, and if World in Action ran opposite a comedy show on BBC1, the audience of both Current Affairs programmes would drop steeply."38 Such a compact was mutually beneficial as it created a rigged market and it enabled advertisers to predict
ratings and target their audience. Further, both sides conformed to a 9:00 pm watershed after which more adult programming would be shown.

Therefore the duopoly’s proponents felt that it had been a great success as it assured that money was directed into programming and talent. This had resulted in a higher technical standards and quality in content. Many have argued that the sixties and seventies were a ‘golden age for British broadcasting’ as innovative programmes were backed and series, which perhaps had not been initially successful, were allowed to find their audiences. The British broadcasting system was often lauded as the best in the world and increasingly held a position within the national mythology receiving praise from the public and the more conditional support of the political elite. It was argued that the licence fee was relatively inexpensive and provided good value for money. Simultaneously the growth in advertising and the public regulations of ITV meant that overt commercialism had been contained. Fundamentally, the duopoly was perceived as an intrinsic " part of (the) national anatomy ... (a) part of (the) social system and (a) part of the national way of life."39

2:2.3 THE REGULATION OF BRITISH BROADCASTING

Constitutionally, the BBC governors were public trustees whose responsibilities included the representation the BBC to Parliament and the public, and the reviewing of the corporation’s output. Thus, the board was constructed to ensure that corporation pursued public service programming strategies, remained accountable to its audience, maintained editorial independence and deflected state intervention.40

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In day-to-day terms the actual power of the governors has been circumscribed. The board members have traditionally been part-time laymen who are responsible for general rather than detailed policy. They have consequently been dependent on the full-time secretariat for their working knowledge of the corporation. Their functions were defined by Reith and BBC Chairman John Whitley in the 1931 Whitley Document. This limited the governors' interventionist powers by delineating their role as guardians of the national interest. Real power was vested in the corporate executive:

"The suggestions sometimes made that the Governors should be appointed as experts or specialists in any of the activities covered by the Broadcasting Service is not regarded as desirable. ... With the Director-General they discuss and then decide upon major matters of policy and finance, but they leave the execution of that policy and the general administration of the Service in all its branches to the Director-General and his competent officers."41

Conversely, the ITA (later the IBA after the launch of independent radio in 1973) has had a more hands-on role in the public regulation of the ITV sector. Whilst its board was similarly composed of part-time members, the authority has been serviced by a full-time management headed by a Director-General. Since its powers were enhanced in the 1964 Act, its functions included the licensing of the programme contractors and advertisers, whilst applying prohibitory regulations when required in its capacity as the legal broadcaster. As the IBA was the broadcaster, upon whose transmitters the ITV companies would broadcast programmes, it was an interventionist body which could dictate programme schedules in accordance to public service criteria. The IBA's programming and scheduling powers enabled it to commit the contractors to providing minority programmes during peak periods as one-third of the total output should be of a documentary or factual nature. Moreover, it had the power
to revoke the contractor's licence if it did not conform to this public service element. This safeguard was again designed to mediate the commercial imperative of advertising revenue.

As a consequence, the British broadcasting system has been supervised by interventionist regulators in relation to programming, scheduling and financial affairs. However, the formal elements only provide a limited amount of information regarding the regulation of the British broadcasting system. The minimalist broadcasting policy indulged in by governments has meant that regulation is not so much a legally defined framework as a practice which sets out precedents. This form of regulation has been termed 'private interest government' and may be characterized by the invisibility of government intervention, a secretative regulatory process, clientelism, establishment politics and self-restraint. For instance, the relationship between the IBA and ITV companies has been criticized for exhibiting elements of regulatory capture in which the regulator has acted in the interests of the industry rather than the public. Moreover, this development may be seen as promoting covert manoeuvring between professional broadcasters, amateur regulators and politicians. As Kenneth Dyson comments:

"Defacto the BBC developed a system of self-regulation, underwritten by state power, a form of royally-chartered arrangement for professional self-regulation. ... This system was overlain and indeed sustained by discrete, informal political pressures from ministers; the threat of political intervention served to tighten self-regulation. The BBC was effectively licensed as a 'closed shop', treated by the state as the sole representative of British broadcasting (until 1954) and enabled to control who broadcasts what, with legal rules kept to a minimum."
Throughout the years, the BBC governors and the IBA's accountability to the public, rather than to the broadcasters or the political elite, has been questioned. Their respective positions have proved to be ambiguous. They have either been understood as acting as buffer between state and broadcasting, or seen as a mechanism through which state control may be covertly exerted. For instance, a series of 'informal linkages' have been constructed to allow for a variety of conscious and unconscious forms of 'dealing' to occur. Therefore, the regulator's position leads into a series of wider questions about the relationship between broadcasters and the state, and returns the focus of attention back to the central dilemma of broadcasting; is it possible to resolve within a limited number of outlets the demands of the state, the citizen's freedom of choice in his/her search for personal satisfaction and the broadcasters' desires to express the truth as they perceive it?

2:3 THE POLITICAL POSITION OF BRITISH BROADCASTING

The broadcasting institutions have often proclaimed their political independence from state control. They argue that they are free to broadcast within the confines of the law. This liberalpluralistic position has argued that through a number of legal, institutional, funding and ideological devices that the broadcaster have resisted the external pressures of government intervention.

Constitutionally, the BBC was described by Reith as being an institution within the constitution as it was technically subject to the Crown but simultaneously required to follow the pluralism of Parliamentary Democracy. The BBC was governed
by a Royal Charter which enabled it to be resistant to overt state pressures as an ‘arms-length’ relationship was seen to exist. Whilst the licence fee has provided assured funds for programming requirements, it was more crucially devised to preserve the corporation’s political independence from the state. It meant that the BBC was not dependent upon state funding for its revenue and could thus fulfil its role as an independent broadcaster.47 The corporation has been guided by the notion of impartiality in its representation of political affairs. Whilst the BBC formally rejects any political control of content, its accountability to the public, in contrast with the press’s position as ‘The Fourth Estate’48, is mediated through the governors and by:

"(its acceptance of) Parliament as a natural pole and ... (its interpretation) ... (of its) task as one of reproducing ' a picture of political discourse dominated by Parliament. [Broadcasting] ... operates (an) impartial brokerage within a prevailing political system."49

The ITV system’s political independence has been ensured through a mixture of advertising revenue and regulatory control. ITV’s finances were indirectly drawn from the public rather than the state. This funding mechanism, it has been argued, similarly allowed for the development of a free press in Britain.50 The IBA’s position as a broadcaster also meant that if the state attempted to intervene, the regulator would act as a cushion between the government and the programme-makers. Thus, in any court case the IBA would act as the responsible party instead of the regional contractor. As with the BBC, the IBA has also seen Parliament as its natural pole and has understood that it should provide impartial information within the dominant political system.
Moreover, the minimalist broadcasting legislation (meaning that the BBC Board of Governors and the IBA had a relatively free-hand in how they interpreted directives), has also been consciously developed to stem state intervention and enhance broadcasting freedoms. Further, supporters of this position would argue that as the Home Secretary has never technically employed his veto power over broadcasting that democracy has been served.

Against this, it may be argued that the Home Secretary has never had to effect such powers due to the in-built self restraint and ideological adherence of the broadcasting institutions to the dominant political culture.

2:3.1 ALTERNATIVE PERSPECTIVES ON THE POLITICAL POSITION OF BROADCASTING: THE CASE OF BROADCAST JOURNALISM

The pluralistic model of the relationship between broadcasters and the state has been subject to several critiques. In particular, the liberal interpretation has been criticized from Marxist interpretations of the media. The neo-Marxist critique has descended from the theory of false consciousness and basic belief that capitalism does not only own the means of production, but the cultural means of production. As Jean Seaton and Ben Pimlott state:

"The ... (Marxist) ... school ... sees the media primarily not as a restraint on rules but in effect, as their servant. Thus in modern Britain, the media should be regarded as an agent of consensus; directed towards producing agreement, acceptance or the acquiescence of the masses towards policies or attitudes which are not of their making nor necessarily in their interest." 31
However, there is no single Marxist approach to the media. Traditional Marxists perceive the public sphere as an arena for capitalist class domination in which elites (political or economic) may disorganize opposition through ideological indoctrination. Therefore, the public duopoly was straightforwardly seen to have been structured, controlled and located within the dominant framework of capitalist class interests. On the other hand, Gramscians such as Stuart Hall have determined that the ruling class is an alliance of competing social strata and that its ideology has consequently been subject to tensions because of this unstable constellation of forces.

Although, the Marxist approach has been subject to extensive criticisms, the usefulness of this approach (in particular the Gramscian notion of competing political, economic and social elites) is that it draws the attention away from the traditional paradigm of a broadcasting system upon which political forces are exercised. The broadcasting system is no longer perceived as existing within a vacuum but is understood to interact with the political elite and consequently a more complicated variant emerges. For example, Stuart Hall has commented upon the 'external pressures-resistance model':

"The question of 'external influence' (on broadcasting) is a thoroughly inadequate way of framing the problem. It is predicted on a model of broadcasting which takes at face value its formal and editorial autonomy: external influences are then seen as illegitimately encroaching upon this area of freedom ... the real relationship between broadcasting, power and ideology is thoroughly mystified by such a model."

A variation upon Hall's analysis has appeared in a number of diverse works on British broadcasting such as Michael Tracey's *The Production of Political*  

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Although these academics could not be described as constituting a particular ‘school’ of criticism, throughout their work broadcasting is seen neither as "a temple of liberty nor as a cudgel of oppression but an instrument of political negotiation, neither good nor bad, to be used or abused by those who seek to influence public opinion".53

Therefore, although they share Hall’s interest in exploring the relations between the broadcasters and the state, they are not overtly driven by the assumptions of class, ideology and indoctrination. Instead, their analysis is concerned with the practicalities of the broadcasting systems positions within the body politic. Anthony Smith has argued in ‘Britain: The Mysteries of a Modus Vivendi’ how an informal nexus of like-minded individuals have been appointed to regulate and manage television and has stated that political leaders may employ television as a ‘megaphone’ to propagate their concerns whilst the medium itself is not inherently structured to be monolithic or persuasive in itself.54

From this perspective, the political position of broadcasting is contingent upon institutional practices, varying understandings of accountability and political liberty, periods of tension and accommodation with particular groupings of the political elite (by-passing partisanship), contradictions, and compromises.

In particular, a paradox has informed the practices of broadcast journalism and has led to a number of notable crises in which broadcasters have attempted to
reconcile their commitment to balance and objectivity, alongside their obligations to
the national interest. Whilst, the broadcasting institutions have claimed to be impartial
and objective, they have always acknowledged that they are orientated within the
hegemony of the state and have willingly accepted the notion of parliamentary
democracy. The former editor of ‘Panorama’, Roger Bolton has commented:

"The BBC itself has no opinions on matters of public debate but it does demand of it
employees professional adherence to certain principles. It supports parliamentary
democracy, for example, it opposes racial discrimination, it defines objectivity and
balance and requires both of its journalists. Those who do not believe in these things will believe that the pursuit of them involves
censorship of other ideas and beliefs, will believe that the organization recruits in its
own image, and perpetuates 'bias'."  

This dichotomy was evident during the BBC’s response to the 1926 General
Strike. As the sole source of national, direct and immediate information about the
disorder the BBC stood in a powerful position. Principally, it determined that its role
was to provide the nation with an impartial account of the strike under the aegis of the
law. This proviso meant that the BBC excluded anti-governmental support, as the
High Court had declared the strike to be illegal. Reith argued:

"There could be no question about our supporting the Government in general,
particularly since the General Strike had been illegal in the High Court. This being so,
we were unable to permit anything which was contrary to the spirit of that judgement
and which would have prolonged or sought to justify the strike."

Therefore, instead of overtly supporting the status-quo through propaganda or
open censorship, the broadcasters employed more subtle techniques such as selection,
presentation and omission to tacitly aid the government’s arguments. For instance, the
BBC acquiesced to the government’s demand to exclude all forms of oppositional

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political leadership. The Labour Party leader Ramsey MacDonald and other trade unions leaders, despite requesting appearances on the radio, were refused any opportunity to put their case. Another speaker who was rejected was the Archbishop of Canterbury and news editorials reiterated constant calls for calm.

The BBC's ambiguous position in the General Strike was heightened through the organizational links which were created between employees and members of the government who jointly formulated news strategies and shared offices in Admiralty House. As Philip Schlesinger has noted:

"In effect the BBC's personnel were mobilized, with the Company itself being declared an 'essential service' by the government 'so that no member of staff could volunteer for other duties'.
"But the connection between the BBC and the state went further than discernable organizational links. There was also an ideological consonance between the views of Reith and those of the 'moderate' members of Baldwin's Cabinet. Reith, like the government, took the view that the Strike was a threat to the Constitution.
"... the BBC was politicized by making it into an emergency service, and incorporating its top echelons into the government information machine ... There was as nothing as crude as planting a censor in the makeshift newsroom. It simply was not necessary as Reith and his staff knew what had to be done, and moreover, fully accepted its propriety."

Throughout the strike, the divergence between maintaining impartiality and perpetuating the national interest meant that the BBC was forced to pass off government interjection by declaring that such decisions were taken in the public interest by the corporation. This was further apparent in 1935, when a BBC producer proposed a series on the British Constitution to include talks with the Fascist Oswald Mosley and the Communist Harry Pollitt. The Foreign Office objected to Pollitt's involvement as he stood for armed revolution. Against this, the BBC claimed that these speakers could not be muzzled under the terms of the Charter but only in respect
to direct state intervention. The Foreign Office responded that the question could be resolved if Mosley's anti-democratic undesirability was made the central issue. This proposal was deemed to be unsatisfactory until the matter was curtailed by the Post-Master General, who wrote to Reith reminding him the licence was up for renewal and it would be wise to comply with the government. The series was dropped and there was no mention of government interference. This incident reflected the continuous and incremental interdependence between the broadcaster and state. 63

Alternatively, the dilemma between serving the principles of impartiality or the national interest has led to the BBC resisting state pressure. For example, during the 1956 Suez crisis the BBC withstood direct governmental pressure by broadcasting critical reports in both home and world service bulletins of Anthony Eden’s governmental policies. Moreover, when Eden requested a television ministerial, the BBC believed that they should follow the rules of ministerial broadcasts so that Labour leader Hugh Gaitskell could reply for the opposition. The severity of Gaitskell’s criticisms led the Eden government to request that his transmission should be toned down.64 The BBC, however, rejected this proposal. Whilst this may be seen as an example of broadcasting asserting its independence from the state, Negrine has commented that in many ways the BBC was duplicating the concerns of the Parliament as the ‘national interest’ was unclear, as the government’s wider motives were generally being questioned and as:

"The BBC’s handling of the Suez crisis ... was in line with its own practices; practices it had helped to formulate many decades earlier. Clearly, had there been no political party in opposition to the Government’s actions, or widespread disquiet nation and in the press, the BBC would have found it much more difficult to pursue an impartial line. The reproduction of the Parliamentary struggle, though it does
expose broadcasting organizations to numerous threats, does not ultimately place it in mortal danger since it is only balancing competing and legitimated parliamentary views. So long as it employs those general principles which had been established in order to govern the relationship between broadcasters and the political parties in Britain, its independence is secured.65

As Negrine's comments indicate the practices of broadcast journalism refer to the methods through which the broadcaster's political independence is mediated and channelled. Whilst, the case of the Suez crisis may be perceived as a clear example of the broadcasters asserting their autonomy from the state, it is also apparent that the absence of a defined argument by the government and the political furore that existed, enabled the BBC to be critical of the Eden. Elsewhere, throughout its history, broadcasting's political position has been complicated by its accommodation to the national interest during periods of crisis, most notably during the General Strike. In that climate of political turmoil, in which Winston Churchill had advocated the commandeering of the BBC for crude propaganda purposes66, Reith was quick to seize the opportunity to demonstrate to Baldwin's government how broadcasting could be advantageously employed for state interests throughout this dispute.67

Throughout its history a close relationship between politicians, civil servants and the BBC's management has continued to define relations. Therefore, it is possible to detect that a series of internal and external contraints have existed in governing broadcasting institutions approaches to political issues. Consequently, the location of the BBC and ITV in the political system is paradoxical. On one side, state intervention has been aided by the system's minimalist legislation, regulation, and governing ideologies. However, whilst underlying structural characteristics may be
seen to be apparent, a number of complexities are also present. Many broadcasters themselves believe that they are both constitutionally and ideologically independent from the political elite. Moreover, a dialectic of de facto and covert powers has existed between both sides and produced an environment that simultaneously exhibits shared aims, continuity and tension. It is therefore necessary to consider how the relationship between broadcasters and the political elite has evolved and been conducted.

2:3.2 BROADCASTING'S RELATIONS WITH THE POLITICAL ELITE

The principles of public service broadcasting were drawn from the emerging concordance of interests amongst broadcasters and politicians which had evolved in the mid-twenties, in which an expedient bargaining process defined relations. Raymond Williams has outlined three factors which combined to underpin the British broadcasting system. These were; the 'nationalization' of culture which had been fomented through Britain's early industrialization and the small geographic area for communications; the easy assimilation of public service values, based upon paternalism and responsibility, by broadcasting practitioners due to the established version of the dominant national culture which had been perpetrated through an unusually compact ruling class; and:

"the character of the British State which, because of the compactness of its ruling class, proceeded in many matters through appointment and delegation rather than by centralised state administration. This permitted the emergence of a state-regulated and state-sponsored public corporation which was yet not subject to detailed state control. The flexibility which was latent in this kind of solution, though continually a matter of dispute, permitted the emergence of an independent corporate broadcasting policy, in
which the independence was at once real, especially in relation to political parties and temporary administrations, and qualified, by its definition in terms of pre-existing cultural hegemony."

As a consequence, the realities of the system contrast with its formal objectives. Whilst, British broadcasting has acquired a prescriptive set of legislative and regulatory rules over the years, state power has been characterized as being minimalist. Throughout this period, there was no media department of state and regulations were left to be interpreted by the regulatory bodies. However, it was through this apparently loose form of political organization that state power was exercised. Broadcasting has reflected the British political tradition of an unwritten constitution whereby authority has been applied through an informal structure of precedence, bargaining and dealing. The private nature of the relationship between broadcasters and politicians, has meant that the system proved to be more responsive to discreet pressure than any legal intervention. In turn, the broadcasting institutions' freedoms have been defined within a set of clear parameters. Therefore a number of understandings have underpinned the nature of British broadcasting:

The concept of balance has provided a core understanding to the relationship between broadcasters and politicians. This had led to shared aims over the development of the system and a concurrence upon what is politically acceptable. Balance has extended beyond party politics, as it has structured the whole system: "as a direct restriction on programme output; between public service and commercial impetus; between centre and periphery; professionalism and accountability; integrity of broadcasting and access." This has meant that impartiality and objectivity are to be contained within the dominant political consensus.
In turn, this principle has been enhanced by the BBC’s, and later ITN’s, practice of recruiting from a narrow strata of university graduates, in particular Oxbridge, whose class background made them predisposed to established standards. Further, institutional practices have tended to re-inforce this ideological adherence to the normative practices. The BBC News and Current Affairs departments have employed a ‘referring up’ system in which the individual maintained autonomy as editorial independence was devolved and s/he was expected to only take orders from his/her immediate superior. This centralized chain of command has served a political purpose by enforcing conformity within the corporation.72

This notion has contributed to the doctrine of ‘self-censorship’. Both the BBC and ITN are aware of the acceptable norms they must operate within. In particular, as they conform to the notion of parliamentary democracy, broadcasters are loathe to propagate extra-parliamentary positions and morally objectionable positions such as racism in spite of proclaiming impartiality. However, self-censorship has also been extended to what have been deemed to be politically sensitive subjects in which the national interest has been perceived as overriding impartiality. In particular, whilst it has been the subject of many controversies between state and broadcaster, the BBC’s coverage of Northern Ireland has been closely guarded by editorial control, managerial intervention and an, albeit sometimes reluctant, acceptance of the British state’s position.73

However, state power can also be exercised through more tangible, if similarly covert methods of control:
The state has had both a direct and indirect control over broadcasting's financial structure. The government has exercised its power through the annual setting of the licence fee and was instrumental in channelling these central funds to the BBC. For many years, the government was only prepared to relinquish a small part of the licence fee. Although, the BBC argued that it was directly funded by its listeners and viewers, in reality, governments have effectively directed the flow of money raised by the fee.74 This economic control has been tacitly employed to gain a financial leverage over the BBC. As the 1923 Sykes committee made evident:

"(the BBC could be) as partisan as it pleases about political or economic or other questions (but) ... the Licence would never be renewed."75

Another political control has been mediated through the appointment process. Both BBC governors and IBA board members have been state-appointed, first by the Post-Master General, and later by the Home Secretary. These individuals are usually drawn from the narrow strata of the 'great and good' (public figures, industrialists, academics, trade union leaders) and it may be seen that their social composition would indicate that state interests would, at the very least, be complemented. Moreover, throughout the development of British broadcasting governments have attempted to place political allies and sympathizers into important positions.

Most notably, Harold Wilson throughout his tenure had attempted to force his will upon the broadcasters through exclusion or the politicization of the appointment process. Throughout the late sixties and early seventies broadcasting’s relations with the Wilson Government (and Wilson’s Opposition) were strained. The Labour
government felt that the BBC had been infiltrated by Conservatives and relations were problematic with Director-General Hugh Greene. This led to Wilson appointing Lord Hill, the former Conservative MP and chairman of the ITA, into the chairmanship of the BBC Board of Governors to temper Greene’s actions. These issues were to come to a head, when the BBC showed a programme in 1971 entitled ‘Yesterday’s Men’ concerning Wilson’s shadow-cabinet. Wilson claimed that he had been the victim of the BBC’s political bias and as a result the BBC reformed its institutional practices. In this respect, Hill, in his capacity of chair, intervened to judge upon the editorial content of the programme and took on an executive role. This marked the first transgression of the governors into the domain of the management. Hill’s actions may be seen to have had an overtly political purpose by taming the BBC.

Therefore the British broadcasting system has been structured, through a mixture of legal rules, regulation and precedence, in such way that political power might be covertly exercised. It should be remembered that both the BBC and ITV gained tacit support from the political elite in relation to their development. Ultimately, the state’s influence over broadcasting demonstrates a deficiency in the notion of an independent public service broadcasting system. Instead political interests have channelled through a concordance of ideologies, purpose, and consensualism. Such a unanimity of interest was made inadvertently conspicuous by the 1936 Ullswater Committee:

"Where the interests of the State appear to be at all closely involved, it is open to the Corporation to consult a Minister or Department informally and of its own accord. This method leaves decision and discretion in the hands of the Corporation."
It should be noted that within this series of unwritten rules that a number of ambiguities exist. In particular, politicians have been ambivalent towards television. On one level all politicians enjoy using television to propagate their messages, against this the medium can expose their weaknesses and flaws to the general public. This has promoted a series of political tensions throughout the years when government have felt that their interests have been undermined.

In particular, Harold Wilson felt that the BBC was liable to political bias against his government and determined that the system should be reformed. Throughout, his tenure the Post-master generals looked into methods to bring advertising upon the BBC and undermine its position. Therefore the government’s power was enhanced by the threat of an enquiry into broadcasting. To this end in 1974 the Labour Home Secretary Roy Jenkins, in his new capacity as minister responsible for broadcasting, revamped a committee to address the future of broadcasting to be chaired by the Provost of University College, Lord Noel Annan. The committee’s terms of reference were broad and no institution was expected to be seen as sacrosanct. Further, it would be responsible for providing recommendations upon the allocation of the fourth channel. The debate, instigated by the Wilson government to attack what it perceived as a political opposition, was to be revealing as the public service system was scrutinized and further as the normative political processes made themselves apparent.
2:4. THE FOURTH BROADCASTING POLICY-CYCLE: THE ANNAN DEBATE

The fourth broadcasting policy-cycle occurred in the early to mid-seventies and has been described by Jeremy Tunstall as having a three consecutive and analytically separate phases - the enquiry phase, the political phase and the operational phase. This cycle was associated with a Royal Commission (The Annan Committee) and subsequent policy-making phase in which the legislation was developed. In this section, it is my purpose to discuss the enquiry and political phase of the Annan debate.

2:4.1 THE ENQUIRY PHASE

The fourth channel debate opened up a series of different models for the running of broadcasting as "all the main issues in broadcasting policy - the question of editorial control, of finance and organizational structures ... (and) the relationship of broadcasting to the state" were raised. In part, this was due to the political climate, as the focus upon the fourth channel was played out primarily during the Labour period in power. In part, it was motivated by an academic concern over the traditional organization of broadcasting.

The growth of media studies as academic discipline during this period subjected broadcasting to widespread and extensive criticism. First, the system was accused of insularity, for example the '76 Group' complained about the 'closed'
entry for independent producers. Secondly, there were general complaints about the lack of accountability. The system was seen as being unrepresentative, monopolistic and unable to respond to the public's needs. In effect, the public service broadcasting system was perceived as becoming increasingly anachronistic in solving the dilemma between state and the democratic flow of information it originally supposed to resolve. The needs of the state to judge the use of a scarce national resource tended to outweigh the citizen's rights to freedom of choice and the broadcaster's need to express his/her perception of the truth.

In this respect, the concerns of the literary critic Raymond Williams proved to be vital. Williams argued that the central concern of mass communications or the 'long revolution' was the extension of social communications in order to enhance the learning process and restrict elitism. In order to achieve this, a suitable broadcasting system was required. Williams rejected the market as it qualified human experiences and as broadcasting represented social rather than fiscal capital. He argued for a cooperative trust which would encourage communal broadcasting and democracy.86

As a result, a number of different broadcasting models were proposed to encourage pluralism, diversity and viewer choice. This was shaped into a coherent perspective by the 'Standing Conference on Broadcasting' (SCOB). SCOB challenged the establishment by carefully orchestrating a public campaign which called for a central funding scheme, increased worker participation within policy and management, and a school for research. In particular Anthony Smith advocated an 'open access policy' in which free-lance broadcasting groups would make their own programmes
under contract. The groups would be offered the technical back-up to produce alternative programmes.\(^8^7\)

Whilst the 1977 Annan report supported the public service system in general, it mediated a path between tradition and reform. \(^8^8\) The committee’s chapter upon the fourth channel concurred with the reformers. After dispensing with the arguments for ITV to run the channel, Annan concentrated upon Smith’s *electronic publishing* model (Smith, whilst being left off the committee, in the typical fashion proved to be a leading intellectual power as he had taken some influential research projects for Annan).\(^8^9\) Smith had declared:

"What (has) to be achieved is a form of institutional control wedded to a different doctrine from the existing broadcasting authorities, to a doctrine of openness rather than balance, to expression rather than neutralisation."\(^9^0\)

The committee felt that Smith’s notion of a National Television Foundation would provide a suitable framework through which to encourage such a service. In effect, they replaced the idea of a foundation with the idea of a an authority --- the ‘Open Broadcasting Authority’. This interpretation of Smith’s ideas came from the need to exercise some form of editorial and regulatory supervision over ‘publishing on the airwaves’.\(^9^1\) The OBA would operate like a publisher and would *broadcast* programmes made by independent companies, rather than *produce* them. In contrast to the vertically integrated system which existed in ITV, the fourth channel’s schedule could consist of ITV contractor programmes or, more importantly, independent productions which would encourage community access and democracy. The OBA
would be limited in liabilities as it would only intervene to make certain that programmes were not libellous, did not incite riot and were not obscene. The authority was to be light-touch and should have as much freedom as Parliament would deem possible. In many respects, these ideas were to be later echoed, with a different emphasis and theoretical framework, in the market-liberal model which was advocated by the 1986 Peacock report.92

A substantive difference between Annan and Peacock was the funding method that was recommended. It proposed the fourth channel should be financed through a mixture of sponsorship, interest groups and block advertising. Further, it decided that the OBA would sell spot advertising space rather than the ITV companies. This multiplicity of funding was conceived by Smith to ensure political independence. Moreover, in contrast to the later report, Annan’s reforms were pitched upon the social rather than economic purpose of broadcasting to provide a plurality of voices.

The OBA represented a break from the traditional mode of broadcasting regulation, which in many ways appeared to be a desirable model for encouraging diversity on the new station. However, many of those who favoured it in principle remained doubtful about the plan’s practical application as "the difficulty of persuading any government to relax its controlling powers over broadcasting"93 remained a potent reality.
2:4.2 THE POLITICAL PHASE

The policy process demonstrated the extent to which the more radical elements of the Fourth channel debate were ameliorated by political will, lobbying, compromise and broadcasting tradition. Annan's political success was mitigated by the Labour and Conservative government's reactions to its recommendations. The Labour government was split between Home Secretary Merlyn Rees who rejected Annan's proposals on the fourth channel commenting that they were unnecessary, impractical and too expensive, against the Prime Minister James Callaghan who favoured reform. In the event, this dispute was overtaken by the course of events as the Labour government lost the May 1979 General Election after the 'Winter of Discontent'.

The installation of the Conservative Party under Margaret Thatcher, as we shall see, represented a change in the state's approach to broadcasting. However, in respect to the Fourth channel a degree of governmental overlap was apparent, inspite of the poor relations which were almost immediately going the characterize the government's relations with the broadcasters. In this first main area, the Conservative government proved to be more traditionalist in its approach. As Jeremy Isaacs commented:

"Those who argued for pluralism ... may have won the argument. They lost the vote."
The new Home Secretary William Whitelaw had demonstrated his opposition to the OBA whilst occupying his Shadow-cabinet portfolio. He concurred with the IBA and ITCA that the OBA would be a financial catastrophe as it would be forced to sell advertising against the established ITV companies whilst simultaneously requiring the channel to be innovative and inventive. The regulator and the companies argued that the fourth channel should be organized within their remit. Their calls were, in the main, to be answered as the legislation was introduced to develop a fourth channel under the supervision of the IBA and subject to strict safeguards. In this moment, the alternative regulatory model of the OBA died.

One approach began to dominate and shape the government’s thinking. It was first articulated by Jeremy Isaacs, then Director of Thames Television, in his influential 1979 MacTaggart Lecture at the Edinburgh Festival. This suggested a compromise, in which, the fourth channel would still act as a publisher pursuing a distinct service, but would be subject to the regulatory supervision of the IBA and the financial support of ITV, who would sell the company’s advertising space and would contribute, through the levy, to funding the new station. He expressed the notion that the ‘fourth channel should be different, but not that different’:

"We want a fourth channel that will neither simply compete with ITV-1 nor merely be complementary to it. We want a fourth channel that everyone will watch some of the time and one all of the time."

These principles were again articulated by Whitelaw at the Cambridge Royal Television Convention who felt "we are looking for ... a fourth channel offering a
distinctive service of its own ... appealing to and, we hope, stimulating tastes and interests not adequately provided for on existing channels." As a consequence, the 1980 Broadcasting Act created a fourth channel that would be supervised by the IBA (whose life was to be extended until 1996), and the ITV companies would sell advertising. Simultaneously, the channel would be managed on day-to-day level by a corporate body consisting of chair, board and Chief Executive and would *commission*, akin to a publisher, programmes from independent companies who, through a mix of favourable financial rules, would be encouraged to increase their output. The channel was also legally required to be educative, innovative, experimental and to cater for minority audiences by providing a diversity of programmes, thereby ensuring a multiplicity of voices. Therefore, as Docherty has commented:

"Although the Conservative government which was elected in 1979 eventually decided to adopt many of (Annan's) ideas of the fourth channel, they cocooned it within the safe regulatory protection of the Independent Broadcasting Authority."

In accordance with this legislation, the IBA fleshed out the day-to-day affairs of the new service, to be known as 'Channel Four'. A company was established to formulate policy and carry out the commissioning of programmes, programme acquisition, schedule planning, and the appointment of staff. The company was to be supervised by a board of twelve directors, of whom four would be drawn from ITV and five from the independent sector. The company was to be largely autonomous, although its annual budget would be set by the IBA and authority could intervene by appointing non-executive board members, by approving the executive board and by determining the overall balance between Channel Four and ITV.
It was composed of a mix of traditional figures and new actors. The board’s membership included the former Trade Secretary Edward Dell as chair and actor/film-maker Richard Attenborough as deputy-chair, alongside ITV representatives and ironically Anthony Smith. This criterion was also emphasized by the staggering of personnel to run the new service. In order to fulfil the managerial positions a number of non-broadcasters and broadcasters were employed. This had been a deliberate policy by the channel’s first two appointees; Chief Executive Jeremy Isaacs and Controller of Programmes Paul Bonner. Bonner explained the strategy:

"If we are to do something different then it is quite important that the old compartmentalised structures that grew up in the BBC and were replicated to a certain extent in the ITV companies should have a chance to be modified in practice. This will create a flexible and hopefully, creative overlapping, blurring the edges of strict programme classifications."\(^{104}\)

In terms of output, the policy was to encourage new talent and encourage alternative or minority programmes, whilst complementing the ITV service. The IBA maintained that:

"This means not only that it (Channel Four) will provide as far as possible a choice at any one time between two programmes appealing to different interests, it means also that both the fourth channel and the present ITV service will be able to schedule programmes with less concern than is possible on only a single channel without the potential loss of a majority of the audience."\(^{105}\)

This statement indicates, that Channel Four represented a concern with modifying the existing structures rather than providing an alternative structure. Therefore, through the 1980 Act and the implementation of its provisions, the fourth channel was slotted into a unique, but not a fundamentally different position within the
context of broadcasting duopoly. It proved to be a complementary service, pitched within the norms of the public service institutions, as the government and the broadcasting lobby mediated a middle path between pluralism and regulatory order. Effectively the more dramatic elements within the Annan report were reduced in their impact and the requirements of a ‘professional broadcasting service’ were maintained to be run by traditional regulators. The political debate demonstrated, the continuing need of broadcasting to retain support from the political elite and how the informal pressures upon the system could be exercised to stem outstanding reform.
CONCLUSION

From this body of material, a number of conclusions may be drawn. The British broadcasting system has evolved in an incremental fashion through a mixture of political negotiation, interventionist regulation, precedent and institutional development. The ideology which has underpinned these factors and provided the system with its 'modus operandi' has been Public Service Broadcasting.

This conception initially emerged from the compromise between manufacturing and state interests which resulted with the creation of the British Broadcasting Company. It was seen as the most effective and socially useful mechanism to efficiently use a vital national resource which was limited to a narrow band of airwaves. It was particularly channelled by the first BBC Managing Director and Director-General John Reith who tapped into a series of arguments, supporting the 'public service utility' concept, which had curried favour amongst the political elite of the time. In spite of the commercial push that gave rise to ITV, the 1954 Television Act by placing the system under the supervision of an interventionist regulator the ITA (later IBA) again used normative methods of control and organization to shape the Independent system. The authority had the power to enforce public service scheduling patterns upon the contractors. Although ITV is strictly composed of private companies who are funded by advertising, the system that subsequently evolved retained many of the characteristics of the public sector.
This development was mediated by the cultural concerns of the 1962 Pilkington Report, which resulted in a levy being placed upon the ITV companies to stem excessive profitability and re-inforce that money was re-invested in quality programmes. It was also exacerbated by the cartelism which quickly emerged within the system with the introduction of networking. The scheduling side of this practice was later to be mirrored in the complementary schedules between BBC and ITV. Moreover, through the process of socialisation, as the BBC became the training ground for ITV executives, technicians and administrator further served to perpetuate a common series of ideologies in relation to programme output and the worth of the respective public service broadcasting institutions. Indeed, institutional practice, as much as programming, has served to define the meaning of this term. The regulatory bodies which supervise the system have also enhanced the trend toward convergence.

These developments have a political dimension. When broadcasting’s growth is viewed through the perspective of its fundamental dilemma (as defined by Garnham\textsuperscript{106}) --- the rights of the individual to access information, from a limited national resource, against the needs of the state to regulate that resource to maximum efficient potential --- it is apparent that the public service resolution has remained contingent on the goodwill and support of the political elite. This arrangement illustrates that a subtle form of state hegemony has been negotiated through the ideological, cultural and institutional practices which have defined British broadcasting. Although there has been a long tradition of political disputes between broadcasters and the government, a number of ‘informal linkages’ between the broadcasting and political elite were manufactured, alongside a series of ground-rules
which were demarcated through practices such as 'self-regulation'. This understanding harks back to the crucial phase of negotiation between Reith and the government to transform the BBC from a company to a corporation, which co-incided with the 1926 General Strike. Throughout this strike the BBC demonstrated its worth to the government by providing a national information service which was legitimised through the concept of impartiality. The strike, also demonstrated that the company would provide tacit support to the state through its belief in parliamentary democracy, the law and its constitutional position. Moreover, in spite of the lack of competition for funds and independence this was meant to ensure, the BBC, in particular, has been subject to covert pressure through the government’s ability to annually set the licence fee, although it is not directly responsible for collection through the Exchequer.

As a corollary to this central dilemma, it is clear that broadcasting through this period did not really fundamentally alters due to societal needs. Instead of a dialectic between the public and broadcasting, a compact between the state and these institutions defined their expansion and growth. This meant that at the core of the system a flaw began to emerge as the system's lack of social adaptability meant that the institution’s values became an end within themselves and the system became increasingly removed from the central dilemma it was meant to resolve. This factor was clearly apparent throughout the Annan debate, when the emphasis changed to a social accountability at the programme ends, rather than institutions.

The pluralistic model provided a significant challenge to the traditional justifications and norms of the public service duopoly. The transitional model was a
National Television Foundation which was synthesized by Annan into the notion of an Open Broadcasting Authority. The political tradition of these debates was located in work of Locke and Mill. Primarily, this debate was characterized by the social purposes of a independent broadcasting institution within a democratic state providing freedom of choice and speech.

In this manner, the Annan debate was to provide a marker for arguments and debates that were to surround the Peacock report, although these were not only to be pitched in very different terms, but were to occur in fundamentally different ideological circles and within a very different political climate. The redolent tensions both for and against the traditional norms of the system were to reach fruition in the mid-to-late eighties, although the position of the broadcasting institutions vis-a-vis the government had significantly altered due to serious political fall-outs, the system's financial inequity (which had been an underlying structural problem disguised by trend to change from black and white to colour receivers and the subsequent windfall in the licence fee) and the push of the new media technologies (cable and satellite) which meant that the technological qualification of the 'Limited Spectrum' had been removed. However, the arguments, debates, policy decisions and initiatives were to be significantly grounded in the understanding and broadcasting order which has been described in this chapter.

The Annan debate further demonstrated how modifications to the system have required the tacit approval of the state. Without this it is impossible to foster any qualitative change. The duopoly, and the inclusion of Channel Four within its domain,
evolved because it was deemed to be the most acceptable and acquiescent form of organizing broadcasting by the political elites. In this respect, it should be noted that British broadcasting policy has been conditional upon a number of competing pressures; bargaining, clientelism, political negotiation and industrial interests.

Therefore, by the early eighties the British television system was founded upon public service principles. It was governed by interventionist regulators and organized as a duopoly. The BBC and ITV competed for audiences rather than funds, as their finances were assured by the licence fee and advertising. Politically, the broadcasting institutions were formally independent, although political power was conducted through an informal system based upon consensualism. The system appeared to secure. However, as the Annan debate demonstrated alternative models for broadcasting were becoming more prevalent. Moreover, by this stage a number of problems were becoming conspicuous; the rise in new technologies, financial inequity between the public and commercial sector, a political climate characterized by conflict rather than consensualism and the development of an ideological position which questioned the integrity of the public service model.

2. This reference does not apply to any one single perspective, for instance, neo-Marxist, pluralistic etc. It can be determined from commentators as Wedell, Michael Joseph books, 1968, to the Marxist (either Althusserian or Gramscian) accounts of the seventies from Nicholas Garnham, see for example *Structures of Television*, BFI, 1980 or Stuart Hall 'External Influences upon Broadcasting', Birmingham Occasional Paper, 1972 to the less implicitly moral and more quizzical approaches of Anthony Smith in 'Mysteries of the Modus Vivendi' in Anthony Smith (ed.) *Television and Political Life*, MacMillan, 1979.

3. This choice of dates can be supported by an Raymond Kuhn's article 'British television under Thatcher: a case of reactionary radicalism' (unpublished draft, 1989) which comments on p.1, "(a) regulated public service system ... has existed in Britain since the establishment of the BBC in the 1920s" and on p.3 goes onto state "During Mrs Thatcher's premiership the duopoly was extended and strengthened by the establishment of Channel 4 in 1982." For, further details see Jeremy Tunstall, 'Media Policy Dilemmas and Indecisions', *Parliamentary Affairs*, Vol.37, No.3.Summer 1984, p.315 which states, "1982 saw the birth of the fourth major policy-making cycle in the British media since 1945. In 1982-83 major decisions were taken --- once again by a Conservative government --- on two related issues of Direct Broadcast Satellites and cable. These initiatives followed the private mode of small quick committees and reports leading to rapid decisions. 1982 also marked the end of the third major policy-making cycle, with the launch of the fourth channel in November."

4. The rise of new or different British broadcasting issues has occupied the concerns of many commentators. See, for instance Ralph Negrine, *Politics and the Mass Media in Britain*, Routledge, 1988, Raymond Kuhn (ed.), *The Politics of Broadcasting*, Croom Helm 1986, Stuart Hood and Garret O’Leary, *Questions on Broadcasting*, Methuen, 1990, Kenneth Dyson and Peter Humphreys, *Broadcasting and New Media Policies in Western Europe*, Routledge, 1988 etc. Raymond Kuhn in 'British Television under Thatcher: a case of reactionary radicalism'(p.4) comments: "The duopoly is facing a variety of interlocking problems in the late 1980s. The financial arrangements of the BBC, ITV and C4 are being critically scrutinised; new media technologies are threatening to woo away viewers; deregulation of television output has become a topic high on the political agenda; and political interference has become more extensive and intense."


8. Ibid., p.120.


16. Ibid., p.89.


23. This was eventually replaced by the 'Big Five' (Thames, LWT, Granada, Yorkshire and ATV) after the 1968 re-allocation of franchises.


27. It should be noted that the levy system had obvious attractions to the Treasury, who had been unable to gain a hold on the companies' money.


31. Interview with Towy Mason, Deputy Secretary to the BBC Governors, 28.7.92.


35. In this respect, it may be suggested that Reith was influenced by elite group fears that traditional high culture, the domain of artistic endeavour, was being subsumed by popular culture. Therefore, it may be argued that the BBC's programming principles referred to an agenda set out in Matthew Arnold's 1867 book *Culture and Anarchy*, London: Cambridge University Press, 1960 (reprint). As John Storey has commented (Storey, *An Introductory Guide to Cultural Theory and Popular Culture*, Harvester Wheatsheaf, 1992, pp.21-22):

"Arnold established a cultural agenda which remained dominant from the 1860s until the 1950s. His significance, therefore, lay not with any body of empirical work, but with the enormous influence of his general perspective - the Arnoldian perspective - on popular culture. ...

"For Arnold, then, culture is: (i) the ability to know what is best; (ii) what is best; (iii) the mental and spiritual application of what is best, and (iv) the pursuit of what is best.

"Popular culture is never actually defined. However, it becomes clear reading through Arnold's work, that the term 'anarchy' operates in part as a synonym for popular culture. Specifically, anarchy/popular culture is used to refer to Arnold's conception of disruptive nature of the working class lived culture ... The social function is to police this disruptive presence."

36. There are number of distinct parallels between the BBC's position in the late fifties, with the issues it has faced, and continues to face during the 1980s and 1990s. The BBC's audience share is predicted to drop to 23% by the end of the decade. The current Director-General John Birt's response has been to define the BBC as specialized public service broadcaster, providing programmes which could not be made in the increasingly commercial ITV sector or on satellite services.


54. For further information, see Anthony Smith *Television and Political Life*, *Op.Cit.*, 1979, Ch.1.


60. Ibid., p.17.

61. Ibid., pp.17-18.


63. Ibid., p.143-144. A Cabinet minute stated (quoted from Ibid.p.144):
"It would be neither true nor desirable to state publicly that the talks would be an 'embarrassment to the Government' at the present time. But it would be true to say that 'they would not be in the national interest.'"


65. Ibid., p.128.


67. The strike occurred during a delicate phase within the negotiations transforming the BBC into a corporation. See Ian McIntyre, Op.Cit., p.147:
"Reith's performance during the nine days of the General Strike cannot be judged in a vacuum, because he knew throughout that he had unfinished business with the government. The strike took place after the publication of the Crawford Report but before it had been debated in Parliament, and there was still much to be done if the Post Office was to be won over to his way of thinking on a number of outstanding issues."

68. Raymond Williams, Television: Technology and Cultural Form, Fontana, 1974 pp.33-34.

69. Ibid., pp.33-34.

70. Tim Madge, Beyond the BBC: Broadcasters and the Public in the 1980s, MacMillan, 1989, p.36.

71. Ibid., pp.38-39.

72. For further details see Philip Schlesinger, Op.Cit., pp.163-204.

73. For further details, see Philip Schlesinger, Putting 'Reality' Together, Routledge, 1988, pp.204-43 and Liz Curtis, Ireland: The Propaganda War, Pluto Press, 1984. These studies have argued that State-Broadcaster relations, within the context of Northern Ireland have not only been subject to overt forms censorship such as the 1974 Prevention of Terrorism Act, but are also illustrative of how the media can used to tacitly impart certain information through a system of mediated intervention in which spokesmen in the sphere of politics define the permissible limits. In turn, as the conceptual boundaries are established in the dominant political sphere, the media, in particular the broadcast media which is subject to parliamentary democracy, have responded by accepting these notions and reproducing them within the construct of impartiality. Therefore, the terminology used with regard to Northern Ireland makes 'law and order', 'violence' and 'terrorism' its key analytical terms. However this
leads to a fundamental problem for any media organization claiming political independence. As Philip Schlesinger (p.205) has commented:

"The British state is not a neutral arbiter of events in Northern Ireland, but rather, through its administrative apparatus and security forces, it is a direct party to the conflict there, and its principal official enemy is the provisional IRA. This has entailed difficulties for the broadcasting media, as their place in the political domain constrains them into taking a patriotic stance and supporting the 'national interest'. 'Extremist' violence, therefore, becomes the object of moral repugnance, whereas the legitimate violence of the security forces is handled within a framework which emphasizes its regrettable necessity."

This has been reflective of institutional understandings dating from the early seventies. Liz Curtis (pp.5-17) has suggested that the events of 1971 culminating with the introduction of internment shaped the way in which the broadcast media was to cover Northern Ireland. She draws attention to some key developments. First, Lord Carrington, the then Defence Secretary, complained that the BBC had undermined British army morale and wrote critically to the BBC chairman Lord Hill. The BBC responded by issuing internal guidelines to keep journalists in check --- reporters had to gain permission to interview IRA suspects from their senior executives, including the Director-General, every programme on Northern Ireland had to be 'internally balanced', all programmes had to be checked in advance. Similarly the ITA censored political information on programming about Northern Ireland by banning Granada's 'World in Action programme 'South of the border'. Alongside these internal restrictions, politicians attempted to stem broadcasters and the press from covering Northern Ireland by militating attacks against these organizations. The role of the then Home Secretary Reginald Maulding was important as he informed the Chairmen of the BBC and the ITA that it was not their duty to provide balance between the government authorities and the gunmen. This was reinforced by the then Post-Master General Christopher Chataway. Lord Hill publicly abandoned impartiality with regard to the Irish issue. However, it was quickly realised that overt censorship could prove to be counteractive. Consequently, self policing was more useful and more subtle and concealed forms of censoring become evident. Internal control allowed the BBC to employ formal independence alongside concessions to their critics. The BBC has detailed policy guidelines which state that the interviewing of the IRA should not be banned but had to be subject to the discretion of the Director-General and the chief news editor. Through this usage of editorial powers, a number commentators, most notably Curtis have accused the system of being subject to political interests and aiding the British government rather than the public cause. This argument may be sustained by the fact that the BBC has issued the following rules within its News Guide (taken from Schlesinger, p.214):

1. News staff in Northern Ireland work through a Controller of Northern Ireland and a news editor who must be consulted.

2. No news agency report from Northern Ireland should be used without checking with the Belfast newsroom first.
3. The IRA must not be interviewed without prior authority from the Editor of News and Current Affairs (ENCA).

4. Recordings of broadcasts by illegal radios must not be used without reference to the ENCA.

5. Bomb scares concerning BBC buildings should not be reported as it would encourage hoaxes.

Therefore, Northern Ireland has been uniquely subject to the full rigours of the referring up system as rule 1 established the key power of the editors over the news process. The *New Statesmen* (taken from Schlesinger, p.215) commented on the hampering effects this had for journalists:

"Any current affairs editor who wants to do an item on Northern Ireland now has to submit the idea both to the news editor in Belfast and the editors of current affairs for television or radio in London. On approval, the items are recorded and then once again submitted for inspection in London and Belfast, and frequently as well to the editor of news and current affairs for final approbation."


75. Ibid., p.19.

76. For further details, see Michael Tracey, *Op.Cit.* Tracey, in an interview with Dr. Ralph Negrine for City of London Polytechnic Media Services (unpublished circa.1989), has also suggested that a lot of this tension was manufactured by the personal political style of Harold Wilson, who resented his treatment. After the 1966 Election victory, at great cost the BBC had arranged to an outside broadcast interview with Wilson on a train from Liverpool to London. At the last moment, Wilson reneged and gave an interview with a unit from ITN who were using film, thereby giving the scoop to the BBC's rival. Lord Hill's appointment is also commented on in some detail in Grace Wyndham Goldie, *Op.Cit.*, pp.306-307.

77. For further details see *Ibid.* Ch.10. Michael Tracey provides a detailed study of the creation and development of this programmes, the subsequent furor, the negotiations between DG Charles Curran and Harold Wilson, and reforms in 'Current Affairs' practices.

78. Ibid., p.195.

79. Ibid., p.195.


82. Annan had been asked to chair a committee by the then Post-Master General John Stonehouse in 1970. However, it had been dissolved after the defeat of the Labour government. For further details, see Jeremy Isaacs, *Storm over Four: A personal account*, Weidenfeld and Nicolson, 1989, p.4.


84. Throughout this period the subject of the media increasingly became academic source of inquiry. These concerns were inter-disciplinary ranging from political science, political economy, sociology and concerns with communication theory. A key figure within the Annan debate was Anthony Smith, a former BBC producer who had left the corporation to pursue academia throughout the seventies. Later on in his career Smith became the Director of the BFI and the President of Magdalene College, Oxford respectively. For further reading see Jeremy Isaacs, Op.Cit., pp.5-8, Mihir Bose, *Michael Grade: Screening the Image*, Virgin Books, 1992, p.207 and David Docherty, David Morrison and Michael Tracey, *Keeping faith? Channel Four and its audience*, John Libbey, 1988, p.7. Moreover, a number of high profile centres emerged at Birmingham University, Leicester University and Glasgow University. These academics usually came from the Left and were invariably influenced by the work of Althusser and Gramsci. For further details see Martin Barker & Anne Beezer (ed.) *Reading into Cultural Studies*, Routledge, 1992, Stuart Hall et.al (ed.), *Culture, Media and Language*, Hutchinson University library, 1987 and David Harris, *From Class Struggle to the Politics of Pleasure*, Routledge, 1993. Other influential figures also emerged within British Polytechnics from a Marxist background.


86. For further details see Kenneth Dyson and Peter Humphreys, Op.Cit., pp.78-82.


89. See Jeremy Isaacs, Op.Cit., p.8 which comments that Annan later stated: "He (Smith) gave us the dough, we baked it to a turn."


91. Ibid.pp.8-9.


96. See Isaacs, Op.Cit., pp.20-21. These arguments were to gain a renewed currency during the legislative stage of the 1990 Act as Channel Four found itself subject to the contradiction between selling its own advertising and providing a public service based upon innovation, experimentation and minority appeal.


103. In being appointed Chief Executive, Isaacs had fought off the outside challenge of then Controller of Television at LWT John Birt in 1980. The course of Channel Four and other areas of broadcasting, notably the BBC, may have been considerably different if Birt had got the job, instead of going onto to be Deputy Director-General and now DG of the BBC. See David Docherty, Running the Show: The inside story of a television station, Boxtree, 1990, pp.151-152.


105. IBA statement quoted from Ibid., p.100.

CHAPTER THREE: THE ENQUIRY PHASE PART I: THE PEACOCK DEBATE

With Channel Four’s introduction in 1982 one British broadcasting policy cycle had ended (1974-1982) and a new one had begun (1982-onwards). The fourth post-war policy cycle may also be seen to have comprised of three chronological, but analytically distinct phases; an enquiry phase --- closing with a report suggesting various recommendations for legislation; a political phase --- resulting in legislation which may or may not concur with the report and an operational phase --- culminating in the legislation’s implementation. In this chapter I will concentrate on the enquiry phase. Jeremy Tunstall comments:

"... in (the enquiry phase) the ‘public interest’ is to the fore, reflecting the consensus of the committee members who are the usual selection of public persons from the law, the universities, big business, the trade unions, Scotland and Wales. From the consensual focus on the public interest and from their scanning of the evidence and old reports of previous policy-making cycles, they go for proposals which stress the ‘public interest’, which are expressed in apolitical terms, are a trifle unworldly and rather lacking in financial realism."  

Writing in 1984, Tunstall could not have predicted the extent to which it would become problematic to make a distinction between what was perceived as the ‘public interest’ and what was seen to be ‘financial realism’ by the actors involved within broadcasting policy-making over the following years. In this respect, ‘financial realism’ became inextricably bound with notions of ‘public service’ and it is possible to detect a fundamental shift in the agenda for broadcasting policy in the mid-to-late eighties.
The key policy document within this process was the 1986 *Report of the Committee on Financing the BBC (The Peacock Report)*. This was not only unique under Tunstall's criteria, but also when compared to previous agenda-setting broadcasting enquiries. The committee had not been envisaged by the Home Office as a Royal Commission which would suggest a broad set of reforms for broadcasting (in contrast to the 1977 Annan Committee). Instead, it had been called in response to direct political will. The BBC was an anathema to the Thatcher government who distrusted its corporate status, its bureaucracy and its ideology. Therefore, the government's primary aim --- to incorporate advertising within the BBC --- was apparent within the report's remit:

"(i) To assess the effects of the introduction of advertising or sponsorship on the BBC's Home Services, either as an alternative or a supplement to the income now received through the licence fee, including
(a) the financial and other consequences for the BBC, for independent television and independent local radio, for the prospective services of cable, independent national radio and direct broadcasting by satellite, for the press and advertising industry and for the Exchequer, and
(b) the impact on the range and quality of existing broadcasting services, and
(ii) to identify a range of options for the introduction, in varying amounts and on different conditions of advertising or sponsorship on some or all of the BBC's Home Services, with an assessment of the advantages and disadvantages of each option, and
(iii) to consider any proposals for securing income from the consumer other than the licence fee." 4

Thus, the Thatcher government may be accused of forcing the committee into reaching a conclusion even before it started its investigation.

This was reflected by the political composition of the small number of committee members. Their selection was an obvious attempt by Home Secretary Leon Brittan to 'stack' the committee with market-liberals who would favour advertising
upon the BBC. To this end, the libertarian economist Professor Alan Peacock was appointed to chair the committee.\textsuperscript{5} Further, the other leading libertarian committee member Samuel Brittan had written extensively on regulation, state control and political liberty. He favoured extensive financial reform for broadcasting. As he was the Home Secretary's brother, his inclusion also attracted cries of nepotism. For political balance, Alastair Hetherington, former Controller of BBC Scotland, appeared to be the most supportive member for the maintenance of the licence fee. However, after a row over his position he had ended up running the BBC's smallest local radio station, Radio Highland and had left the BBC acrimoniously.\textsuperscript{6} Further, the government did not include any trade union representatives or anyone who was associated with the Labour party.\textsuperscript{7}

Moreover, Peacock's chairing of the committee and its focus led to accusations that he had confined the investigation to economic rather than social issues. This was achieved by defining the brief of the evidence and omitting any alternative discussion. For instance, Colin Shaw has commented that:

"The Peacock committee was a travesty of an inquiry which dealt with considerable questions without any public debate."\textsuperscript{8}

The combination of the inquiry's narrow remit, the government's choice of committee personnel, Peacock's action as chair and the general distrust between the Thatcher government and the broadcasting community led to the belief that the government would be provided with the ammunition it needed to introduce advertising on the BBC:
"The fundamental problem for the Professor is not how to draw the future lines of British broadcasting, but how to make Mrs Thatcher's lobby dream of a Corporation studded with commercial breaks come true. The starting point, as so often in the past, is something the Prime Minister wants."\textsuperscript{9}

However, the report which emerged (as I will illustrate in chapter four) presented the policy-makers with a market-liberal critique of the whole of British broadcasting (the 'Comfortable Duopoly') and suggested extensive reforms for the commercial, as well as public, sector. Thus one must discuss why a 'private report'\textsuperscript{10} located around a specific economic concern broadened its scope and proceeded to lay the foundations for a debate which was questioned the basic tenets of public service broadcasting.\textsuperscript{11}

Therefore, this chapter will be about the intellectual and political contexts surrounding the establishment of the Peacock committee. The intellectual context flows from the general concept of deregulation in chapter one. In this chapter I will be building on that material by specifically considering the application of market-liberal ideas towards broadcasting in the eighties. Whilst, the political context builds on the material regarding state-broadcasting relations which was introduced in chapter two. The aim of this chapter is to explore how these two contexts fused in the mid-eighties to provide the ideological context in which the Peacock committee was set to work.
The libertarian interpretation of broadcasting originated from the market-liberal/utilitarian conception of society as a competitive market. In this construct no 'fixed' societal order exists. Instead society is composed of interactive and independent individuals. Thus "the individual is the axiom, the society the derivative". Following upon this logic, the individual is regarded as the principal source of economic activity through his/her enterprise. Therefore individual economic liberalization is equated with societal benefit. As Dyson illustrates:

"Social welfare will be maximised by the private pursuit of individual preferences as supported by pro-competition policies and the minimum of public regulation."

By extension, state powers have to be limited so that individual enterprise may be fully realized. For example, government policies can only be justified if their sum benefit outweighs their costs to the individual. The notion that political or societal elites can act in their own interests for the greater good is rejected, as it is understood as qualifying the individual’s freedom. This contrasts with other philosophies which perceive society as embodying "some other or higher force or purpose than simply welfare, however, broadly interpreted, of the individuals who comprise society."

Within this conception, social communication should satisfy individual preferences, rather than attempt to act as an unprovable public service good. As long as the public service tenets do not impinge upon the individual’s right to choose, they remain acceptable. However, according to libertarians, this had rarely been the case in British broadcasting.
It should be noted that whilst this conception underpinned the market-liberal analysis, this model for broadcasting was often developed by individual actors working within a market-liberal tradition. This was a broad approach rather than constituting a particular ‘school’ of thought.

The first practical attempt to question the public service system from the utilitarian perspective occurred in the fifties. Sir Robert Fraser, the first Director-General of the Independent Television Association (ITA), called for a system which emphasized people’s television in which the key principles would be ‘popular pleasures and interests’. Fraser argued that broadcasting should not be controlled by rigid institutions broadcasting a mix of morally, enlightening programmes. Instead, he contended it should be lightly regulated and composed of private contractors, and that programming should be determined by popular choice rather than any form of imposed will. Fraser’s plans went unrealized as the ITV system "remained caught between a traditional conception of public service broadcasting and a newer commercial outlook ... (which meant it) ... could never give a coherent form to its in-built dilemmas."15

In the main, the market model remained confined to market-liberal economic forums, notably the Institute of Economic Affairs (IEA). This thinking was influenced by the economist R.H. Coase who had written British Broadcasting: A study in monopoly, as well as a number/articles in Economica throughout 1947 and 194816. Whilst Coase’s examination of the public monopoly did not conclude for or against monopolization, it provided an implicit critique of the peculiar circumstances
surrounding the early development of broadcasting:

"The influence of the political parties, the Press, the Post office and the British Broadcasting Corporation all exerted in favour of a monopoly of broadcasting could hardly have failed to result in widespread support. Yet it is interesting to observe that this combination of circumstances was quite accidental. Had the Labour Party been in power at the time of the formation of the British Broadcasting Corporation; had independent broadcasting systems not been associated in the minds of the press with commercial broadcasting and the finance by means of advertisements; had another department, say the Board of Trade, been responsible for broadcasting policy; had the views of the first chief executive of the British Broadcasting authority been like those of the second; with the combination of these circumstance; there would be no reason to suppose that such a formidable body of support for a monopoly of broadcasting would ever have arisen." 17

In this work, Coase attacked the previously unchallenged Reithian principle that the BBC should maintain its public corporation status through the 'brute force of monopoly'. From this perception, regulation in British broadcasting had led to an inefficient allocation of resources as the key transaction occurred between the viewer and the broadcaster. Thus, the main objective for broadcasting was maximum consumer welfare. As programmes constituted leisure or luxury goods, new or alternative financial methods were necessary and desirable. In contrast to the public regulated services, it was deemed that successful broadcasting organizations were those which combined competent commercial acumen with cost-efficient programme-making. 18

This critique provided the basis of the two main market-liberal approaches to broadcasting. First, they have determined that a form of regulatory capture has characterized relations in broadcasting. Gordon Hughes and David Vines maintain that regulation has been underpinned by a number of issues including: what is the
objective of regulation and what instruments of regulatory control are available to the regulating authority? In the ITV sector, they argue that the normative objective of regulation has been to enforce franchise agreements located around the concept of quality upon which there can be no defined agreement. In turn, they state:

"The absence of explicit performance criteria not only weakens any monitoring of the behaviour of franchises but also undermines attempts to make the regulatory authority more accountable and to assess the merits of alternative systems of regulation." 

This has meant that there has been little attempt to explicitly articulate the issues and more detrimentally these regulatory conditions, by failing to provide a clear set of objectives, have been susceptible to clientelism. Hughes and Vines argue that when a regulatory body takes on the industries' values and assumptions of 'quality' and 'taste' the "regulators have no option other than to rely upon information supplied by (the) broadcasting organization which they are responsible for regulating".

These arguments have been elaborated upon by other commentators such as Martin Cave and William Melody, who have argued that broadcasting's regulatory agencies have not only been captured but have also actively contributed to the engineering of broadcasting cartels. The case of the Independent Television Network. As the ITA wanted to impose public service commitments upon ITV, it allowed a commercial 'carve-up' to occur because the powerful network companies wished to increase their profits by controlling the network's schedules. As a result, they not only saved on their production costs but also thwarted the original legislative intention of commercial competition. Cento Veljanovski comments:
"... the old network was a creation of the peculiar regulatory environment in which ITV operated. It was essentially a 'cartel-within-a-cartel' backed and enforced by the IBA which happened to be officially "the broadcaster". No one contractor could shirk, deflect or renege because the regulator enforced the cartel."

For IEA members, who had written on broadcasting in the Institute's Hobart Papers series during the sixties, the lack of real competition between the public and private broadcasting sectors for funds was untenable. However, the market analysis not only acted as a means through which the established arrangements might be criticized, but further provided a prescription for them:

"The Hobart Papers are intended to contribute a stream of authoritative, independent and lucid analyses to the understanding and application of economics to private and government activity. The characteristic theme has been the optimum use of scarce resources and the extent to which it can best be achieved in markets within an appropriate framework of law and institutions or, where markets cannot work, in other ways. Since in the real world the alternative to the market is the state, and both are imperfect, the choice between them effectively turns on a judgement of the comparative consequences of 'market failure' and 'government failure'."

Hobart Paper 15 'TV: From Monopoly to Competition' by Wilfred Altman, Denis Thomas and David Sawers was published to coincide with the 1962 Pilkington Report and it was responsive to that debate. It reached a number of conclusions that would be echoed throughout the eighties. For example, it argued for the introduction of subscription or Pay-TV programmes, that the BBC should incorporate advertising and the new techniques should be exploited to increase channels and diminish government control. Therefore, it argued for more choice in television through competition and the implementation of increasingly market-sensitive practices:
"For television the sky should be the only limit. Governments ought to organize as much competition as can be crammed into the present wavelengths, and welcome any technical developments in broadcasting or wire that may enlarge the scope for still more competition in the future."  

Six years later, Sir Sydney Caine wrote Hobart Paper 43 ‘Paying for TV?’. This analyzed the British television system’s financial structure and concluded by proposing more direct financial links between the television suppliers and viewers or consumers. Caine proposed an ‘ideal’ order in which all television services could be supplied through pay-television receivers and funded through a combination of pay-per-view and advertising, thereby abolishing the licence fee. He compared broadcasting with the press, contending that his recommendations "would do no more than establish for television a system of financing which has for centuries been accepted as normal for the press ... (as just as) ... newspapers depend partly on selling advertising space and partly on selling the papers, programme providers would depend partly on selling advertising timing and partly on selling viewing time."  

3:1.1 PETER JAY AND ‘ELECTRONIC PUBLISHING’

A significant contribution to the market-liberal approach was made by the libertarian economist Peter Jay. Throughout the seventies Jay had constructed an integrated thesis on the financial reform of broadcasting and had presented evidence to the 1977 Annan Committee, which was ignored. In addition, he argued that two other imperatives heightened the need for reform: the incremental growth of the broadcasting organizations made them susceptible to state interference and
technological developments had placed history on the side of the market model.

Jay contended that it was no longer acceptable to judge British broadcasting as being good through the normal criterion of its ends (programmes), instead it was necessary to assess the quality of the system by the level of access it afforded to the individual or consumer to determine what s/he wanted to view or listen. The process, rather than the product, was what mattered. Therefore, he argued that the new technologies (cable, satellite) by removing of the limited spectrum provided the means through which the viewer might fully participate in a form of electronic publishing.

He envisaged that a nationally integrated cable system could be developed through a mixture of public and private funds. This cable network would be generally available to the public who would then subscribe to view individual programmes. As a consequence, a true market-place could exist as the viewer or consumer would call up the programme by dialling the correct code and paying an appropriate charge in relation to the programme's popularity or desirability. As Jay had commented in his 1981 MacTaggart lecture at Edinburgh:

"In other words a television set (or radio) will be like a telephone in that the user selects for himself the connection he wants; and it will be quite immaterial what connections other users wish for themselves."

Just as 'electronic publishing' would revolutionize the individual's access to programmes, it meant that the production and regulation of broadcasting would be transformed. The broadcasting system would no longer be vertically integrated.
comprising of broadcasting organizations who produced and transmitted programmes. Instead, the new broadcasting market would enable a greater number of independent production companies to enter the system. These programme-makers would have the right to produce whatever they liked for cable in exchange for the payment of a transmission fee.

The regulators (for example, the BBC Governors and the IBA) would become an irrelevance as the technological and industrial imperatives which had contributed to their existence had been overcome. This would be beneficial as regulators had previously censored the individual’s economic and societal rights. Jay contrasted the state’s control over broadcasting against the freedom and liberty of an independent, printed press. The press had overcome an overbearing state through the introduction of advertising initiated by the 1861 repeal of the stamp tax or ‘Taxes upon Knowledge’. These set of arguments referred to a belief in what James Curran has termed the ‘heroic struggle for a free press’. This libertarian interpretation of the history of the press is apparent throughout Jay’s work upon the reform of broadcasting. He commented as far back as 1970 that:

"Freedom of the printing press is one of our most sacred political liberties. Only the constraints of the market economy, of the libel law and of changing definitions of "pornography" are allowed to interfere with what we regard as the basic right to publish.
"Yet, almost equally passionate is our belief that broadcasting must be closely and minutely controlled, if indeed not exclusively run, by accountable public bodies operating under the laws and charters which specify their duties in exacting terms. Is there any good reason why we should be appalled by the idea of making the marketplace the arbiter of what should be broadcast as we would be outraged by the thought of one or two National Publishing Authorities determining what books, magazines and newspapers should be offered to the public."

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In Jay's construct the interventionist regulation of the public service system had no place in the future of broadcasting:

"Quite simply, we are within less than two decades technologically of a world in which there is no technical pretext for a government-appointed policeman to allocate the air-waves at all; and therefore, in turn, there will be no technically based grounds for government or legislative interference in electronic publishing, except insofar as the general laws of blasphemy, libel etc, which apply to print publishing are applied to electronic publishing."

In order to create a free broadcasting market-place in which the individual might exercise not only his/her economic but political freedoms, it would not be acceptable to merely tamper with the BBC's funding structure. From this perception, the ITV network also suffered from the ills that had dogged the public broadcaster --- monopolization, inefficiency, the stemming of independent producers, a lack of choice in programming, and finally an overbearing regulatory authority (the IBA). Essentially, both the public and commercial sectors of the British broadcasting system were perceived as a Comfortable Duopoly. In a number of respects Jay's vision concurred with the arguments made by Anthony Smith during the Annan debate. However, Jay's ideas were drawn upon the market as the provider of economic pluralism and political liberty. His adherence to the libertarian tradition is clear:

"The thought may have been influenced by my bias against paternalism and corporatism ... and the general disposition to replace the sovereignty of the consumer in many walks of life by the fatherly dispositions of the benevolent."

To this end, Jay introduced the concept of consumer sovereignty to underpin his vision of a new broadcasting order (italics added):
The key to it, as in any system of individual consumer sovereignty, is the price mechanism. If the individual consumer pays, then his preference cannot but dominate the decisions of producers in conditions of competition. Therefore, the highest priority should be given to introducing a system of direct payment for broadcast services.

For Jay, electronic publishing might ensure that the scale and type of broadcasting service would reflect the needs of the consumer. In meeting this demand, subscription would demonstrate how resources could be managed for future investment. Moreover, it would save on advertising costs and overcome the expenses incurred by collecting the licence fee. Ultimately, this would lead to the reform of a system which Jay argued had been dominated by political interference, favouritism, corruption and a metropolitan bias.

3:1.3 A CHANGING TECHNOLOGICAL, ECONOMIC AND POLITICAL CLIMATE

The impact of these commentators, however, remained marginal until the combination of several factors occurred. First, the endemic benefits of the market-place were to be enhanced through the new opportunities afforded by technology. The IEA contributed to the debate by providing an analysis of the favourable conditions apparent within the cable industry. Cento Veljanovski and W.D.Bishop considered these implications in 'Cable by Choice; The Economics of a New Era in Television'. They argued that a pay-cable TV system would act like a publisher as a private relationship between the subscriber and cable operators existed. Consequently, these services operated like leisure goods and were free from the
public interest. Therefore, Veljanovski and Bishop contended that neither the public provision or regulation of the cable industry would enhance expansion. Instead, they argued that competitive market practices should be used to provide full scope for individual initiative and experimentation, and further allowed for flexible responses to changing demands and pressures. Thus, the pamphlet proposed a number of recommendations which would minimize the need for regulation and ensure the most efficient use of resources. These comprised: the devolution of British Telecom and the deregulation of broadcast TV. In regard to the latter they stated:

"The purpose of a policy of de-regulating broadcast TV is not simply to privatize it but to ensure that the costs of the current restrictions are justified and that pay-TV becomes more competitive."\(^{41}\)

A second feature was the increasing economic inequity within the broadcasting system. The ITV companies continued to earn high incomes in contrast to the BBC. The licence fee had been undermined by the relative decline in viewers switching over from black and white to colour television receivers and the government’s systematic cutting of the fee. The inequities in public and commercial broadcasting sector’s finances meant that the BBC was chasing ratings rather than acting as public service broadcaster.\(^{42}\)

The strains of the system became conspicuous in a symptomatic incident. In February 1984, the comments made during a BBC weekly programme review meeting were leaked to the *Sunday Times*, which ran an article entitled ‘The BBC at Bay’. This concerned a summary of a memorandum written by the then Director of Television programmes Brian Wenham which had raised the concerns arising from a
discussion about the imported mini-series the ‘Thorn Birds’. This document articulated a deep-seated feeling amongst the BBC’s ranks that it was not fulfilling the terms of its remit due to inadequate state funding and more implicitly the Thatcher government’s political intransigence vis-a-vis the corporation.\(^{43}\) In regard to such a malaise Wenham complained:

*Government has willed the ends --- that of a four channel TV system, with the IBA having a monopoly of advertising monies and the BBC having a monopoly of licence money. But the government has not, however, willed the means, which in my view means that monies available to each side should be more closely related than they currently are. If not, what will surely happen will be a drift toward a 3 1/2 or three channel system, with the effort and the variety simply having been switched from the public sector to the private.*\(^{44}\)

This leaked document proved to be the catalyst for a debate not only about the BBC’s finances but also concerning its responsibilities as an agency for broadcasting. In the same *Sunday Times* article MP Tim Brinton, a former broadcaster and the then Chairman of the Conservative Party’s media committee, argued that the BBC’s licence fee should be reduced from £46 per annum to £30 p.a.. To this end he proposed that the BBC should concentrate its resources on one channel of extreme excellence, should separate its TV and radio services, incorporate advertising on the popular Radios 1 and 2, and finance televised sport through sponsorship.

The BBC replied that such measures would contribute to the production of a form of ‘ghetto television’ in which it would be forced to produce high-quality programmes for the middle classes, whilst the commercial competitors would service mass needs. The BBC had been at pains to resist such a course of action throughout
its history, as such a development could undermine its position as a universally available public service broadcaster funded by a national poll tax. Moreover BBC officials realized that the corporation could be marginalized and they cited the example of the small American public service broadcaster.45

The Adam Smith Institute's controversial *Omega File* added to this debate. This report was grounded in market-liberal theory and argued that a broadcasting market could be self-regulated through competition rather than through a system of political regulation. It developed a highly deregulated and privatized model for the future of British broadcasting. Its radical recommendations included the following: i) BBC1 should be funded through advertising, ii) the IBA should be more like the FCC in its regulatory powers and be more commercially aware and less dogmatic in its maintenance of public service values, and iii) that BBC TV News should become a separate body funded by a levy on BBC services and from subscriptions taken by cable operators. Although this report was unofficial and expressed extreme solutions to the issues it covered, it articulated arguments which had previously been left unspoken.46 Indeed the tone of the report was quite virulent, as Stuart Hood and Garret O'Leary have commented:

"What is striking is the animosity displayed by the authors of the report towards the idea of public service broadcasting and the populist scorn with which it is dismissed. The attack is launched, as we have seen, from a position that uncritically embraces commercialism and market forces, making numbers the sole criterion of quality. They resent what they see as the power of an elite which makes the final decisions about what the public may watch." 47
The third feature which contributed to these arguments' achieving a central position within the debate over the future of broadcasting referred to the changes within British economic and political consensus. This was inaugurated by the advent of Thatcherism. When Margaret Thatcher's government entered office in 1979, it began to enact policies which were conceived from an amalgam of market-liberal economic theories and libertarian political values. In many respects, Thatcher and particularly her more ideologically motivated allies (such as Keith Joseph) were influenced by the libertarianism expressed in F.A. Hayek's *The Road to Serfdom* and the monetarism of Milton Friedman.

In *The Road to Serfdom*, Hayek had argued that all forms of state socialism and economic planning inevitably ended in the creation of tyranny. Whilst, Hayek and Friedman have differences in outlook and opinions (for instance, Hayek claimed that he was not a monetarist), their work became synthesized under Thatcherism. This argued for the principle of monetarism through the economic strategies of privatization and deregulation. In addition, policy cells such as the IEA and the Centre for Policy Studies propagated such arguments. ‘New Right’ thinking can be perhaps best characterised as a distrust of public policy solutions that are not based on market provisions. Essentially they shared a profound belief in "the superiority of market solutions to administrative solutions."

Throughout the sixties and early seventies these ideologies had been confined to the periphery of the political debate. However, with the perceived failures of Keynesian ‘Welfare Economics’ and the associated critique of an overbearing state,
these libertarian philosophies began to achieve credence within influential circles of political power. Their currency in the Conservative Party was exacerbated after the Heath government's famous 'U-turn' on economic policy and failure to defeat corporatism. As Andrew Gamble has noted:

"Liberal political economy became intellectually fashionable again in the 1970s. If anything its scope and potential were now enhanced, since its adherents were not afraid to develop it by extending their analysis to the public sector and the problems of public choice, the activities of politicians and bureaucrats, as well as the traditional focus on the behaviour of buyers and sellers in the markets."51

These monetarist and libertarian ideas informed the Thatcher government's general economic policy, most especially in its second and third terms, and extended into many other areas of concern, for example welfare. This 'new' Conservatism contrasted strongly with previous Conservative governments whose traditions had been rooted in paternalism and pragmatism. In economic terms, Conservatives had followed collectivist economic principles, whilst simultaneously pursuing a defence of private property without any coherent theory to understand the role and function of private property in society.52 The Thatcher government substantially altered this tradition by adopting a political philosophy which demonstrated "an unapologetic case for the virtues of capitalism, individualism, the profit motive and a restatement of the role and importance of the entrepreneur"53.

In its adoption of these principles, it was able to take the radical and intellectual high ground and in many respects reshaped the British political agenda, even bringing into doubt the future existence of socialism. The key tenet of 'Thatcherism' has been described by Veljanovski:
That free choice and competition within the rule of law will not only produce an efficient economy but guarantee better than any other system the greatest liberty for the individual."

Therefore, the arguments for deregulating the broadcasting industry fell on fertile ground. Their importance became apparent in the 1982 Hunt report. For Cento Veljanovski the report marked "a watershed in broadcasting policy". It marked a sharp break with the sixty years of government policy which had been designed to perpetuate the public service system and restrict competition. It argued that cable television should compete against the BBC and ITV companies. More pertinently, it developed the concept of light-touch regulation. It maintained that for cable systems there should be no range and balance in programming requirements, that there should be no limits on advertising, that 'impartiality' was not required and that there should be no minimal quota of British material to be aired. The oversight which remained should be reactive and the minimal regulation of programming was appropriate.

Whilst the Hunt Report disappointed a number of interests, who felt that it had been too conciliatory to the Home Office, "its recommendations showed that the ground rules were being modified, (and) that a new attitude to broadcasting was emerging."56

The resulting 1984 Cable and Telecommunications Act created the 'light-touch' Cable Authority. A number of its recommendations were to contravene well-established public service principles including universality of service, the prohibition of direct viewer payment and the concept that no two broadcasting organizations should compete for the same revenue source. The authority had two
responsibilities. It granted regional licences to cable operators for a specific time period (usually fifteen years) and ensured that operators conformed to technical requisites. It was also responsible for programme supervision and in this respect its powers were qualified. For example, it could not closely regulate the large volume of programmes that were being transmitted across the twenty or more cable channels and it did not have to ensure that cable operators should conform to the tenets of 'informing and educating' as well as 'entertaining'. As the Peacock report would later comment the authority had "a generalised and reactive role".57

Therefore in the early eighties, the market-liberal approach to broadcasting gained momentum due to the conjunction of a number of dynamics: the introduction of the domestically available new media channels had created an opportunity to question the system; the inability of the broadcasting market to achieve parity between public and private sectors and the change within the political consensus. Further, the success of Channel Four had also demonstrated to libertarians and politicians the possibilities of a free-market broadcasting system. Although the channel was regulated by the IBA and financed by ITV, it was legally bound to commission a large proportion of programmes from independent producers. However, this compromise between regulation and the market had left market-liberals simultaneously dissatisfied as it smacked of collusion and it did not go far enough with market reforms.

From this outlook, a long-term suspicion of the traditional cultural imperatives and the broadcasting institutions who had acted as a consistent barrier to individual freedoms remained. In contrast, to the traditional consensus for
broadcasting policy-making which had held that such legislation was designed to foster a commitment for the "undivided public good", this intellectual focus argued for individual expression to be mediated through consumer sovereignty, market practices and deregulation. Moreover, as John Keane has noted, this analysis had taken the high ground within the area of political philosophy and the media. Keane maintains that the disparate research practices of political philosophers and media/cultural commentators, drawn from structuralist, post-structuralist and post-modern traditions, created a situation in which key questions on the relationship between democratic ideals and the contemporary media were largely ignored. However, the market-liberalism of Brittan, Jay and Peacock, which would later underpin the Peacock report, was concerned with linking economic reform with questions of political liberty. As Keane comments:

"In recent years ... the proponents of 'deregulation' ... have powerfully questioned the prevailing mix of public and private means of communication operating within the boundaries of the nation state. Their language has forced a crisis in state-centred interpretations of the media. Their market-liberalism sends shivers up the spines of public service broadcasters and state administrators ... Market liberalism has ensured that public policies concerning the press and especially broadcasting and telecommunications are shaped increasingly by old-fashioned talk of state censorship, individual choice, deregulation and market competition."

3:2. THE POLITICAL CONTEXT OF THE PEACOCK COMMITTEE

There is an irony, which I will explore throughout my thesis, that the Peacock report should have responded to the libertarian tradition of political liberty, when it was set up to respond to the demands of a period of governmental intervention in broadcasting. Whilst the antecedents of the Peacock report were drawn from this
libertarian approach to broadcasting, it should be remembered that the immediate political context may be seen to be characterized by the other main element of Thatcherism --- authoritarianism.

The most publicly visible feature, and arguably strongest motivating factor, for the creation of a report to discuss the implications of advertising on the BBC was the evolution of tensions between the Thatcher government and the broadcasting community. This manifested itself most acutely with the BBC and was invariably located around the corporation's News and Current Affairs programming. As Philip Schlesinger comments the political elite's attentions were especially directed at the BBC due to the corporation's perceived status:

"Although ITV has by no means been immune to scrutiny, it has been much less in the firing line, notably so during the Thatcher years. One reason for this is that within official circles, and more widely too, the BBC is perceived as owing especial loyalty to the state. By contrast, the companies regulated by the IBA do not enjoy the BBC's ambiguous status as an 'organization within the constitution'. In an undeclared internal war, the BBC has been a prime target for politicians seeking a scapegoat for their lack of success. It is true that civil libertarian and investigative journalists of both the establishment and the radical presses have met with official harassment on occasion, and newspaper editors have been subject to political pressure, but no single media organization has met with the sustained, hostile attention accorded to the BBC."\(^{63}\)

Therefore, the BBC was again faced with the question of assessing how to balance the national interest against the legal requirements of impartiality over politically sensitive topics and during periods of crisis.
3:2.1 POLITICAL DISPUTES

In particular this paradox focused upon programmes that dealt with the issue of Northern Ireland. The television coverage of Irish terrorist organizations such as the Provisional IRA and the Irish National Liberation Army (INLA) provoked outstanding controversy. The latter group had claimed responsibility for the assassination of Margaret Thatcher's shadow Northern Ireland secretary and close political ally Airey Neave on the eve of the 1979 General Election. The bombing of his car caused a political outcry and evoked strong feelings within the ranks of the Conservative Party. Three months after the Neave's assassination and the election of the Thatcher government, an edition of the BBC's current affairs programme *Tonight* (edited by Roger Bolton) televised an interview with an INLA spokesman conducted by reporter David Lomax. The programme, in contrast to the later *Real Lives* controversy, had been passed by the Director-General of the BBC, Ian Trethowan. In the subsequent interview the INLA claimed that Neave favoured torture and extreme repression to deal with terrorism in Northern Ireland. The interview was followed by a studio discussion chaired by Robin Day (who was later to claim his remorse in his memoirs *The Grand Inquisitor*) between Gerry Fitt, the SDLP MP and the Unionist MP, the Reverend Robert Bradford.

The programme produced an outraged reaction from the government when Airey Neave's widow wrote to the Daily Telegraph to voice her disgust. The programme-makers were attacked as Lady Neave had not received any prior warning of the programme's content. Margaret Thatcher, in particular, was appalled as Neave
had engineered her victory within the Tory Party in 1975 and was her strongest political confidante. As Bolton was later to comment:

"Mrs Thatcher found it inexplicable. She asked the Home Office on a visit there "What are we going to do about the BBC? She revealed her anger about the interview in Parliament, "I was appalled it was ever transmitted and I believe it reflects gravely on the judgement of the BBC and those responsible." She told the Commons that the Attorney General Sir Michael Havers would consider whether legal action could be taken against the BBC."66

The INLA interview was quickly followed by the political debate which surrounded a Panorama programme demonstrating the strength of the Provisional IRA in certain areas of Northern Ireland. The report centred upon an IRA roadblock operating in the Northern Irish village of Carrickmore. This investigation had been conducted by the reporters Jeremy Paxman and David Darlow under the auspices of Roger Bolton (who had become the Editor of Panorama). The programme, which had remained untransmitted, produced further political outrage and the police seized a copy of the film under the 'Prevention of Terrorism' Act. The BBC disciplined its staff and Bolton was sacked, although he was subsequently to be reinstated. The coupling of the INLA and Carrickmore incident served to instigate a continuous tension between the Thatcher government and the BBC.67

This accumulation of government-broadcasting tensions over Northern Ireland continued after the setting up of the Peacock report. The Peacock inquiry co-incided with the most famous recent case of political tension between BBC and the state --- the Real Lives case in July 1985. This referred to a programme made by the BBC in its 'Real Lives' series entitled At Edge of Union about Northern Ireland which
contained interviews with a militant loyalist Gregory Campbell and the alleged IRA terrorist and Sinn Fein spokesman Martin MacGinness. The programme had been set up and approved at producer level, and had escaped the notice of the Board of Management. This meant that the programme appeared in the Radio Times and came to the attention of the government through the Sunday Times.

The timing of the programme proved to be unfortunate, as Margaret Thatcher had recently been involved in the All Ireland conference at Hillsborough and had responded to questions over the televising of terrorism at an American Bar Association Conference by stating (italics added): "We must try to find ways to starve the terrorist of the oxygen of publicity on which they depend." The Home Secretary Leon Brittan wrote to the BBC Board of Governors chaired by Stuart Young. Whilst, he did not employ his veto Brittan emphasised that the programme was against the national interest. In turn, the board saw the programme and, heavily influenced by Vice-Chairman William Rees-Mogg, decided to have it withdrawn over the authority of the BBC management and then Director-General Alasdair Milne. The governors claimed to constitutionally be the BBC as they were the public trustees. The banning of the documentary led to an immediate 24-hour strike by the BBC journalists. This move added to precedent set by Hill during the case of 'Yesterday's Men' in which the governors intervened over management. However, it also demonstrated the extent to which the government had exercised political control through the appointment of the governors.
The Falklands crisis also presented the BBC with problems of mediating the national interest with independence. As Michael Leapman comments:

"Milne ... said that the BBC would come under pressure to conform to the national interest ... The difficulty was to define the national interest. While they should be careful about military and diplomatic matters, they should report fully the arguments in Britain over the government's actions. This was part of what provoked the anger of government supporters over the following month, but they were equally furious about the coverage given to the Argentineans' view in dispatches from Buenos Aires."

Essentially the BBC was in a no-win situation. If it conformed to military and government censorship (which, by and large, it was forced to do by the suppression of satellite links and the qualification on the number of broadcast journalists sailing with the Task Force), it could be accused of bias, suppressing information and acting as the government's mouthpiece. Alternatively, when reporters pursued the long-cherished principles of impartiality, the BBC had to withstand public criticisms from the government. A notable example of this problem occurred when Peter Snow, the presenter of Newsnight, used impartial terms such as 'British Troops' and the 'British' rather than 'our troops' or 'we' to describe events within the Falklands. The programme became subject to criticism as it appeared to imply that there were two sides to the war and that the Argentinean's had a case as well. This was accompanied by a Panorama documentary which was critical of the Thatcher government's policy towards the Falklands. These programmes and their subsequent criticisms led to Margaret Thatcher declaring in parliament on the 6 May 1982:

"Many people are very concerned indeed that the case for the British forces is not being put over fully and effectively. I understand that there are times when it seems that we and the Argentineans are being treated almost as equals and almost on a neutral basis."

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The relationship between the Thatcher government and the BBC continued to proceed in this fashion throughout the mid-eighties.\textsuperscript{73} The tensions between the BBC and the Conservatives continued with the controversy surrounding a 1984 Panorama programme entitled 'Maggie's Militant Tendency' leading to the BBC paying out £500,000 in libel\textsuperscript{74}, and the reporting of the US’s bombing of Libya which led to then Conservative Party chairman Norman Tebbit setting up an Anti-Tory bias unit. The BBC Drama department also raised governmental wrath by commissioning and then scrapping a play about Falklands by playwright Ian Curteis. Curteis leaked the decision claiming that the play had been dropped as it showed Margaret Thatcher in a favourable light.\textsuperscript{75} This row was quickly followed by the press and government outrage over Alan Bleasdale’s drama serial ‘The Monocled Mutineer’. The programme about a World War One deserter had been unwisely publicized as a true story when it had been littered with historical errors. In this respect, the BBC had been accused of presenting left-wing fiction as fact.\textsuperscript{76} Further, the BBC was also subject to the ‘Special Branch’s’ seizure of material during a production of a programme upon the Zircon Spy satellite by reporter Duncan Campbell.\textsuperscript{77}

Throughout these disputes, Margaret Thatcher and her government felt that the BBC, as a publicly funded national broadcaster, should be a tool for national interest, indeed propaganda, instead of holding onto the long-cherished principles of impartiality. At the most populist end of this approach stood Norman Tebbit, who in his autobiography ‘\textit{Upwardly Mobile}’ indicated the Thatcher government’s attitude to the Falklands coverage:
"The unctuous "impartiality" of the BBC's editorialising was a source of grief and anger. Few of us directly concerned will ever forgive the phrase "the British authorities, if they are to be believed, say ..." or the regular references to British and Argentinean forces rather than "our forces" and "enemy forces". The elaborate even-handedness jarred cruelly with those whose lives were at risk, those of us who took ultimate responsibility for committing our forces, knowing the human costs of what we had to do, and with the general public. Nor did the excuse that the Overseas Service broadcasts would lose credibility with their foreign listeners unless the BBC remained "impartial", hold water because it confused truth with impartiality and balance. ... "It was not impartiality that impelled the Germans to risk punishment by tuning in to the BBC during the Second World War. For me the British Broadcasting Corporation might have better called itself the Stateless Persons Broadcasting Corporation for it certainly did not reflect the mood of the British people who finance it. The wounds inflicted by the BBC have still not healed."78

Whilst, tension has always surrounded the political relationship between the BBC and the state (notably under the Wilson government with the removal of the 'War Game' and controversy surrounding the programme which portrayed Wilson’s Shadow Cabinet as 'Yesterday’s Men'), governments have rarely criticized the corporation for the principles of impartiality enshrined within the BBC Charter and during its news coverage. In fact these qualities had previously been deemed as virtues by members of the political elite who preferred to extol the BBC's political independence rather than admit to the close structural and regulatory ties that exist between it and the state. As Colin Shaw has commented in an interview conducted for this thesis:

"..... if the BBC needed to be defended it could turn to ‘27 Vice-Chancellors, 13 Rear Admirals’ etc to send a letter to the ‘Times’ defending it. I know because I have done that previously."79
In the past press secretaries for both of the major political parties, such as Joe Haines for Wilson, preferred to accuse the BBC of political bias and misrepresentation. Yet, they were not overtly critical of the time-honoured notions of impartiality, objectivity and balance. Thus, a distinct change in perceptions by the Thatcher government over the role of the BBC may be detected, most especially during periods of crisis. In turn, this led to a virulent critique of the corporation. Colin Shaw has noted that throughout the second Thatcher administration (1983-1987) a "refutation of the BBC (occurred) (which was) accompanied by the assumption that the BBC was up to no good."^80

3:2.2 'SYSTEMIC DISLOCATION'

In order to explain, assess and analyze the political tension between the Thatcher government and the BBC during the early eighties, it will be necessary to consider what the Thatcher government’s responses to broadcasting brought to light. The relationship between the Conservative government and the broadcasters can be characterized as one which, at best, exhibited innate distrust and further evidenced a systematic undercutting of the licence fee. However, the factors contributing to these visible tensions may be analyzed in several different ways:

Firstly, they may be seen as a continuation of traditional tensions which existed between broadcasters and the state, which may be implicitly employed to argue that broadcasting is succeeding in its liberal democratic aim of achieving independence.
from the state. Tensions between state and national broadcaster can be traced back to the BBC's coverage of the 1926 General Strike and have continued throughout the years through crises such as Suez in 1956, the War Game in 1967 and the programme ‘Yesterday’s Men’ in 1971. Throughout these controversies, the system’s defenders have argued that the BBC was able to retain its independence from the political elite by resisting threats and pressures. For instance, Reith’s stance in the 1926 General Strike meant that the government did not commandeer the BBC (as Winston Churchill would have liked) and Hugh Gaitskell, as the Labour Opposition Leader, was allowed to air his criticism of the Suez Crisis in spite of Anthony Eden’s attempts to censure them.

Secondly, it can be argued that the interaction between broadcasters and the state has been incremental. Therefore, it was indicative of the close ties which were manufactured informally through legislation, regulation and the perpetuation of dominant ideological belief (a consensus for parliamentary democracy) which were combined under the umbrella notion of Public Service broadcasting. Moreover political crises, in which the national interest is contrasted with political independence, may also be seen to indicate political acquiescence by broadcasters to the state. For instance, an alternative reading of the BBC’s actions throughout the General Strike has argued that Reith agreed to exclude the political opposition’s leadership from broadcasts and persuaded the political elite that it would be to their advantage to pursue a more subtle, less bombastic approach to the issue. For some members of the Labour Party and the unions the BBC has been redubbed the ‘British Falsehood Corporation’.
If broadcasting is seen as operating within the hegemony of the state, a different interpretation of the failings between the Thatcher government and the BBC becomes evident. As a consequence, the accumulation of tensions between government and broadcasters may be perceived as being symptomatic of a far wider gulf between broadcasters and the dominant elements of the political elite, in which through a mixture of personal political preference and wider design, they misjudged and misinterpreted the close structural ties that existed. The Thatcher government’s use of overt political *intimidation* may also be seen to have distinguished it from previous governmental attempts at political intervention.

At an anecdotal level, it has been claimed that this tension was simply a clash of personalities. Some broadcasters have argued that Margaret Thatcher was never to forgive the BBC and ITV for their coverage of her son Mark’s disappearance in the desert! Moreover, leading figures within the BBC have been criticized for their inability to perceive the issues and their lack of political tact. This feeling was evident in an interview I conducted with the former IBA Director of Television and secretary to the BBC Board of Governors Colin Shaw. He commented that the Chairman of the Board of Governors Stuart Young was out of his depth. Young’s background as a suburban solicitor had hardly prepared him for the job he was destined to undertake. He had little experience in supervising such a major societal institution and further had few links with the broadcasting community. His appointment had followed the death of the former chairman George Howard and was perhaps most notable as a reflection of an appointment procedure that was guided overwhelmingly by party patronage. Young could hardly have been seen as a high-profile choice for such an
Shaw further commented that the Director-General Alasdair Milne was also the wrong man for the job. Whilst Milne had pursued the classic BBC career path (he was systematically promoted from novice producer into management hierarchy and eventually attained the top job within the corporation), his inability to negotiate both within and outside the corporation has been criticized:

"The problem was that Stuart Young (who was very ill) as Chairman and Alasdair Milne never really developed the correct relationship. There was a 'tragic inevitability' when Alasdair began as he was not the right man for the Director-General's job. Alasdair despised the Board of Governors, although George Howard (the former Chairman of the Governors) was determined that he should have the job. Essentially the day he got the job, marked the day he was forced to resign."

Roger Bolton in his book 'Death on the Rock and other stories' portrays Milne as a fiery personality who was oversensitive and would not willingly accept criticism. Bolton recounts a meeting with Milne in which he was invited to air some of the problems he felt were facing the BBC. When Bolton criticized some of the programming choices on BBC1, Milne furiously responded that Bolton had no right to make such criticisms and took offence. He claimed that he was the central scheduler, not Bolton. Bolton argues that Milne's personal style of management led to a series of reactive and irrational decisions.

In this respect, one has to remain mindful of the personalities involved and their interpretation of events. Both Shaw and Bolton have respective grudges with the BBC in terms of their own careers (Shaw probably would have liked the Director-General's position.)
General post and Bolton left the Corporation after being dismissed and had constantly been a thorn in the side of the management and they are evaluating Milne with the sufficient hindsight of his eventual dismissal. However Bolton’s following comments would seem to contain an element of truth:

"Alasdair did not seem to have a vision of what the Corporation should be, nor the political skills needed to steer it through particularly troubled waters.

"He had the misfortune to work with two weak BBC Chairmen who both died while in office, and with a Board of Governors which was certainly in tune with much of the Government’s thinking. His predecessor Ian Trethowan, had papered over the cracks of a widening chasm between the Management and the Governors. Milne could not do this perhaps no one could.

"….. the DG must be on nodding terms with top people and opinion formers. Alasdair did not want to socialise. Above all a DG must be able to communicate a vision of what he wants the BBC to be and clear strategy of how intends to achieve that."

However, the tensions which developed between the BBC and the Thatcher government did not simply result from a clash of ill-matched personalities; they more fundamentally referred to the alterations which were occurring within the composition of the political elite. Throughout this period, there was a shift within the balance of political power that has been commonly characterized as the rise of the ‘New Right’. Whilst, it has been shown that the government’s political philosophy was shaped by an amalgam of Hayek’s libertarianism and Friedman’s monetarism, the government’s authoritarianism also determined its outlook. Hugo Young in One of Us has detected how this was manufactured through the government’s class composition, political style and political alliances. Throughout its period in office, the Thatcher government may be perceived as enhancing the repressive sectors of the state (for example, the
police) and conducting a reactionary form of policy-making. Its rhetoric was reflective of a particular strain of petit-bourgeois thought in which this class’s morality was displayed (for instance, Victorian values) and private rather than public goals were targeted:

"The achievement of ... Thatcherism has been to weld together the instincts of individual greed and collective self-righteousness into a coherent model of the world, in which the rhetoric of freedom can co-exist with the reassertion of virtue. Put crudely, the new authoritarianism allows people to vote in narrow self-interest, but yet to feel good about doing so." 89

This change within the make-up of the political elite occurred as the BBC leading managers failed to perceive the vehemence of their opposition within policy forums. In turn, they failed to make allies within these areas of the political elite as they did not understand that the contours of the political landscape had altered. Colin Shaw has commented that:

"Throughout (this) period neither George Howard, Stuart Young or Alasdair Milne assigned a role for the BBC in the changing environment. When this occurred it was five, six or seven years too late. There was no consultation or awareness of the Centre of Policy studies set up by Keith Joseph in the seventies. As the people involved were not natural communicators, there was no press or broadcasters in contact with these figures. Two quite different cultures competed side-by-side; the BBC representative of an older set of principles and the ‘New Right’. The BBC had no allies in the ‘New Right’ as there had been no consultation. Previously the radical concerns had been associated with the left and this perception remained dominant amongst Young and Milne .... The nature of the political game (had) changed dramatically and the BBC moved disastrously due to the inability of some to perceive that the rules were altered. The eighties have been a bad time for the BBC. 90

Whilst the chief personnel in broadcasting had remained the same throughout the early to mid-eighties, the background and ideology of leading members of the
political elite had greatly altered. If one compares the key Thatcherites and members of the broadcasting community this divergence becomes startlingly conspicuous. For example, the ‘Thatcherite’ par excellence Norman Tebbit was drawn from a North London suburban working-class background, had risen to become an air-line pilot and had attained a certain perception of society based upon economic mobility within the private sector. He also exemplified the authoritarian strain in Thatcher’s political orientation in which the political opposition was not so much seen as an opposition as an enemy to be defeated. In contrast, the Director-General Alasdair Milne might be understood as occupying a position within the traditional liberal intelligentsia through his university education and his introduction into a public corporation, such as the BBC, with its defined ethos and attitudes. Whilst this comparison is necessarily arbitrary it does illustrate the different positions and attitudes which existed between these two elite societal groupings.

The BBC, moreover, followed the traditional British institutional practices of incremental alteration and gradualist policy-making. As Tim Madge has argued:

"... according to some Conservative party ideologues ... the BBC expresses in a form of living symbolism the possibility of a consensually organised society of the kind they themselves have attempted to erode."92

This indicates how the political and broadcasting elites pursued very different procedures in obtaining objectives. A vital part of the ‘Thatcher Revolution’ may be seen to be the fundamental change it offered towards organizational behaviour within government. Effectively, personal choice and direct decision-making tended to override the normative consensual diplomacy of the past. The BBC was again slow to
react to this change, as it was imbued with these traditional institutional conceptions and practices.

The resulting battle for control over the licence fee and the government's attempts to use advertising as a political weapon can, on one level, be seen to have been activated by the inherent political tensions which had been manufactured by the BBC's formal independence from the state. It demonstrated a divergence amongst elite societal groups in which wide differences in political perception and the purposes of mass communication became the norm.

It may have also been perceived as the most extreme example of governmental interference within broadcasting. The licence fee was not only seen by many Thatcherites as a retrogressive poll tax which was unpopular and difficult to collect, but was also understood as a mechanism through which the government might exert its authority to qualify the power of what it felt had stood as an opposing force. This would appear evident in the Thatcher government's decision to pursue the Wilson government's systematic attack on the annual licence fee. In this respect, one might ascertain that Thatcher's bombastic approach toward the BBC led her and her ministers to misinterpret the close structural ties that existed between the state and broadcasters. Previously, these had been manufactured through both formal controls such as legislation, regulatory bodies and de facto powers such as the appointment process of the BBC governors. However, political short-termism, motivated by a desire to neutralize what was perceived as a political enemy, had led the government into bringing into question the funding of the BBC and inadvertently the very nature
of the public service broadcasting system.

3:3. THE IDEOLOGICAL CONTEXT OF THE PEACOCK COMMITTEE:
THE CONVERGENCE OF THE LIBERTARIAN APPROACH AND POLITICAL
DYNAMIC TO BROADCASTING

Consequently, with this convergence between the intellectual and political strands, an ideological context calling for a new model for British broadcasting was established. This pressed for a system which would have to be responsive to individual choice and freedom, would discard the normative mechanisms for broadcasting finance and regulation, and could enable independent producers to compete in a free market place. Essentially, it was contended that broadcasting should be provided through competition unless it could be shown that there were compelling reasons for not doing so. As Veljanovski has commented:

"... if a wider and more varied service is to be provided it is the consumers and the providers interacting in the market-place who must decide rather than governments and regulators."93

The response to Jay's arguments within the Peacock Committee was particularly favourable, in contrast to his submissions to the Annan Committee, due to the empathy felt by Peacock and most especially Brittan towards the notions that he propagated. In this respect the committee's balance led it to move away from the introduction of advertising on the BBC, to using this issue as an entry point into an investigation which would be more concerned with the broader reform of a future television industry constructed from the ideology of the free-market:
"... those who wish to strike a blow for freedom cannot wait for the ideal inquiry with ideal terms of reference. They must seize any available opportunity."

Both Peacock and Brittan, who were subsequently to emerge as the most powerful grouping within the committee, indicated in their statements to the press that the narrow economic remit provided the committee with a strong enough base through which to analyze broadcasting. Brittan, was later to argue, that the speculation surrounding the setting up of the committee and the subsequent inquiry tended to neglect several factors:

"(we) were inclined towards the market provision of goods and services ... But market economics is so little understood that it was mistakenly identified outside the Committee ... with (a) enthusiasm for advertising, (b) support for commercial pressure groups, and (c) desire to please a Thatcher government." 

The inclusion of Brittan was of particular importance as he had already developed ideas for broadcasting which were founded upon a strongly held conviction in market-liberal economic and societal theory. Brittan was cogently to combine the two strains of the market-liberal economic theory and technology in order to articulate the increased demand for deregulation. Brittan’s post-Peacock article *The Myth of the Spectrum Shortage* which appeared in the *Financial Times* made some of the new technology’s implications clear. He determined that the limitations of the air-wave spectrum had passed and that there were no technical qualifications for scrambling transmissions. This he maintained would make pay-per-view channels a desirable and profitable option as decoding equipment could also be installed relatively cheaply. Fundamentally, pay-per-view services would provide the viewer with the option to register his/her intensity of preference by registering the amount s/he was willing to
pay. In this respect, Brittan’s alliance with Peter Jay was to strongly colour his outlook. Indeed, in conversation with Anthony Smith, he remarked that the whole process of the Peacock committee and report could be characterized under the term ‘Jayism by indefinite postponement’. In one of Brittan’s earliest disclosures to the press he admitted:

"... watches far too much television, particularly programmes which feature fellow economist Peter Jay - who, he believes, should have had his seat on the Peacock committee. He admires Jay’s concept that TV companies should be like publishers, providing consumers with any kind of programme they care to pay for."

In regard to the usage of Jay, Peacock may be fairly accused of abusing his right to select expert witnesses. Jay was the only individual asked to provide evidence and in many respects provided Peacock and Brittan with the information they wanted to hear. As Alasdair Milne noted with a significant touch of cynicism, Jay was given pride of place:

"After lunch, it was Peter Jay’s turn; the only individual invited to speak for himself, the Peacock guru. Peter set forth, at his usual machine-gun rate of delivery, his picture of the new world of electronic publishing, where programmes would pour out of fibre-optic cables in the same way that books had poured of presses in the past. Sam Brittan smiled like a cheshire cat."

Thus, Jay saw the issue of the introduction of advertising upon the BBC as deflecting attention way from the truly important concern of ‘electronic publishing’. The debate between advertisers and broadcasters was self-defeating as the BBC and ITV companies were redundant and retrogressive organizations who had no pace in the "future wired city, in which choice and market forces would be paramount."
His thesis acted as the foundation upon which Peacock and Brittan could draw the other members of the committee to the wider series of issues they intended to explore. These can be delineated as follows; the rise of new technology, the introduction of new media actors who would benefit from new technologies and new forms of managing the broadcasting market-place and the evolution of a coherent market-liberal ideology which could be expressed towards broadcasting. In such a manner, Jay’s submissions proved to be highly influential as they relocated the committee’s attention away from the possibilities of merely tampering with the ‘duopoly’ by replacing the licence fee with advertising. Instead, the committee member’s focus was drawn towards an analysis which questioned the fundamental tenets of British broadcasting in the light of the new media. This was clearly Jay’s intention:

"Let me start by inviting you to stand on its head the conventional perception that, in the universe of electronic publishing, it is the world in which we have been living which is ‘normal’ and the world into which we are now beginning to move which is strange or peculiar. Instead I ask you to consider the hypothesis that, on the contrary, it is the world which we have been living, for nearly a century now, which is artificial and special and that it is the world into which we are moving which will be properly be regarded as normal and natural."\textsuperscript{102}
CONCLUSION

As the material suggests, several factors contributed to the establishment of the Peacock Committee. There was undoubtedly a political crisis between the Thatcher government and the BBC throughout the early eighties. This crisis had been manufactured by the evolution of a political and broadcasting elite that had very little in common in terms of class background, ideology and institutional practice. It can, on one level, be seen to be indicative of long-term tension between the broadcaster remaining independent or acquiescing to the national interest. It may be argued that the BBC was performing its democratic function and challenging an overbearing government. However, if the relationship between state and broadcaster is perceived as having being mediated through an incremental evolution of minimalist legislation, regulation, personnel and shared aims, a rather different picture begins to emerge.

The root causes of the tensions between the state and BBC during the early-eighties may be seen to have emerged from an inability of both parties to understand the parameters of this relationship. This miscalculation led to the Conservative government attempting direct forms of intervention when covert pressures could have been applied. It further made conspicuous the pretence that the broadcasting institutions could really remain impartial and neutral arbiters during periods of crisis. In turn, this led to an unprecedented (even compared with the first Wilson government) and continuous form of hostility from both sides. The Peacock committee was called, in no small measure, due to the political will of a government who regarded the BBC as its political opponent rather than a potential political ally.
This combined with the *economic* and *technological* dislocations which were facing the BBC. Throughout the early eighties the terrestrial broadcasting system exhibited an increasing financial imbalance between the public and commercial sector. The ITV companies' advertising revenues had led to massive profits which could be invested into programming, whilst the BBC was having to live within the restricted budgets of the licence fee which, in real terms, had substantially decreased. This financial problem led onto a philosophical set of issues for the BBC as the Corporation, to advance its status and compete with the ITV network, was forced to divert its resources into popular programming. Essentially, this meant that the public broadcaster was no longer acting in the interests of 'educating and informing' but was increasingly conforming to the tenet of 'entertaining'. This produced a moral crisis within the BBC and further allowed the government to question whether the Reithian tenets and bureaucracy was outmoded and unsuitable for the contemporary requirements of British broadcasting.

The third imperative was the new media and communications delivery methods. Cable and satellite had broken down the technological justifications for the national broadcaster (the 'Limited Spectrum') and opened up new markets for independent media suppliers. Further, satellite technology had allowed for cross-national developments and the ready provision of new technologies would aid the consumer in expanding his/her diet of programmes. Finally, technological developments meant that it became more problematic to differentiate broadcasting from other areas of information technology.
Therefore, there was a general perception amongst both the government and broadcasting community that a crisis was occurring. The government was dissatisfied with the political position of the BBC and distrusted the monopolistic structure of broadcasting. Meanwhile, the broadcasters felt that they were being constantly forced to defend themselves against the government's political intransigence and the respective changes to broadcasting finance which had been inaugurated through a funding discrepancy and by the new technologies.

There is little doubt that the government intended to reform the BBC's funding structure through the introduction of advertising to undermine the confidence of an institution which it identified as a political enemy. The composition of the committee, the focus of its remit, the length of inquiry and nature of the evidence it received would all appear to indicate the veracity of this opinion. To many contemporary observers it appeared that the Peacock Committee was being run by a chairman who simply would conform to the wishes of Margaret Thatcher. In contrast to the seventies broadcasting policy cycle, in which the Annan Committee had been set up as a Royal Commission, Peacock was formally no more than a committee of inquiry. For example, Colin Shaw has commented upon the Peacock committee:

"If you compare it with the Annan Committee several points are apparent. From 1974-1977 Annan invited a wide body of evidence --- so much so that it could not be printed. Peacock did not look at education and there was no attempt to consider broadcasting as a social phenomenon. It was seen as an economic phenomenon, whilst this was to some extent a virtue --- it was more of a vice than a virtue. The committee itself was too small. Annan, for example, had 10-12 members, whilst Peacock had seven, this meant that there was no proper perspective. It is indicative of the Thatcher period that the committee of inquiry became devalued as Peacock was erected to represent market attitudes."103
However, the Home Secretary Leon Brittan may also be accused of misjudging the ground-rules of the enquiry process by ‘packing’ the committee with market-liberals. Whilst, there appeared to be a superficial accordance between market-liberal theories towards broadcasting and the introduction of advertising on the BBC, there were, in fact, many divergencies about the feasibility and philosophical ramifications of such a course of action. The Peacock report was to respond to a libertarian approach to broadcasting which had been developed through a number of key works such as R.H. Coase’s critique of the BBC, the IEA’s Hobart Papers and Peter Jay’s concept ‘electronic publishing’. For market-liberals, there had been a long-term historical cycle of ‘missed opportunities’ to reform British broadcasting. At a number of crucial junctures the opportunities for transforming the systemic order had been apparent and had been rejected in favour of retaining and enhancing the status quo: during the BBC’s transition from private company to public corporation; throughout the fall-out from the 1949 Beveridge committee’s critique of the BBC when a commercial channel became a reality; throughout the early period of substantive financial disparity between the BBC and ITV resulting in the Pilkington report and during the Annan debate when the criticisms of the duopoly and alternative ideas were posited to foster a more pluralistic form of broadcasting for the fourth channel (the Open Broadcasting Authority). Previously, technical qualifications, financial restrictions and consensualism amongst elite groups (although this was not usually exhibited between the government and the broadcasters) had mitigated the market. However, in the early to mid-eighties the conditions appeared to make broadcasting ripe for such a reform. It had become increasingly important due to the respective changes within broadcasting delivery, the failure to retain financial parity
between the public and commercial sectors and the change within the political consensus dictated by the advent of Thatcherism.

Jay's theories for 'Electronic Publishing' both acted as a critique of the system and also provided the means through which reforms could be negotiated. His evidence substantially widened the scope of the inquiry. The committee's narrow remit could be usurped and the commercial, as well as the public sector, was seen to be ready for change. Jay's role was crucial and highly influential upon Samuel Brittan in particular. Brittan as market-liberal ideologue was attracted to the notions spelled out by Jay and could argue for these recommendations in the context of economic and societal reforms. In particular, this outlook had made a linkage between the economic reform of broadcasting and greater political liberty. This led to the committee taking an unpredicted libertarian approach emerging out of Thatcherite authoritarianism. As Alan Peacock was later to comment:

"The Committee's approach to the financial problems of broadcasting ... came as a surprise. It was supposed to have been appointed to reach foregone conclusions. This was not the case. It was widely expected to recommend that the BBC should take advertising. It did not so recommend. It was believed that the terms of reference would so confine its activities that it would not be able to consider the wider aspects of broadcasting resources and how they should be financed. In fact, it offered revolutionary proposals designed to alter the whole system of broadcasting finance."

2. Ibid., pp.315-316.

3. Ibid., p.315.


5. Peacock had a proven track-record with writings upon the economics of public finance in areas of social policy and the Arts, as well as serving as the Chief Economic Advisor and Deputy Secretary at the Department of Trade and Industry from 1973-1976. Peacock had also made his name as the Vice-Chancellor of Britain's first 'private' university --- the University of Buckingham. Peacock not only had a theoretical understanding of the market-place, but was further a disciple of the principles of free-market thinking and practice. Whilst Peacock was at pains to state that he considered himself as 'no hired gun', Margaret Thatcher's choice of Peacock was deemed by many commentators as being controversial. For instance, Peacock had formerly advocated introduction of an educational voucher scheme and was known as a passionate supporter of the free market. As Ed Gorman (Broadcast, 5.4.85 p.15) commented:

"Peacock's appointment has been greeted with dismay by Thatcher's opponents and by the broadcasting unions. They fear that "given the known views of Professor Peacock, " the inquiry will be biased in favour of the Government's belief that a radically altered BBC should be at least partially funded by advertising or sponsorship."

6. As Michael Leapman (Leapman, The Last Days of the Beeb, Allen and Unwin, 1986 p.95) comments:

"Hetherington ... was appointed to the Peacock Committee ... If he felt wounded by his treatment at the hands of Milne and the London Mafia, and if he were a vengeful man, here would be a golden chance of settling the score."

7. The rest of the committee included Judith Chalmers --- television personality and radio presenter; Jeremy Hardie --- economist, accountant and businessman; Lord Quinton --- President of Trinity College, Oxford; and Sir Peter Reynolds --- Chairman of Rank, Hovis McDougall PLC. The inclusion of the television presenter Judith Chalmers also caused a something of a stir. She was seen to be a lightweight, notably as she was a co-presenter for the long-running holiday programme 'Wish You Were Here?' and had been a former co-presenter for the 'Miss World' contest. Chalmers, whilst being perceived as a hard-working, professional broadcaster, was seen to be under-qualified and further to have earned her place for her enthusiastic canvassing for the Conservative Party in North London. Both Lord Quinton and Sir Peter Reynolds were known Conservative Party supporters, although Jeremy Hardie (a former SDP candidate) described himself as
"one of the few remaining Keynesian economists." The trade paper Broadcast (7.6.85., p.46) summed up the attitude of many observers when it cynically described the committee's first appearance at a press conference and photo-session:

"Taking a jolly break from their arduous first meeting last week in room 239 of the "Brown Area" at the Home Office, the Peacock Rubber stamp ... oops, make that Committee, posed for a rabble of press photographers ... (the) financial journalist Sam Brittan (relation) ... could be later seen waving an Institute of Economic Affairs pamphlet, 'Choice by Cable', at Judith Chalmers and saying "I'm looking for things like this that coincide with my own prejudices.""

Samuel Brittan in his post-Peacock article 'The Fight for Freedom in Broadcasting', The Political Quarterly, January 1987 identified that after the initial two stages of this process the internal dynamics within the committee had divided members into three different groups; i) Peacock and Brittan --- who propagated free-market economic and philosophical principles within broadcasting; ii) Chalmers and Hetherington --- who were keen to preserve the achievements of British broadcasting and were consequently dubious about the merits of the market; and iii) Quinton, Reynolds and Hardie --- who represented a middle grouping that was neither committed to the existing structures nor to the recommended market alternatives and were consequently the committee's 'floating voters'. In this respect, it was argued by some contemporary commentators that many irreconcilable differences existed within a divided committee throughout the investigation period.

8. Interview with Colin Shaw, Director of the Broadcasting Standards Council, April 1991. The debate primarily considered the possible effects on this market if the BBC began to sell advertising spots. Essentially, would the ITV and Independent Local Radio (ILR) companies be plunged into a crisis if the BBC began to incorporate advertising?

The advertising lobby argued that the growth of advertising revenue over the following decade would be so considerable that there would be enough room for the BBC to act as a competitor to the ITV network. Further, it posited that the predicted expansion in advertising revenue would mean that the BBC would decline if it continued to be funded by the licence fee. Therefore, the advertisers felt that the licence fee should be abolished. As advertising could not immediately fill the gap left by the loss of the licence fee, they argued for the gradual dismantling of the public funding system.

The BBC and ITV companies responded by demonstrating the advantages of retaining the normative broadcasting structure and directed attention upon profitable successes such as BBC's commercial subsidiary 'BBC Enterprises'. They emphasised British television's relative cheapness in comparison to other leisure activities and defended the ITV's monopoly over advertising. To support these claims the ITCA appointed the influential monetarist Alan Budd to calculate the effect of competition within broadcasting for advertising. He concluded; i) that the market for air-space was circumscribed as television advertising barely affected other advertising areas, meaning that the BBC's advertising revenues would be taken directly from ITV; ii)

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that the financial disparity between the BBC and ITV was, to some extent, artificial due to short-term distortions (the growth in colour television ownership in the early eighties had increasingly attracted advertisers towards television); and iii) the inelasticity of demand within advertising meant that the greater the number of outlets, the cheaper advertising rates would have to become, thereby further undermining profitability in the commercial sector.

Inevitably, the broadcasting institutions widened the terms of the debate by relating the financial imperatives with their prescribed legal duties. They employed the traditional argument that if both sides competed for the same source of funding there would be a decline in 'quality' as programming would have to attract the lowest common denominator. In turn, this would undermine minority programming and Channel Four, with its specialized remit, would be placed into jeopardy. Further, the much-heralded regional structure of the ITV network would erode as advertising would force a concentration of capital and resources into densely populated areas.

12. Kenneth Dyson and Peter Humphreys, Broadcasting and New Media Policies in Western Europe, Routledge, 1988, p.68.
13. Ibid., p.68.
17. Ibid., p.195. Coase's work was to have influence several generations on, as it became required reading for members of the 1986 Peacock Committee. The book is referred to in the report, see for instance The Peacock Report, Op.Cit, p.131. Coase's analysis of the BBC monopoly have also been seen to provide the genesis of a market-liberal interpretation for broadcasting which would later be enhanced through the work of the Institute of Economic Affairs and Peter Jay's notion of 'electronic publishing'. For further details, see Kenneth Dyson and Peter Humphreys, Broadcasting and New Media Policies, Op.Cit, pp.74-78.

20. Ibid., pp.82-83.

21. Ibid., pp.82-83.

22. Ibid., p.83.


24. Ibid., p.229.


29. Ibid., pp.118-119.


31. In various guises Peter Jay has been a journalist, television interviewer, an incomes policy adviser to James Callaghan (his then father-in-law), a British Ambassador to Washington and former Chairman of TV-AM. As this evidence would suggest Jay had a high profile, high enough indeed to be dubbed 'the cleverest young man in England'. Whilst Jay had been the chief actor in the TV-AM debacle, he approached broadcasting from the position of an 'outsider' Jay had been consistently dubbed 'the cleverest young man in Britain' since he had come top of the Civil Service exam. His contribution to the Callaghan government's incomes policy had been influential and had been surrounded by controversy, not least as he was then the Prime Minister's son-in-law. Accusations of nepotism and collusion had also occurred when he was appointed Ambassador to Washington in 1976 by his University friend the then Foreign Secretary David Owen.

Jay had been the chief motivating force behind the winning breakfast time franchisee TV-AM which had won the 1981 franchise allocation. The company had promised an outstanding news service to be presented by the infamous 'Gang of Five' media celebrities (David Frost, Michael Parkinson, Robert Kee, Angela Rippon, Anna Ford). This would conform with Jay's own beliefs on the presentation of television
news which he made clear in a series of articles co-written with his then producer and future BBC Director-General John Bitt in the *Sunday Times* in 1975. His notion was to present in-depth analysis rather than maintaining a reactive news service. Bitt was later to inaugurate these reforms in the highly mooted amalgamation of the News and Current Affairs department in the BBC. This reform of news services has subsequently been termed ‘Birtism’. For further details see Philip Schlesinger’s *Putting ‘Reality’ Together*, Routledge (Second Edition), 1987 and Andrew Goodwin and Garry Whannel’s *Understanding Television*, Routledge, 1989. In one of the many ironies that has surrounded has recently surrounded British Broadcasting, Jay, in spite of his many criticisms of the BBC, was invited to work for the Corporation by his old friend Birt as the Economics Editor. He was also, rather ignominiously, to have his programme on Norman Lamont’s financial track-record and pre-1992 election budget withdrawn by one of Birt’s managers Samit Shah.


39. Ibid., p.78.

40. Ibid., p.78.


43. For further details of these problems within the BBC’s managerial staff see Michael Leapman, Op.Cit., pp.191-3.

44. Brian Wenham quoted from Ibid., p.193.


48. See F.A. Hayek, *The Road to Serfdom*, Routledge & Kegan Paul, 1979 (reprint). The book is very much a product of its time. Written between 1940-1943, Hayek compared and contrasted the liberal notions of the nineteenth century against the movement toward Socialist collectivism and economic planning, which, in turn, he proposed led to the rise of Totalitarian states such as Nazi Germany and the Soviet Union. Hayek’s book argued for individual enterprise and freedom over nationalisation maintaining on p.157:

"Freedom to order our own conduct in the sphere where material circumstances force choice upon us, and responsibility for the arrangement of our own life according to our conscience, is the air in which alone moral sense grows and in which moral values are daily re-created in the free decision of the individual. Responsibility, not to a superior, but to one's conscience, the awareness of a duty not exacted by compulsion, the necessity to decide which of the things one values are to be sacrificed by others, and to bear the consequences of one's own decision, are the very essence of any morals which deserve the name.

"That in this sphere of individual conduct the effect of collectivism has been almost destructive, is both inevitable and undeniable. A movement whose main promise is the relief from responsibility cannot but be anti-moral in its effect, however lofty the ideals to which it owes its birth."

For further details of the effect that Hayek’s ideas had upon Margaret Thatcher and in particular Sir Keith Joseph see Hugo Young, *One of Us*, MacMillan, 1989.

49. Hayek’s apocalyptic vision of an overbearing state only made a limited impact upon the political landscape at the time. It should be remembered that Hayek’s work came out in the same year as the Labour’s massive election victory and a determination for state provision such as the ‘Welfare state’ and ‘National Health Service’.


51. Ibid., p.50.


53. Ibid., p.23.

54. Ibid., p.23 passim.


56. Ibid., p.9.


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60. Ibid., p.x. For further details, see James Curran and Michael Gurevitch's introductory chapter in Curran and Gurevitch (ed), *Mass Media and Society*, Edward Arnold, 1991, Curran's article 'The New Revisionism in Mass Communications Research: A Reappraisal', *European Journal of Communication*, No.5, 1990 pp.135-164 or Martin Barker and Anne Beezer's introduction in *Reading into Cultural Studies*, Routledge, 1992. In these accounts, it is explicitly suggested that new or alternative theoretical agendas dominated cultural, communication and media studies throughout the eighties. This was largely due to the increasing currency of post-structuralist or post-modern ideas entering a domain which had been previously marked by Althusserian structuralist approaches, the related semiotic concerns of structuralist and employment of Gramscianism, particularly in the work of the University of Birmingham's Centre for Contemporary Cultural Studies. As Curran and Gurevitch (Edward Arnold, pp.8-9) comment:

"The holistic framework of neo-marxism that characterised 1970s 'mainstream' critical research, and the totalising themes of radical feminism that characterised another branch of it, were rejected by many radical researchers in the 1980's and early 1990's in favour of a more complex and multi-faceted conspectus of society in which manifold relationships of powers are said to be in play in different situations. This led to the adoption of a number of alternative models of society ranging from revised neo-marxist and socialist feminist perspectives of society through to postmodernism a particularistic version of pluralism in which society is analytically disaggregated into a series of discrete instances."

61. Ibid., p.x.

62. Ibid., pp.x-xi.


64. Roger Bolton was editor of the 'Tonight' programme on the INLA. Bolton also was the editor responsible for Panorama programme on 'Carrickmore'. For his troubles he was both sacked and reinstated by the BBC because of this programme. Bolton was later dismissed by the BBC and became an editor for Thames television were he became irrecoverably linked with an attack on the British government's alleged the shoot-to-kill policy in the case of three IRA suspects in Gibraltar. Bolton was responsible for commissioning the programme 'Death on the Rock. His former presenter Robin Day was to comment in *Grand Inquisitor*, Weidenfeld and Nicolson, 1989, p.258:

"The Editor was Roger Bolton, who was to become a hero in media circles for his repeated readiness to risk conflict with the Thatcher government in what he saw as the cause of reporting the truth, especially about Northern Ireland."

"In his book Robin wrote that this interview "probably did more than any other to bring the BBC into disrepute." When I (Bolton) briefed him about the proposed discussion Robin writes, "I was appalled. I could scarcely believe what I had heard." Robin had been a barrister with Airey Neave in the same chambers at the Bar - 5 King's Bench Walk, where Margaret Thatcher had been a pupil. He had admired, as I had, Neave's remarkable exploits in the Second World War, when he had been much decorated and had escaped from Colditz. "All these personal details flashed through my mind ... I felt sick with revulsion." Robin wrote."

66. Ibid., p.48.

67. For further details upon these incidents, it is worth reading Ibid. and Michael Leapman's The Last Days of the Beeb, Op.Cit..


71. For more on the position of the BBC's coverage of the Falklands Conflict, see the Glasgow University Media Group's War and Peace News, Open University Press Books, 1983., and Robert Harris, Gotcha! The Media, the Government and the Falklands Crisis, Faber and Faber, 1983.

72. Margaret Thatcher, Hansard (House of Commons), HMSO, 6 May 1982.


74. See 'Review of 1986', Broadcast, 9.1.87, pp.6-7. For further details see Chris Horrie and Steve Clarke, Fuzzy Monsters: Fear and Loathing at the BBC, Heinemann, 1994, pp.55-56.

75. Ibid., pp.6-7.


79. Interview with Colin Shaw, 25.4.91. Shaw has previously been the Secretary to the BBC Governors and the Director of Television at the IBA.

80. Ibid., 25.4.91.

81. These incidents have only been the most notable manifestations of tensions between broadcaster and the state. Governments, whatever their political colour, have argued that they been subject to bias. For further detail upon these incidents, see Michael Tracey, The Production of Political Television, Routledge, 1977.

82. Interview with Colin Shaw, 25.4.91.

83. Ibid., 25.4.91.


85. Ibid., pp.150-151.

86. Bolton is quite candid about his attitude towards the BBC. He comments in Nod Miller and Rod Allen (ed.), And Now for the BBC: The Proceedings of the 22nd Manchester Broadcasting Symposium, John Libbey, 1991, p.18:
"It is very difficult for me to be objective (about the BBC). It is rather like someone looking back to a failed marriage and trying to tell you what actually happened. So, I can't be objective.


88. See Hugo Young, One of Us, MacMillan, 1989 Chapter 22.


90. Interview with Colin Shaw, 25.4.91.

91. Interview with Greg Dyke, former Chief Executive of London Weekend Television, 9.11.92. Dyke suggested that the Thatcher government paranoia shared the characteristics of Richard Nixon's presidency.


95. Ibid., p.6.
97. Ibid., p.20.
98. Interview with Anthony Smith, President of Magdalen College, Oxford 8.5.92.. Smith's view of Jay is somewhat dismissive and he paraphrased Jay's usual title by calling him the 'cleverest idiot in Britain'. According to Smith, Jay announced his intention for a free broadcasting market-place in the late seventies and then proceeded with this analysis as he has 'a bee in his bonnet'. Further, Smith maintains that Jay did not appreciate the forces (social, economic, technical) that were stacked against his plans. He concluded that Jay's notions had failed as you 'should never put all your doctrinal eggs in one technical basket'. Whilst Smith admitted to feeling somewhat guilty in guiding Jay towards the possibilities of cable, the evidence Jay presented towards the Peacock Committee would appear to contradict this statement. Jay had submitted information to the 1977 Annan committee and as far back as 1970 had written an article entitled in The Times (24.11.70) 'Broadcasting Laissez Faire'. Jay commented upon being approached ('Jays call', Financial Times, 23.7.85, p.20):
"The professor, Jay argues, "should cleanse the Augean stables by diverting the cool, clear and impartial waters of the free and competitive market-place straight through the middle of the whole stinking mess."
101. Ibid., p.227.
103. Interview with Colin Shaw, 25.4.91.
104. Alan Peacock, 'The "Politics" of Investigating Broadcasting Finance', Royal Bank of Scotland Review, Royal Bank of Scotland, 1987, p.4. It should, however, be noted other stories were also circulated about Alan Peacock's motives during his chairing of the committee, notably concerning his favourable disposition toward advertising upon the BBC. See, for instance, Martin Jackson's editorial 'Whistle Blower' in Broadcast, September 12.1986, p.2:
"So now we know. No matter how misguided and disastrous the recommendations of Peacock, it might have been much worse. And nearly was.
"At the weekend's gathering of academics and broadcasters in York, Alastair Hetherington finally blew the whistle. All our misgivings were justified. Alan Peacock had indeed come to the inquiry with his mind already made up. "We are all agreed aren't we, that we are going to have advertising on the BBC?" he announced at one of the early meetings.
"Even as late as December when all the weight of evidence was overwhelmingly against advertising. Peacock presented the first draft of the report advocating some extraordinary conclusions.
"Firstly, there was to be advertising on BBC1. Then part of the licence income was
to be re-directed to those smaller ITV companies hit by BBC advertising. Finally
programming for BBC would go out to tender to independents in competition with
offers from the BBC regions.
"Meanwhile, Hetherington was telephoned and asked if he would go along with the
"master plan" which had not at that stage even been discussed. It was not until
February that the advertising option was finally dropped."
CHAPTER FOUR

THE ENQUIRY PHASE PART II: THE PEACOCK REPORT

The Peacock report may be perceived as a libertarian document that questioned the public service tenets which had governed British broadcasting. Further, it provided market-liberal recommendations based on Peter Jay's concept of 'electronic publishing'. In many respects it reflected the ideological predispositions of the committee's leading members, notably Peacock and Brittan. As Alan Budd has commented:

"The Peacock Report broke away completely from the paternalistic, public service approach of the earlier reports on broadcasting. Its starting point was the sovereignty of consumer preferences combined with the belief that such preferences are best served by freely operating competitive markets. That starting point should not have surprised anyone who was aware of the views of Professor Peacock and Mr. Samuel Brittan. The possibility that they might be 'captured' by the broadcasters would not have occurred to anyone who knew them personally."

So the report marks the point whereby the libertarian arguments, that had previously remained peripheral to broadcasting and had been confined to policy forums, were employed to challenge the status quo and lay the foundations for radical change. The committee intended to set out a coherent blue-print for broadcasting policy. Professor Peacock argued that these measures must be taken together and not singled out in isolation. This contrasted with the government's original aim for the committee and as Samuel Brittan comments:

"The Committee's work turned out to be half-way between a limited inquiry into advertising on the BBC and a full Royal Commission on broadcasting ..... But those who wish to strike a blow for freedom cannot wait for the ideal inquiry with the ideal
Therefore I intend to consider the Peacock Report's principal arguments. I will discuss the report's analysis of the licence fee and its possible replacement by advertising. In the previous chapter, I have demonstrated that this motivation stood behind the government's decision to set up the committee. Many commentators believed that Peacock would produce a report that was confined to the narrow terms of its remit. Indeed, the Peacock debate's focus and the evidence that was submitted to the committee conformed to this issue. However, its attitude to advertising as an alternative to the licence fee was far more equivocal than had been predicted. It is my intention to demonstrate the economic reasons and the ideological factors that contributed to this outcome.

I will discuss the report's criticisms of public service broadcasting which it dubbed the *comfortable duopoly*. The report's ideology was thrown into sharp relief by its attitude toward the 'comfortable duopoly'. Its critique of the BBC and ITV was concerned with the *efficient* deployment of resources. Further, it tied the *economic* reform of the system with the *political* liberalization of the broadcasting institutions. In particular, it argued that broadcasting's regulatory bodies had been subject to industrial and political *capture*.
I will continue with a detailed analysis of Peacock’s proposals for the radical reform of British broadcasting. I will discuss the report’s three-stage plan for the creation of market-based system which would promote consumer sovereignty. In particular, my attention will focus upon the eighteen recommendations that comprised ‘Stage One’. Raymond Kuhn has suggested that, within Peacock’s reforms, three thematic areas can be identified and may be employed to analyze its recommendations. These comprise; alterations to television finances, the introduction of new technologies for transmission and regulatory reforms. Whilst concurring with Kuhn’s analysis, I intend to re-order this approach by first considering the role of the new technologies, which I believe were crucial in supporting the report’s recommendations for a deregulated, subscription based system. Fundamentally, the technological ‘push’ of the new media provided the committee with a base to develop its concept of ‘consumer sovereignty’. Thus I intend to outline how these thematic considerations structured the report’s approach.

Finally, I shall provide a critique of the report which will consider the following questions; What were the implications of Peacock’s recommendations for broadcasting? What type of broadcasting order did the report envisage? What type of agenda for policy-making did the report set? and What contradictions did it expose in the Thatcher government’s attitude toward broadcasting?
Throughout the eighties, the licence fee had been subjected to intense criticism. The financial relations between the BBC and ITV stood at a point of potential collapse. A number of developments had demonstrated this fragility. First, the ITV companies had successfully lobbied for the reform of the levy system in the mid-seventies so that it was calculated by profits rather than advertising revenue.6 Second, the licence fee had failed to stay on a par with advertising revenues.7 Third, the ITV network pressured legislators for the rights to organize a fourth commercial channel.8

The system's strains were precipitated by the fruition of the last two developments during the eighties. The BBC's licence fee revenue was reduced in real terms by the Conservative government. In 1984 the BBC's income stood at £700 million in contrast to ITV revenues of approximately £1000 million9 --- moreover, from this budget, the BBC had to find the funds to run four national radio stations. After a long struggle the fourth channel, which in spite of its minority programming remit and wider access for independent production, was placed under the jurisdiction of the IBA and financed by ITV companies. The introduction of Channel Four meant that ITV rating finally held an edge over the BBC and the corporation's validity as a national broadcaster was again questioned.

This re-inforced a general feeling in the Conservative Party that the licence fee was a regressive tax which penalised those who watched the BBC

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occasionally. This attitude was shared by Professor Alan Peacock:

"I think the licence (fee) is much more like a poll tax, which isn't very popular in Scotland at the moment, and it is nowhere related to the amount that individuals use broadcasting, and certainly not related to the amount that they watch the BBC, which is of course, the present beneficiary; and of course, it is a highly regressive tax." \(^{10}\)

It was felt that the licence fee was not only unpopular, but that it was also difficult to collect due to public resistance. In turn, this made it inefficient as valuable resources were set aside for reminder notices, home visits, detector vans and public prosecutions.

In response to this political will, the government had commissioned the City accountants Peat, Marwick and Mitchell to consider the BBC's financial efficiency and accountability.\(^{11}\) From the fall-out of the Peat, Marwick report the government was faced with three options concerning the BBC's future: that it should continue to maintain the corporation's broad range of services by increasing the licence fee; that the BBC should be devolved, thereby streamlining the corporation so that it could operate more 'efficiently' under a restricted budget or that for the BBC to continue in either a traditional or a modified capacity, advertising could be introduced to partially or totally replace the licence fee.\(^{12}\)

In the event the government decided to pursue the third option to foster change. The advertising issue would perform the dual function of teaching the BBC a political lesson and forcing the corporation to reform itself upon business lines. Further, the government and its supporters hoped it would encourage 'efficiency' and
reduce institutional waste, thereby making it more accountable to the public.

Similarly, the Peacock report favoured changes to the duopoly’s financing as it argued that to maintain the system of separate funding sources for the BBC and ITV whilst simultaneously ensuring a parity of resources between the two would force the licence fee to increase:

"Otherwise ITV would far outstrip the BBC in the amount of money available for programme making. Given that such a licence fee increases would be politically unacceptable, the committee concluded that the preservation of the status quo represented an unstable situation. Alternatives to the licence fee system had to be considered."13

However, to the committee, the licence fee’s repeal was more problematic. It resolved that advertising could not simply replace the fee. In drawing this conclusion, it provided a two-fold argument. First, the report determined that advertising on the BBC would not be able to generate the required revenue without severely impinging upon the finances of other broadcasters and areas of the media. It based its analysis upon the econometric findings that it had received from a number of reports commissioned from a group of economists including Peter Swann, Martin Cave and Cento Veljanovski.

In chapter eight, the report considered the likely growth of advertising volume and revenue, and the probable response from the advertising industry in relation to additional slots being made available upon the BBC. Then, in chapter nine, it debated a variety of options for the use of advertising on BBC services. It was found that the advertising cake was relatively small and that ITV would be detrimentally effected:
"... the introduction of significant advertising on BBC television would put some stations under pressure to cut costs, to change programme policies, or even to merge. Yorkshire Television, in their evidence, drew attention to the benefits of their local programming, and suggested that these programmes might come under pressure if revenues fell. Central Television spoke in the same terms. We recognise this point, and the dilemma it would create for the regulatory authority."

Further, it discovered that other groups such as the print media, who received sixty-three percent of their revenue from advertising, would suffer, most especially the national press and the general interest magazine market.

Secondly, it commented that advertising was not feasible "while the present organization and regulation of broadcasting remain in being." The introduction of advertising upon the BBC was impractical as advertising finance would not be used by channel owners to sell programmes to audiences, rather audiences to advertisers. Consequently, it maintained that there was no straight alternative between the licence fee and advertising. Indeed under these conditions, range and quality for the viewer/consumer would be constrained rather than being enhanced if advertising was introduced on the BBC:

"So long as the present duopoly remains in being and competition is limited to a fringe of satellite and cable service, the introduction of advertising is likely to reduce consumer choice and welfare. It could do so both by driving the BBC into a ratings war and by putting financial pressure on ITV companies, which would make it more difficult for them to meet IBA requirements. The result could be an inadequate supply of programmes which many of us watch some of the time and some of us watch most of the time, but which do not achieve top audience ratings."

Further, the licence fee had funded a broadcasting system which, to the committee's market-liberals, restricted the individual or citizen's pursuit of economic and societal
freedoms. The report argued that the fee, rather than providing BBC with the capital to attain constitutional independence, had been employed by governments as a political weapon to control the corporation’s actions. Thus Peacock’s attitude to the licence fee reflected its more general distrust of broadcasting’s status quo. Moreover, the fee’s removal was crucially seen as paving the way for more general reforms to the broadcasting:

"If we had to summarise our conclusion by one slogan (which most of us would not want to do), it would be direct consumer choice rather than the continuation of the licence fee." 17

4:1.1 THE COMFORTABLE DUOPOLY

For the committee, the introduction of advertising would not dismantle the ‘comfortable duopoly’. This controversial motif implied a complacent attitude and a lack of competition in broadcasting. Although, the report suggested that it had "neither sought to "get the BBC off the hook" nor to persecute it" 18 and had praised the quality of a number of programmes, it provided an economic critique of the broadcasting institutions.

Peacock argued that companies within competitive industries have relatively little control over their product’s prices and the varied in-puts of capital, labour and raw materials which they use to supply their production. Consequently, they cannot place any restrictions upon entry by themselves or through governmental regulation, although new entrants may be deterred due to economic conditions. The report commented:
Producers will try to increase their market share by "differentiating their product", ie by competing through service and quality. Broadly speaking, consumer choice determines the size of the industry in which the number of competing firms is large.  

Conversely, a duopolistic structure meant that only two roughly equal companies could supply the product. As these firms are dominant, they would see competition and consumer choice as being detrimental to their interests. Therefore, the two sides can reach agreement to control the market by fixing prices and limiting entry by undercutting the new suppliers. In the latter case, short-term predatory measures may be introduced. Moreover, these companies by acting as the sole providers can control the purchase of goods and supplies that they require for manufacturing their products. Peacock argued that this had occurred in British broadcasting. Indeed, this arrangement had been praised by politicians and broadcasters:

"While industrial or commercial duopolies may be regarded with suspicion by governments worried about their power vis-a-vis consumers the remarkable fact about British broadcasting is that it has been deliberately created as a duopoly, subject to extensive regulation, by the government itself."  

The duopoly had served producer rather than consumer interests. It had stemmed freedom of entry into programming and therefore failed to represent minority or alternative voices. Further, it had placed an emphasis upon the maximization of audiences to protect revenue sources in conjunction with regulation’s control over pricing. Finally, the security of programme funds, along with interventionist programme regulation, had led to elitist programmes which referred to producer interests. In turn, this stymied alternative and adventurous programming.
These factors had exacerbated two consonant features; the producers' energies were
directed at enhancing their reputation amongst their peers and inefficiencies had grown
as there had been little incentive among the suppliers to be cost-conscious.

The report focused upon the economic understandings and ideological value-
judgements that had underpinned the system. It questioned the BBC's attitude toward
the Peat, Marwick report. The BBC argued that this had demonstrated corporate
efficiency and used it in its evidence to the committee. Conversely, Peacock
emphasised the other economists who had questioned the BBC and Peat, Marwick's
performance indicators. It also stated that it had received evidence to suggest that the
broadcasting industry was wasteful and overmanned. The costs of BBC and ITV
programmes were compared and contrasted against the cost of independent-producers
which were seen to be cheaper, but just as good.

This led to a description of self-indulgent working practices and an
implicit criticism of broadcasting trade unions. Whilst, the Peacock report was not
overtly accused of 'union-bashing', its description of inefficiency obviously implied a
critique of restrictive practices and overmanning. Moreover, it argued that an arrogant
set of broadcasting institutions had created a 'professionalised' broadcasting
establishment. Essentially, duopolistic arrangements contravened the principles of
market-liberal freedom. As a consequence, the consumer market was unable to
operate. It regarded "the existing order as a system of self-perpetuating privilege
exercised by insiders in their own rather than the public interest." It was posited
that broadcasting's financial and structural orientation had promoted a form of
clientelism within its organizations and regulatory authorities. Peacock argued that if these developments were allowed to continue, with the introduction of advertising, that this systemic stasis would be exacerbated:

"The BBC’s administrative structure seems to generate more than the usual amount of tension associated with large corporations organised on hierarchical lines. The unpopularity, whether deserved or not, of the financing mechanism associated with the BBC and the near-impossibility of the IBA to be seen to be discharging fairly its ward of franchises are other problems, likely to grow rather than diminish over time." 22

Whilst Channel Four had been fashioned to promote a pluralism of independent voices and productions, the ability for independent producers to challenge the established powers was minimal. The report claimed that independents faced a number of restrictions. First, through the regulations that determined programme content and secondly through the closed nature of the broadcasting economy:

"Regulation of entry into broadcasting is not specifically designed to prevent competition in the making of programmes but to govern their transmission and to some extent their content. However, the monopoly of transmission puts the BBC in particular in the position of deciding unilaterally whether it makes its own programmes or buys them in. We have received some evidence, not surprisingly from independent producers, contending that while they were encouraged by the requirement that Channel 4 should support independent producers, the BBC exercised a virtual closed shop." 23

Peacock was particularly critical of what it understood to be the political compliance of the 'comfortable duopoly' to state interests. It posited that the political position of the broadcasting institution’s had evolved, through funding structures, legislation and regulation, in accordance with state rather than citizen interests. This remained a dominant theme and informed the report’s recommendations.
Therefore, in many respects Peacock's analysis of the public service system contrasted with previous governmental inquiries that had perceived broadcasting in *societal* rather than *economic libertarian* terms. Whilst the Beveridge and Annan reports had been critical of the system, they had generally concurred with the public service principles which had held it in place. For Peacock, the public service was a closed monopoly that favoured producer interests and excluded the consumer or citizen's rights. The artificial replication of the market had failed to satisfy the demands of the viewer and listeners. It contained a vital intellectual flaw --- that 'quality' programming was subject to the rationale of a broadcasting elite rather than to public demand. In response to this, the report rejected the notions of cultural homogeneity, paternalistic regulation and, in the main, the public service. In spite of the historical changes to the system, the broadcasting institutions were unaccountable and unrepresentative to the audience who ultimately consumed the product. Furthermore, through their close ties to state they hindered rather than aided free flow of political communication, thereby undermining democracy. Therefore, it demanded the radical reform of broadcasting:

"The analysis of the "comfortable duopoly" serves the purpose of highlighting the issues which the Committee must address itself. It makes clear that there is good reason to question whether a regulated duopoly does promote or could be designed to promote the welfare of viewers and listeners for whom broadcasting presumably exists. That being so, there is at least a prima facie case for examining alternative methods of financing." 24
4:2. THE PEACOCK REPORT'S RECOMMENDATIONS FOR BRITISH BROADCASTING

‘Consumer sovereignty’ appealed to libertarians, such as Peacock and Brittan, who believed that broadcasting had qualified the individual’s economic and social liberty. They predicted that broadcast deregulation would mean that the consumer would at last be able to pick and choose the types of programmes s/he desired to watch. In this bullish new environment, state regulation would be minimal and the new broadcasting system would be lean, tough and responsive to consumer demands. In the market-liberal conception for broadcasting there would be no place for wasteful public and private monopolization.

To reform British broadcasting, the report drew heavily upon the criticisms of the duopoly and proposals for reform that had been made by Peter Jay in the evidence he presented the committee. He had recommended a pay per view subscription service in a deregulated system called "electronic publishing". He argued that broadcasting had been regulated due to the airwave scarcity. However, the old arrangement could be challenged if a national fibre optic national grid was installed, either by public or private enterprise, as "there would be scope for an unlimited number of channels and hence no regulation would be necessary, save that to maintain standards of taste and decency." Jay envisaged that a multitude of channels could be supplied by a multitude of independent production companies to provide the consumer with the widest possible range of choice. Therefore Peacock’s central conclusion was that:
"British broadcasting should move towards a sophisticated market system based on consumer sovereignty. That is a system which recognises that viewers and listeners are the best ultimate judges of their own interest, which they can best satisfy if they have the option of purchasing the broadcasting services they require from as many alternative sources of supply as possible..... The fundamental aim of broadcasting should in our view be to enlarge both the freedom of choice of the consumer and the opportunities available to programme-makers to offer alternative wares to the public."

4:2.1 THE THREE STAGES TO 'CONSUMER SOVEREIGNTY'

In order to realise Jay's vision for 'electronic publishing' the report promoted a three-stage plan. The immediate areas for reform were included in the recommendations that were designed to be implemented in Stage One which was subtitled The Preparation for Subscription. As this indicates, the report's principal recommendations were designed to set the scene for reform by dismantling the duopoly and introducing the new technologies that would promote the market within broadcasting:

"The 18 recommendations which we have just put forward are for prompt action and are designed as a major step forward, this decade, towards our main objective---of widening consumer choice through the new technologies, with a high content of knowledge, culture, criticism or experiment."

Once the preliminary conditions for change had become manifest, the report argued for even more extensive changes to broadcasting within the subsection entitled Strategic potential. In this stage, subscription would act as the BBC's primary funding source and there would be a more competitive environment. In the final stage a
multiplicity of channels would be made available for subscription and a full consumer market. Throughout these stages, broadcasting would be supervised by a light-touch regulatory body which the committee called the Public Service Broadcasting Council (PSBC).

Taken together, the Peacock report’s conclusions present a coherent market-liberal blueprint for the future of broadcasting. It produced the following table to outline the stages for reform:

<table>
<thead>
<tr>
<th>STAGE</th>
<th>LIKELY BROADCASTING DEVELOPMENTS</th>
<th>POLICY REGIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Satellite and cable develop, but most viewers and listeners continue to rely on BBC, ITV and independent local radio.</td>
<td>Indexation of BBC licence fee.</td>
</tr>
<tr>
<td>2</td>
<td>Proliferation of broadcasting systems, channels and payment methods</td>
<td>Subscription replaces main part of licence fee</td>
</tr>
<tr>
<td>3</td>
<td>Indefinite numbers of channels. Pay-per-view programme or pay-per-channel available. Technology reduces cost of multiplicity of outlets and of charging system.</td>
<td>Multiplicity of choice leading to full broadcasting market.</td>
</tr>
<tr>
<td></td>
<td>A Public Service provision will continue through all three stages</td>
<td>29</td>
</tr>
</tbody>
</table>

4:2.2 THE NEW MEDIA

The new media proved to be a key force in focusing the report’s analysis. Whilst, the traditional arrangements had been criticized, these criticisms had been previously deflected. The vertically integrated public service system, combining production with transmission, was justified as it was the most efficient way to
organize a vital national resource due to the ‘limited spectrum’ of airwaves. It would stem the possible disruption of the narrow band of channels from a multitude of suppliers. However, with the removal of this technological barrier this argument was undermined and a wide number of competitive, independent broadcasters could utilize the new media. This played an important role in the Peter Jay’s thinking:

"... the technology of broadcasting (had) ... made it necessary to determine centrally who could broadcast on what wavelength and when, and made it impossible to monitor consumption in a way that would enable variable prices to be charged to each consumer for each act of consumption.... Technology has now liberated us from that box, though only if we make the deliberate choice to be liberated and to spend the money necessary to create the physical apparatus if variable charging per unit (differentiating according to which units the consumer chooses) is to be possible."30

Peacock envisaged that the more television channels, the more broadcasting would be characterised by more competition for audiences and revenues. Moreover, it argued that in a multi-channel future, programme content regulations over and above the general law of land would be unnecessary and undesirable.31 In contrast to the Annan report, which had paid scant attention to these advances, Peacock provided a proactive interpretation of the new media:

"The first 50 years of broadcasting saw only one major technical innovation which affected the central structure of broadcasting, admittedly one which transformed broadcasting, the arrival of television .. By contrast, the past five years have seen several technical developments which are likely to lead to a significant re-evaluation of existing attitudes to broadcasting."32

The new communication delivery systems of cable and satellite were of chief importance. Whilst these technologies had previously existed, the most crucial distinction was their potential availability for cheap, domestic use.33 Two types of
satellite broadcasting were available: low-powered satellite services and Direct Broadcasting by Satellite (DBS). The latter held out more revolutionary possibilities for the broadcaster as it could produce signals to be directly received on reasonably small domestic dishes. The reality of satellite broadcasting was still some way off (it would only be practically realized in 1988 with the launching of Rupert Murdoch's 'Sky Television'), however the possibilities of using a satellite that was positioned in a geo-stationary orbit could instantly minimize the progress made in terrestrial and cable broadcasting. Satellites would produce a sufficiently large signal which, in turn, could be transmitted over an entire continent and without the physical problems imposed by a complex infrastructure of transmitters or buried cable.

The new technologies held the key for change as they provided the foundation for reform. Thus, the report optimistically predicted that new opportunities would be fostered by cable and satellite. It argued that any attempt to stem these opportunities should be understood as being regressive, technically unfeasible and highly problematic for those who opposed reform:

"... the growth in satellite broadcasting ... may make it possible, at a modest cost, for viewers to receive programmes from many countries, each with different views on how broadcasting is to be regulated and financed. To place obstacles in the way of each viewers' access to international trade, in the light of some aim of broadcasting which requires strict national regulation of access to programmes, would simply not work. Governments would find that, like King Canute, they could not control the waves." 34

This technological 'push' is apparent within a number of Peacock's recommendations for a fibre-optic cable network and, to a lesser extent, DBS:
The first recommendation referred to the adaption of all television receivers so that encryption might occur, thereby enabling subscription based services to become a reality. It stated that all new television sets should by the earliest possible stage include a peri-television socket (an input and output socket for base-band audio and visual signals) and associated equipment that could be employed to decode encrypted signals. Therefore, the aerial would receive the signal, and the base-band signals would be extracted and made available in the socket. Essentially, the scrambled signal could be decoded by the socket if the viewer/consumer had subscribed for the available services. This, it should be stressed, was a general requirement and would not require the viewer/consumer to invest in expensive decoding equipment in addition to the television receiver as this circuitry was incorporated into the set.

Concurrent with these changes in reception, it was predicted that a national grid of fibre-optic cable technology could become a reality by the end of century. Each house in the country could be connected to create a free broadcasting market. It was argued that, through cable and to a lesser extent satellite, a wide number of channels could be made available in manner that was analogous to removing a book or a magazine off a shelf. Thus, if the fibre-optic network signals were scrambled through encryption, the viewer/consumer could pay to have the signal decoded at his/her own discretion. As the report commented in its description of Jay's notion of 'electronic publishing':

"In other words, a television set (or radio) would be like a telephone in that the user would select for himself the connection he wanted. The number of "channels" would become, if not infinite, at least indefinitely large—certainly as large as the number of receivers."

35
Therefore, the report recommended that 'National telecommunication systems (eg. British Telecom, Mercury and any subsequent entrants) should be permitted to act as common carriers with a view to the provision of a full range of services, including delivery of television programmes'. This measure would circumvent the possible impasse that could exist if the entertainment-led evolution of cable continued.

Throughout the early eighties the cable industry had been evolved in an ad-hoc fashion in which it had been conditional upon the cable operators to finance new cable links and negotiate with local councils. Peacock argued that the common carrier grid might be made available by using the telecommunications companies (British Telecom, Mercury) lines and then having the cable companies apply for the franchises from the Cable Authority. This, it was felt, would allow for expansion and investment. Peacock commented:

"We feel this arrangement will make investment in cable operations considerably more attractive since at the moment the reservation in investment is due to the high capital cost of laying the cable and the length of time before a return in investment is seen. With a common carrier network the cable would already be installed, the initial investment could be much smaller and the company could expect to see a return on investment much faster. Common carrier charges would be regulated on a public utility basis, perhaps by OFTEL."  

Further, to enhance the market-place and allow for a plurality of independent voices the report argued that DBS franchises should be put out to competitive tender and that there should be no restrictions upon the non-British EEC Cable operators. For Peacock, then, the new technologies provided both the necessity and the framework for change within British broadcasting. There was an implicit belief that fibre-optic cable and satellite would encourage market-style conditions in broadcasting to operate in the near future.
4:2.3 THE REFORM OF BROADCASTING FINANCE

Whilst, the new media had broken down the constraints that had previously qualified radical change to the system and had provided a technological ‘push’ to alter the structure of broadcasting’s organization, to realize this change the committee felt that a significant number of financial reforms were required. In this respect, the committee outlined a number of different recommendations to intensify competition within terrestrial broadcasting. To this end, the report was guided by the principles of creating a market-led broadcasting system. This aim underpinned its discussion of the different financial alternatives which were both reviewed and then systematically disregarded.

For instance, the report rejected advertising and sponsorship, as they did not provide the effective means for reforming the broadcasting market-place. The committee preferred to employ Jay’s recommendations as they were not only its ultimate goal, but provided a series of pragmatic steps that could be followed to make these notions a reality. This led to Peacock recommending the following measures:

First, the licence fee was to be *index-linked* with the Retail Price Index (RPI). This meant that the licence fee, instead of being set annually at the discretion of the Home Office, would be set in relation to British trade figures. It was argued that this would stabilise the BBC’s income and it was chosen over the indexation to average earnings and to the corporation’s own pay cost levels. This measure had several aims: it would foster efficiency within the BBC as it would have to spend its annual income
more carefully and would have to fulfil core rather than marginal activities; it would insulate the BBC from the political interference that had been manufactured by the government’s control over the licence fee and it would lead to the eventual phasing out the licence fee as the BBC’s funding mechanism by replacing it with subscription. The committee also recommended that the BBC should collect the fee rather than the Home Office.

Secondly, (in a majority decision) that there should be a *franchise auction* for Independent Television contractors. It argued that competitive tendering would stem the favouritism that had been previously exercised by the IBA during franchise awarding. In the 1981 franchise round, even George Thomson (the incoming IBA Chairman) has claimed ‘There must be a better way’ As Asa Briggs and Joanne Spicer have illustrated that this franchise round may be accused of exhibiting clientelism between the larger companies and the IBA, a clandestine regulatory operation and being unrepresentative of smaller franchisees. According to the report, the franchises had been effectively carved up by the large franchise-holders and the IBA had been subject to ‘regulatory capture’. The report argued for the minimum of regulatory controls within the auctioning process. It stated that the IBA would only be expected to enforce basic limits on quality, range and scheduling. Once the bidders had satisfied these rulings, the regional franchises would be awarded to the highest bidder. If a franchise was not won by the highest bidder, the IBA would be required to give a detailed, public explanation for its decisions. To supplement this idea there would be a rolling annual review of franchisees to enforce programming requirements and competition.
Thirdly, the report recommended a *forty-percent quota* for independently produced programmes on the BBC and ITV channels over the next ten years. This would encourage British production companies that were neither holders of an ITV franchise nor were fully or partially-owned by the BBC, IBA or any foreign or international franchise holder. It would by-pass the duopolistic barriers upon entry and allow for the introduction of new actors and different voices through the mechanisms of competition. To enforce choice, Peacock argued that legal protections should be adopted to stop the smaller units merging into conglomerate independent companies.44

Fourthly, the report stated that Channel Four should sell its own advertising time.45 It argued that this would allow for an autonomous Channel Four which would no longer be subservient to the IBA. Instead it would prove to be a complementary service as it stood outside of the jurisdiction of the Authority.46 Further it felt that other financial reforms could be inaugurated through the introduction of car radio licences and the privatisation of BBC’s national Radio 1 and 2.47 Moreover, the report argued for the removal of all legal restrictions for pay-per-view and pay-per-channel services upon terrestrial broadcasting.48

The overall design of these financial reforms emphasised the introduction of competitive market practices into terrestrial broadcasting as a *precursor* for more extensive financial alterations to the broadcasting market. The report suggested that its first set of recommendations would allow for the gradual realisation of subscription based services both in terrestrial and non-terrestrial areas of broadcasting. Eventually,
the BBC could be solely funded by subscription and the report commented:

"(subscription is thus regarded) as a way in which all broadcasting organizations, including the BBC, can sell their services to the public. We do not see it as simply an alternative way of collecting the licence fee."49

For Peacock, the benefits of these financial reforms were three-fold. Firstly, they would promote efficiency within a broadcasting system that had been wasteful and overmanned. Secondly, they provided the framework through which a truly ‘free’ broadcasting market could service consumer preferences. Thirdly, they fundamentally challenged the normative relations between broadcasters and the state. It was this promotion of citizen’s rights through economic change that provided Peacock with its modus operandi and in particular shaped attitudes towards the regulation of broadcasting.

4:2.3 THE DEREGULATION OF BRITISH BROADCASTING

The report had concluded that regulatory authorities, most especially the IBA had been subject to a form of ‘regulatory capture’. To reiterate, it attack comprised: an inefficient allocation of funds through regulation; an overbearing role in the supervision of programming and a loyalty towards the broadcasting profession rather than to the public that regulators were designed to represent. The BBC Board of Governors was ill-equipped to deal with the corporation’s labyrinth bureaucracy and the IBA had tended to support the dominant ITV companies during the various franchise rounds.
Ultimately, however, its critique of regulation concerned the political position of broadcasting. In contrast to the pluralist model for broadcasting, in which the BBC and ITV companies occupy an independent position in the British polity although they are subject to the Crown and Parliament, that has been promoted by legislators, previous committees and the broadcasting community itself, the market-liberals drew a rather different interpretation.

The report was highly critical of what it perceived as the political compliance of the broadcasting institutions involved within the duopolistic arrangements that had existed. The licence fee, for instance, was an economic qualification upon the broadcasters that was employed by the state as a control mechanism. This conclusion contrasted with the traditional construct that the fee ensured that the BBC could retain its constitutional autonomy and formal independence from the state. Whilst the report had made its market-liberal credentials apparent in its approach to the licence fee, it was in the wider area of broadcasting regulation that Peacock pursued its most radical approach and outlined its most controversial set of recommendations.

Crucially, it was argued that the broadcasting structures circumscribed the individual's freedom of expression. Collins, Garnham and Locksley have demonstrated how a number of the Peacock report's ideas within broadcasting conformed to a set of libertarian/utilitarian principles. They compared a series of Samuel Brittan's writings in the Financial Times about the Peacock recommendations with his other works. First, they note that Brittan compared the have and have nots in broadcasting to other areas of the economy in which he delineated a dual
economy of insiders with well-paid secure jobs and outsiders who drift between ill
paid labour and the dole" 52. Second, they commented that committee's description of
a complacent broadcasting clique, populated by a bureaucratic apparatchnik,
conformed to what Brittan referred to as the global "corrupting effect of interest
group pressures on moral legitimacy, practical effectiveness and ultimately the very
stability and sustainability of liberal democracy." 53

Therefore, for Peacock and most especially Brittan, any form of authority that
qualified the individual's economic freedom through the circumscription of individual
actions and clientelism was seen to stem the citizen's freedoms and was a
retrogressive force that had to be reformed. This was clearly the report's conclusion
for the public service system:

" There are also weaknesses of the Public Service system. Despite the investment of
both the BBC and ITV sectors in sophisticated market research, there is an absence of
true consumer sovereignty and of market signals, which only direct payment by
viewers and listeners could establish. Because of its dependence on public finance and
regulation, the system is vulnerable to political pressure, and vulnerable to trade
union and specific interest groups." 54

The report felt that there had been an underlying collusion between the state
and broadcasting which had been manufactured through the establishment of a nexus
of entwining, heavily regulated bureaucratic institutions. Samuel Brittan, in particular,
has presented commentators with a clandestine and conspiratorial interpretation of the
traditional control structures that have been employed in British broadcasting:

" It is precisely because we are not dealing with baked beans or package holidays but
with the communication of ideas, and the dissemination and analysis of news and
artistic endeavour, that freedom of entry by producers and freedom of choice by consumers to the maximum feasible extent are so vital. There is no need to enter into a metaphysical debate whether the consumer is the best judge of artistic quality or the best judge of which programmes will benefit him, or his capacity for citizenship. The point is that no one person or group, or committee, or ‘establishment’ can be trusted to make a superior choice."

The political implications of this on the role of the BBC Board of Governors and the IBA were a profound concern for the committee. Samuel Brittan has commented upon the peculiar relationship between regulation and state control within broadcasting claiming that ‘pre-publication regulators acted as censors’. Brittan's attitude can be detected in the following piece:

"Much worse than the method of finance of the BBC --- which may be a regrettable necessity for the time being --- is the general assumption that broadcasting unlike the Press and the theatre, needs to be regulated ie. censored. Cries of censorship are usually confined to particular programmes which displease the Government. But the whole process of the IBA, both its continual vetting of schedules and programmes and its long-term power to withdraw franchises from contracts that displease, amounts to censorship." 

Thus, the Peacock report argued that systematic censorship had occurred as the regulators vetted programmes and placed financial constraints on broadcasting. In turn, this excluded many of the alternative voices that might be included in a market-based system. In the future, regulation would have to be light-touch and broadcasting should only be subject to general legal requirements. This is reflective of Peacock and Brittans' conviction that the market will prove to be the best regulator by enforcing the citizen's economic emancipation:
as regulation is phased out the normal laws of the land relating to obscenity, defamations, blasphemy, sedition and other similar matters should be extended to cover the broadcasting media and any present exemptions should be removed."

Peacock not only intended to maximise the consumer’s right to exercise economic freedom, but moreover conceived that this would act as a major reform of the citizen’s societal freedoms. This libertarian value judgement stands at the heart of the Peacock Report. Brittan has analyzed this part of the report in the following self-congratulatory manner:

"Even left-wing critics such as Richard Hoggart and Philip Whitehead said that Peacock had gone far further in opposition to censorship than any previous committee. It was the linkage of the Report with the long tradition of Western writing (from Milton to Mill and beyond) in favour of freedom of expression that gave me more pleasure than anything else."

The notion is reiterated in the report’s conclusions where Peacock pronounces upon the importance of US Constitution’s First Amendment --- the citizen’s right to freedom of speech --- and continues upon this line by referring to the reforms that have been accorded to the British press. It comments upon the Parliament’s 1694 abolition of pre-publication censorship which, according to the Whig historian Macaulay, acted as greater contribution to civilisation and liberty than either the Magna Carta or the American Constitution’s Bill of Rights. The time for change in broadcasting has arrived:

"550. Hitherto it has been very hard either to avoid prepublication censorship in broadcasting, or apply the spirit of the First Amendment, because of the spectrum scarcity and the difficulties of charging viewers and listeners directly. Intervention and regulation have been required not only to secure public service broadcasting in our own sense of the term, but even to simulate the effects of a functioning consumer
market.
"551. Technological developments hold the promise, however, of liberation from these constraints. There is at least a chance of creating a genuine consumer market in broadcasting combined with a continuation of public service, in the positive sense of secure funding of programmes of a demanding or innovative kind."

The Peacock committee promoted the concept of a ‘free broadcasting’ system that would be analogous to what they perceived to be a ‘free press’ in Britain. The press, it claimed, operated freely without any intervening form of state regulation through the economic emancipation of advertising. Similarly, broadcasting should only be expected to conform to the laws that related to the print media and legal requirements concerning any defamation of character, obscenity, blasphemy and sedition, thereby ensuring that free speech would not undermine such freedoms as the right to privacy. Peacock argued that this would stem what he perceived to be as pre-publication censorship and programme vetting.

Consequently, only a minimal form of broadcasting regulation was justifiable for Peacock. The report proposed that a ‘light-touch’ regulator entitled the Public Service Broadcasting Council (PSBC) should be established and financed by the broadcasters themselves. Peacock felt that its definition of public service (for instance, a multitude of choice promoting range, diversity and innovation) might have to be protected, thereby avoiding any form of marginalisation of independent programme-makers. Thus, the council’s remit would retain a public service element.
However it would be structured to operate like the 'Arts Council'. The financing of the arts has been drawn from a variety of private funding sources and public grants. The Arts Council's role was to filter this capital and allocate it to the appropriate bodies such as theatres and orchestras. The report envisaged that the PSBC could similarly determine the allocation of such external funds in appropriate proportions to the respective station owners or programme-makers who had applied for bids. Fundamentally, the PSBC was designed as an administrator that would merely channel resources to the broadcasters. It had no direct input in protecting consumer rights which would be enhanced by incorporating regulatory requirements into a more general series of statutes. However, it may be seen as something of an anomaly within the report's libertarian recommendations. Surprisingly, Peacock had advocated, in a watered down form, the very type of regulator that it was supposed to be against. The Arts Council, in action, had proved to be every bit as susceptible to clientelism, political pressure and favouritism as both the BBC governors or the IBA.

Taken together, Peacock felt that its provisions for deregulation would mean that:

"broadcasting had come of age ... prepublication censorship, whether of printed material, plays, films, broadcasting or any other creative activities or expressions of opinion, has no place in a free society and we would advise Government and Parliament to embark forthwith on a phased programme for ending it."
To many within broadcasting, the committee's rejection of advertising on the BBC appeared to be the key feature of the report. This certainly was a general feeling amongst broadcasters who responded to 'Recommendation 2: BBC television should not be obliged to finance its operations by advertising while the present organisation and regulation of broadcasting remain in being' with a sigh of relief. Certainly contemporary newspapers and broadcasting journals contributed to the impression that this was the report's primary conclusion. Such a response was hardly surprising as Peacock had been called by a government who desired to alter the BBC's funding structure. Further, the terms of debate and the evidence that the committee received were focused around this issue. As Alasdair Milne, the BBC Director General, was later to comment:

"The general consensus seemed to be that we had been lucky that Peacock did not advocate the introduction of advertising to the BBC. The Prime Minister had wished it, after all. My understanding is that the Committee recognised very early on that it was not an option."

It would appear from the evidence that Peacock and Brittan's own attitude towards the possible economic effects of the introduction of advertising upon the BBC was far more equivocal than Milne's memoirs might suggest. Brittan still maintains that the report could find neither for or against advertising, although I would suggest that this conclusion cannot be drawn from the report itself. However, the BBC tried hard to conceal its euphoria. It congratulated itself on its lobbying campaign and one BBC executive famously claimed:" We have won the short-term recommendations
and the long-term never tends to happen anyway". Alasdair Milne welcomed the committee’s rejection and stated that advertising had been advocated by a ‘minority’ of supporters.

This ‘minority’ included Margaret Thatcher and many within the circles of political power and influence. For Thatcher and the proponents of change the report had failed to place advertising upon the BBC. They distrusted the bureaucratic nature of the corporation in which there was "a hierarchy, but no chain of command; countless rules, but no discipline; executives galore but no leaders" (Paul Johnson). Further, this institutional stasis had been transferred to the commercial sector as ITV, whilst competing with the BBC for audiences, did not compete for revenue and through its monopoly over advertising space could maintain excessive profits. Concurrent with this analysis, was the government’s paranoia over a perceived leftist bias within broadcasting. This was noted by Nigel Lawson in his memoirs:

"... Margaret was deeply concerned at actual and potential bias on television, especially in news programmes, and with the prospect of moral degradation. I had great deal more sympathy with her concern than I had with the sort of remedies she sought. It is a fact of life that bright young people on the left tend to seek and get jobs in broadcasting and journalism, just as those on the right tend to choose the City."

As a consequence, the government’s immediate response was characterized by tentativeness and disappointment. The retention of the licence fee was criticized as it was not only an unpopular and costly tax to implement, but further because the government felt that the broadcasting institutions were now impervious to reform. Indeed, if anything Peacock had conspired to make matters worse as the licence fee
would be linked to the RPI, thereby undermining the government’s bargaining ability. A number of Conservative MPs argued that Peacock’s econometric analysis was mistaken and argued for the expansionist possibilities of the advertising market.

The technological feasibility of some of the report’s measures was also brought into doubt. In particular, the recommendation to create a national fibre-optic grid was seen to be impractical as it violated, both legally and ideologically, the Department of Trade and Industry’s (DTI) previous privatization of telecoms. The DTI felt that Peacock had not fully investigated this proposal and had been significantly influenced by British Telecom who could set out the pace of installation and the costs of rental space. This did not accord with the department’s aim to open up the telecoms market. After the privatization of British Telecom, the department hoped to fully deregulate telecoms and use market provisions which were incompatible with the report’s recommendation as BT would have given a monopolistic hold over the installation of cable lines.

Peacock had consequently failed to please its political masters. For the broadcasters, the series of reforms suggested by Peacock was perceived as part of the government’s sustained attack upon the broadcasting institutions, in particular the BBC. ITV, who had hardly been the subject of the report, were similarly outraged by the proposal to franchise its regional areas through competitive tendering. This response was understandable when one considers the political context for the genesis of the report. Throughout the mid-eighties, as I have demonstrated in chapter three,
tensions between the government and the BBC ran high.

Therefore in such a climate of anxiety, suspicion and mistrust Peacock, with its radical agenda and far-reaching questioning of broadcasting from a market-liberal perspective, was treated with a degree of contempt by many leading broadcasters and commentators. They saw it as a deliberate attempt to undermine the traditional broadcasting regimes for good:

"It would be naive not to see the connections between the radical critique of the broadcasting (institutions) made by Peacock and the current connected Tory campaign about the political bias speculated by Norman Tebbit. The long-term logic of Peacock entails the thorough marginalisation of any public service commitment in British broadcasting." 79

An examination of a number of the report’s recommendations would appear to support their arguments, most especially in relation to the broadcasting economy and the very concept of public service broadcasting. The broadcasters argued that the report had rigidly applied market principles to broadcasting and did not really appreciate the industry’s financial structure. 80 Professor Andrew Ehrenberg of the London Business School maintained that internal competition existed, at a producer level, for funds, airtime, audiences, viewer appreciation and critical renown. 81 The success of the system, however, depended upon assured sources of funding, drawn respectively from the licence fee and advertising. Peacock’s reforms may be seen as attacking the financial structure which had underpinned the system. 82
The BBC disagreed with the recommendation of index-linking the licence fee to the Retail Price Index (RPI). This would destabilize the corporation’s finances and then Director-General Alasdair Milne argued would undercut the true inflation rate which Peat, Marwick and Mitchell recognised as standing at approximately seven to eight percent. This would again hinder rather than help the BBC’s mission to act as a national broadcaster which would provide public service broadcasting.

Unsurprisingly, Milne also believed that the BBC should keep hold of Radio One and Two.

The ITV companies dismissed the recommendation which proposed to put their franchises out to competitive tender. David Plowright, then Chairman of Granada and the Independent Television Companies Association (ITCA) and John Whitney, then Director of the IBA, argued that broadcasting was not simply a commodity in which minimal financial requirements were appropriate. The most telling criticism of the franchise auction, however, was made within the report itself by the dissenting members:

"Three of us (JC, JH, AH) do not recommend this system, certainly as long as the duopoly lasts. First, it would be very hard for the IBA to choose between a cash bid and a bid which offered less money but a better chance of high quality public service broadcasting. The present system of allocating the franchises had been much criticised as being arbitrary and unpredictable. The proposed system would reinforce these criticisms. Second, we do not think that the public service undertakings given by bidders can be made sufficiently precise to be legally enforceable; and if it is the IBA, not the courts who decide when there has been a breach, that again will give rise to concern about natural justice and arbitrary decisions. Third, a system of competitive tenders is designed to reduce profits. It therefore makes it more likely that companies through bad luck or bad management, will make losses or poor profits. The examples of TV-am and the many ILR stations show how hard it is in practice for the IBA to enforce standards."
This demonstrated the legal problems which would face the commercial regulator and further worked against Peacock's idea to dismantle the clientelism which had characterized the system. The decision would be again taken by a regulatory body composed of the 'great and the good' who might act in the interests of the industry rather than the public. Moreover, the closed nature of the decision-making process was not really questioned, as the IBA would only have to explain why it did not choose the highest bidder.

Channel Four chairman Edmund Dell questioned the report's conclusion that the station should sell its own advertising, whilst attempting to retain its distinctive remit. This, it was felt, would place the channel into a near impossible position of attempting to please advertisers, whilst catering for specialist or minority audiences. Further, it was argued that the quota would undermine regional productions, create union problems, stem training and could subsume creative and scheduling issues. The effect of the change in system's production base was felt to be devastating:

"It would transform the BBC and ITV from all-purpose broadcasters to the limited and restricted role of broadcast carriers, from ... major programme producers to that of programme transmitters ... Remove or enfeeble these two essential pillars of our public service broadcasting and the entire edifice will come tumbling down."

Therefore the broadcasters were not only concerned about the specific implications of the report, but also with the possible ramifications of the concepts which had underpinned Peacock's approach toward broadcasting. They felt that Peacock amounted to a sustained attack upon the system's cherished principles, would
beleaguer their financial status and open the market-place to media magnates such as Rupert Murdoch. The BBC argued that these changes would subvert its 'mixed programming' strategies and might ghettoize the corporation as subscription could lead to a situation in which the national, public broadcaster would have to paid for whilst the advertising supported channels would remain free. The whole concept of the BBC as a national, public service broadcaster was then seen to be at risk. This would lower standards as the ITV companies would simply pursue the largest audiences with the minimum financial risks in order to please their shareholders and advertisers. Therefore, the public service criteria would diminish as entertainment programming would take precedence over educating and informing. Finally, Peacock's advocacy of subscription television might undermine the traditions of programme diversity and universality of service. The tenet of universality had been deemed to be a vital pre-requisite of broad rather than narrowcasting. The Peacock committee, however, did not view this feature as a qualification upon their critique of the 'comfortable duopoly'. Through their reforms the committee posited that a fairer market-based alternative to universality would become manifest. As Samuel Brittan later commented:

"..... the price of unanimous endorsement by the Committee of stages two and three was a statement that the whole population should receive at least four mainstream television channels, even if this required public intervention or subsidy (699). But we also said:" It is not realistic to expect that every novel or experimental service be made available in the most isolated patch of the country"; and we cited the BBC's 1986 Annual report, showing that it took sixty-five new transmitting stations to raise the coverage of BBC1 from 99.0 to 99.1 percent of the population." 92
The broadcasters' attacked the report, upon economic and philosophical grounds, arguing that "the whole plan of dismantling the present system in order to create a new public service broadcasting corporation is unwittingly destructive." Indeed, Peacock's central tenets of greater freedom for independent productions, mediated through a quota system, and subscription-based system stressed that broadcasting as an economic commodity rather than as a socio-political entity. This was particularly evident in its attack on the public service philosophy.

The committee had produced a report which responded to the main policy issues in broadcasting --- social, political, economic and technical --- in a far more removed manner than the previous investigations into broadcasting such as Pilkington and Annan. As a Peacock supporter Alan Day commented:

"Its approach ..... is that of a serious study of a complicated and changing set of considerations using the methods of the social sciences, rather than an extended, amiable and worthy essay reflecting the intelligent musings of a group of the Great and Good." It challenged the traditional assumptions that had been employed by other committees of inquiry. The public service system was no longer seen as a being beneficial to the public, which consisted of consumers. Their interests had been neglected and the broadcasting institution's had a stranglehold on the system's points of entry. The report provides an interpretation of broadcasting community that suffered from the ills of monopolisation. The bureaucracy was seen to be impenetrable, complacent and wasteful in its use of resources. Further, clientelism existed between the broadcasting institution's and the state, and the citizen's access to the flow of free information had
been sacrificed. The 'comfortable duopoly' existed for the pleasure of its inhabitants and the state.

In turn, such fundamental changes served to question the historical evolution and current political role for broadcasting within Britain. Peacock re-examined the regulations, laws, financial and ideological presumptions that had shaped broadcasting and found them to be subject to overbearing state control. For the consumer/citizen to fully enjoy 'freedom' within broadcasting it was necessary that the regulatory tiers and funding mechanisms, which had served to perpetuate state interests rather than actively resist them, should be dismantled. The report attempted to reconceive the political role for broadcasting in order that it might fulfil a 'free' role in British society. This, Peacock argued, already existed within the print media whereby the market proved to be chief mechanism for regulation. Consequently, the report wished to reform both the formal and informal control mechanisms that existed over broadcasting.

The traditional tenets and authorities had failed on several accounts. First, they were outmoded by the introduction of the new media. Peacock predicted that national forms of regulatory control over broadcasting would become increasingly anachronistic in an environment which was dominated by Pan-European initiatives and new forms of delivery that undermined the traditional justification of the 'limited spectrum'. Secondly, for Peacock the current set of arrangement contained a series of intellectual, ideological and structural flaws which combined to stem the consumer and the citizen's freedoms.
The committee intended to demystify the British broadcasting system so that it would "become) no more special than publishing became once the world was used to living with the printed press." The mystification of broadcasting had evolved due to the Reithian tenets that had dominated the traditional institutions, the legal and regulatory regimes that supervised the industry and further because of the state's overbearing interventionary role within it. This had meant that broadcasting was commonly understood in a manner that served the status-quo. The emphasis within broadcasting had been placed upon what could not be done, rather than upon what was possible. Peacock's solution to this problem was to breakdown the privileged broadcasting blocs, open up the traditional institutions to outside entrants and to make broadcasting more responsive to consumer needs.

This meant that there should be extensive reform of the 'comfortable duopoly' and a reinterpretation of what was meant by Public Service broadcasting. Therefore, within the text of the Peacock report there are not only recommendations for reforming the economic organization of British broadcasting, but there are also a considerable number of criticisms and challenges to the essential value judgements that had underpinned broadcasting. The Peacock report posited that only a minimal form of public service was required. It felt that the market might provide an abundant variety of programmes and stated that:

"The best operational definition of public service is simply any modification of purely commercial provision resulting from public policy." 96
A competitive, libertarian ethos would be introduced into broadcasting and was to be further promoted by a market based system founded upon the introduction of the new media. The new means for delivery could provide the viewer/consumer with a wealth of choice and programming. Consequently Peacock posited that if such an opportunity for change was to be fulfilled it would be necessary to radical reform the structures of broadcasting. The ultimate goal for the committee may be summed up as follows --- the creation of an environment in which the viewer/consumer could assert his/her citizen rights within broadcasting through the operation of a market based system that was reflective and responsive to his/her preferences. The Peacock report was designed with this objective in mind and provided a number of reforms through which such a strategy might be pursued. These reforms was coherently packaged and the report stressed that they could not be taken out of context and pursued in isolation. It was posited that such a piece-meal approach would be ineffectual and the thrust for change would be ameliorated.

This outlook explains why the report did not recommend the privatization of the BBC.

Brittan has commented:

"Some critics asked why we had not recommended privatizing the BBC. The reason for not doing so in stage one is clear enough. Under the present broadcasting system, privatization of the BBC would not introduce any extra element of competition. Moreover, so long as direct charging of viewers and listeners is impossible and the BBC is tax-financed, a privatized body would be responsible neither to the market nor to Parliament and would thus have arbitrary and unacceptable power. This matters far more to broadcasting than it does for gas or telephones (which has been privatized as semi-monopolies)." 97
CONCLUSION

"After more than a year of deliberations the Peacock report arrived to a chorus of anger and derision from broadcasters, unions and MPs."

The Peacock report had failed to please a wide number of interests because it had rejected the introduction of advertising upon the BBC and had preferred to outline a set of market-liberal reforms for the future of broadcasting. For different reasons, there was little receptiveness for Peacock from the broadcasting community and the political elite immediately after its publication. Throughout the general reports of the time, the feeling appeared to be that it would be dismissed. It had satisfied few interests and engendered extreme hostility elsewhere. From all quarters, the report was interpreted as a failure either being castigated as being too radical or not satisfying the government’s interests in broadcasting enough.

The committee had hoped to set the agenda for radical change in broadcasting policy-making. The attractiveness of the report for those who were directly involved was dependent upon how these parties identified that their interests had been catered for. The traditional broadcasting institutions, especially the BBC, were pleased with the reports micro findings --- that the BBC would not be forced to take aboard advertising and their would be no immediate competition for the same revenues. However, they were obviously a lot less happy when they considered the macro implications of the report. They disliked being described as the ‘comfortable duopoly’ and treated the notion of a Public Service Broadcasting Council with contempt. Moreover, the ITV contractors were horrified at the idea of having their franchises
The political opposition also mobilised against the report. The leaders of the ACTT and BETA argued that many of the measures were unfeasible and would also result in the loss of revenue and jobs. The then Shadow Home Secretary Gerald Kaufman was predictably blunt when he castigated the report as "a jumble of evasive verbiage ... (whose) proper place (was in) the wastepaper basket." 99

Peacock only gained support from market-libertarians who welcomed the report as "one of the great liberal documents of the age." In its more commercial concerns it also received support from Independent producers and production companies who welcomed the recommendation to liberalize the broadcasting marketplace by placing a forty-percent programming quota upon the terrestrial channels. The Conservative government’s attitude to the report was far more equivocal than supporters of market-liberalism might have expected or desired. As Raymond Snoddy reported:

"The Home Office analysis given to Hurd said the report lacked intellectual coherence, and you know something has gone seriously wrong when senior officials use such uncomplimentary language about more than a year’s work by a distinguished batch of professor and economists." 102

Further, the then Home Secretary Douglas Hurd was heard to have made his displeasure with the report behind the scenes. Samuel Brittan provides the anecdote that Hurd compared Peacock unfavourably with Annan at a senior Conservative wives’ lunch on the date of the report’s publication103. Even before Douglas Hurd
had introduced the report in Parliament, the Home Office had moved to reduce its impact and credibility.\textsuperscript{104} The report was accompanied by dismissive policy statements and was selectively leaked through the compliant Lobby\textsuperscript{105}, who inferred that it had been subject to a number of fundamental disagreements amongst several members of the committee (principally between Peacock and Brittan on one side, and Hethrington and Chalmers on the other)\textsuperscript{106} and that it had been unfavourably received by the Prime Minister and the rest of the cabinet.\textsuperscript{107} In a contemporary article, Alan Peacock commented:

"There had been a set of unfortunate leaks, unfortunate because they took particular recommendations, such as the rejection of advertising out of context. The press were unanimous in their view that members of the Cabinet were reacting most unfavourably to what they had been told about the Report's contents. Our child would be strangled at birth."\textsuperscript{108}

This action was re-inforced by Hurd's presentation of the report in the House of Commons. Whilst Hurd diplomatically welcomed the long-term validity of Peacock's approach, he dismissed many of the short-term proposals.\textsuperscript{109} For example, Hurd vaguely promised that there would be a careful consideration of independent quotas.\textsuperscript{110} In effect, it was argued that Peacock had failed to please its political masters and they had decided to consign it to the 'dustbin of history'.\textsuperscript{111} The Spectator sarcastically observed:

"(Douglas Hurd) ... with a most elegant flick of the instep ... despatched Professor Peacock's report to the long grass; 'a stimulating and challenging report' ... 'fits in well with our general philosophy' ... 'presents regulations not sacrosanct' ... 'constructive debate needed.'\textsuperscript{112}
There was a feeling that the department had been caught out by the report. Douglas Hurd had suffered from the legacy of his predecessor Leon Brittan who had "misread the message (and had) set up a committee who genuinely believed in the reality, rather than the rhetoric of the free-market." However, even Leon Brittan (who had been responsible for the partisan stacking of the committee) would have been astonished by the nature and extent of the report's scope. After all, the Home Office had initiated the committee with a clear instruction --- to consider the implications of introducing advertising upon the BBC. Instead it had been presented with a document which had, akin to a Royal Commission, significantly questioned the tenets underpinning the whole of the British broadcasting system. Clearly, the department's expectations had been exceeded and its unease can be measured by the reticence it displayed upon receiving the report.

Peacock had displeased the government through its arguments against regulation and censorship. The mass media, and broadcasting in particular, had often been cited by the government as creating a moral laxity through a disproportionate amount of representations of sex and violence. In particular, these voices had called for greater regulation and censorship within the area of public morals. The Cabinet quickly dismissed the arguments for a removal of interventionist regulation over what was shown, believing it to be instrumental in promoting pornography, obscenity and violence. The Home Secretary Douglas Hurd quickly demonstrated the government's attitude:

"Our present arrangements reflect the view that the peculiarly intrusive nature of broadcasting and in particular television, continue to require special regulatory arrangements."
However as Samuel Brittan comments, the purpose of Peacock's libertarianism stood at odds with this interpretation of its meaning:

"MPs who identify freedom of speech and of artistic expression with soft porn are merely revealing something about themselves. Recent examples of broadcasting suppression include discussion of Count Tolstoy's book on British involvement in the forced repatriation of anti-Communist Russians and Yugoslavs, and a critical programme on the role of the IBA. Earlier on Churchill's warning on the dangers of Hitler were kept off the air to please the party Whips. Every single one of the Home Secretary's arguments on the supposed need to censor broadcasting because of its intrusiveness was heard after the invention of printing, which was just as provocative in its day. Freedom of speech was one of the four freedoms of the Atlantic Charter; and those who want to suppress it, on whatever pretext, are traitors to the Western heritage."\(^{116}\)

As Brittan's comments signify, this issue referred to a more deep-rooted concern, as the removal, partial or otherwise, of the regulating agencies responsible for supervising broadcasting brought into question the issue of state control within broadcasting. The report, whilst expounding the construct of a free broadcasting market without censorship, had revealed a major dichotomy in the Thatcherite thinking towards broadcasting. Whilst Thatcherites were, in principle, in favour of deregulation, competition and consumer choice, they were even more suspicious than paternalistic 'One Nation' Tories of proposals which enabled the individual to watch and listen as they preferred, subject to only the laws of libel, taste and decency. As Samuel Brittan commented:

"They (Thatcherites) espouse the market system but dislike the libertarian value judgements involved in its operation, value judgements which underlie the Peacock Report."\(^{117}\)

It is ironical that Peacock, which was called by the Thatcher government as political weapon to enforce compliance from the broadcasting community, served to
expose the contradiction within Thatcherite policy toward broadcasting and made conspicuous the control mechanisms that had been employed by the state in relation to broadcasting. It was Professor Peacock and Samuel Brittan's intention to reform the agenda for broadcasting by making conspicuous the mechanisms that had been employed to structure the British broadcasting system. Peacock may be criticized upon several fronts (i.e. its innate belief in the market as proper regulator, its ability or inability to understand how the broadcasting economy works, its interpretation of public service broadcasting and the historical development of a free press or its direct linkage between economic performance and societal freedoms), however it did expose and question the flaws and contradictions between a broadcasting system that claimed to be established in terms of constitutional independence and one which, in reality, allowed for a considerable amount of collusion between the state and broadcasters. Whilst many commentator have argued that Peacock was primarily important for setting the debate in financial terms, I would argue that its true significance was located around these factors. Peacock asked essential questions about the political position of British broadcasting in a liberal-democratic nation. The conclusions it reached challenged the normative values and, inspite of government intransigence and deflection, refused to be easily dismissed. This was realised by the chairman himself when he predicted immediately after the report's publication that:

"My conviction is that the report cannot be shelved, in the sense that the issues go far beyond the immediate interests of this government."120

Clearly the Peacock report would have major implications for the ensuing broadcasting debate and the round of policy that followed its publication as it challenged the traditional conventions and structures that had been employed to
propagate broadcasting in Britain. As Cento Veljanovski, a leading supporter and economist for the Peacock, commented:

"the framework developed by Peacock and the issues that it drew attention to --- essentially fundamental questions about the nature and purpose of broadcasting in a free society --- required all to reconsider the basis of broadcasting policy."\textsuperscript{121}

Therefore it remained to be seen whether the policy-cycle inaugurated by the Peacock Report would produce the complete agenda for change the committee desired, as the government would have to attempt to reconcile two apparently irreconcilable facets (state intervention and deregulation) in order to create a coherent policy for change.
1. This can be observed in the writings of contemporary observers such as Raymond Snoddy, the Financial Times journalist who in a freelanced article in Media Week, 4.7.86, p.4 commented:
"The major problem appears to have been that Peter Jay, at one time on then-Home Secretary Leon Brittan's list for Peacock Committee membership, has turned out to be the main influence on the Committee members. They swallowed whole the Jay theory, first set out at the Edinburgh Television Festival years ago."

2. Alan Budd in Cento Veljanovski (ed.), Freedom in Broadcasting, Institute of Economic Affairs, 1989, p.64. Brittan's importance within the committee can be judged by contemporary observations. For example Nick Higham (Broadcast, 12.7.86, p.16) comments:
"Brittan was evidently the intellectual powerhouse of the committee, and on 'Feedback' he explained, in terms which even I could understand and with a certain dry wit as well, what the philosophy of broadcasting espoused by the committee was, what its implications were for the consumer and why they should not be ignored."

3. This is notable in the statements that immediately followed the report's publication and within the report itself. For example, Peacock comments (The Report of the Committee on Financing the BBC (Henceforth referred to as The Peacock Report), HMSO, 1986 p151):
"Although we would not claim canonical status for each and every one of our recommendations, they are designed to form part of a coherent strategy. It is not possible to pick and choose at will among them, without destroying the whole thrust."


8. Ibid., pp.100-102.


11. Ibid., p.209.

12. Ibid., p.228.


15. Ibid., p.137.


17. Ibid., p.151.

18. Ibid., p.151.

19. Ibid., p.38.

20. Ibid., p.38.


22. Ibid., p.132.

23. Ibid., p.39.


25. Peter Jay had proceeded to develop his arguments over a considerable length of time in the pages of The Times. He had also presented evidence to the 1977 Annan Committee upon the same lines, although this had been by and large ignored by Annan, who preferred to concentrate upon the perceived benefits of the system and the creation of a Fourth Channel.


27. Ibid., p.133.

28. Ibid., p.146.

29. Ibid., p.136.


33. Cable systems had formerly been used to complement terrestrial transmissions in areas where there were either geographical or technical difficulties. However, the old 'narrow-band' cable had a restricted capacity and could only carry a maximum of four channels. The dual innovations of fibre-optic and electronic switches meant that 'wideband' cable became a tangible reality. Subsequently, cable could carry a large number of television and sound channels which could be electronically scrambled, thereby providing for subscription or pay-per-view channels.


35. Ibid., p.113.

36. Ibid., p.145.

37. Ibid., p.145.

38. The report proved to be inaccurate in its prediction of a fibre-optic cable network which could provide the viewer with a multitude of channels and options. To this end, the report has received a fair degree of criticism. As James Curran and Jean Seaton, Op.Cit., have stated (p.339):
   "But although (the fibre-optic grid) (was) technically feasible, this would involve an enormous financial investment. For a time, many neo-liberals were under the illusion that this was a realistic prospect because they thought that British Telecom would install an extensive fibre-optic grid in the process of modernizing copper wiring of household phones. But as this prospect receded, so too did the dream of a perfect broadcasting market in which pay-TV would be a central feature."

   However, Samuel Brittan writing in Jay Blumler and T.J.Nossiter, Op.Cit., pp.354-355 remained optimistic:
   "Technically, the development of addressable decoders would enable pay-per-view without the establishment of a fibre optic grid. But a fibre-optic grid would still be desirable to provide the indefinitely large number of channels in which an indefinitely large number of messages can be passed from any one citizen to any other ..... At any rate, there are certain moves which existing legislation would allow the Government to adopt by the end of decade. The two most obvious are to compel BT to make existing ducts available to cable companies and to allow these companies to carry voice telephone."


41. See Ibid. and Kenneth Dyson and Peter Humphreys, Broadcasting and New Media Policies in Western Europe, Routledge, 1988. The first work is a detailed survey of the 1981 Franchise round which resulted in loss of franchises for Southern Television etc. The franchise allocation process was heavily criticised as the IBA was perceived...
by many to have acted in the interests of the 'Big Five' ITV companies (Thames, London Weekend Television, Central, Yorkshire, Granada) and operated in a closed, clandestine manner which excluded public debate. For example, Asa Briggs and Joanne Spicer (p.80) about the 1981 Franchise round:

"No changes were made (and) ... the general discussion ... was less comprehensive and probing --- than the previous dialogue between the companies and the Authority or public discussion outside Parliament."

In the latter book, Dyson has identified that the IBA was subject to minimalist legislation, pursued 'invisible actions', was secretive, represented 'establishment politics' and exercised patronage and self-restraint.

42. This refers to the belief, common amongst 'Chicago school' economists, that regulators instead of acting in the interest of the citizen and attempting to allocate resources efficiently, had effectively become subject to the companies they were designed to govern and supervise.

43. It should be noted that this recommendation was supported by only four members of the committee. These were; Alan Peacock, Samuel Brittan, Lord Quinton and Peter Reynolds. The recommendation was opposed by Judith Chalmers, Jeremy Hardie and Alastair Hethrington.


45. Ibid., p.144.

46. Ibid., p.144.

47. Ibid., p.140.

48. Ibid., p.146.

49. Ibid., p.147.

50. It has been argued by many within broadcasting and by commentators such as Colin Seymour-Ure that broadcasting exists as independent actor within the body politic. Pluralists would argue that the BBC maintains independent through a number of financial and constitutional devices. The licence fee is seen to be a means through which the BBC can retain independence as the BBC is not subservient to the state for its funding. Whilst, the Corporation's charter means that it is responsible to the Crown rather than to Parliament. Similarly, Independent television is seen to maintain its independence as it is financed by advertising and regulated by the IBA. However, other critics (notably political economists such as Garnham et.al) have argued that these structures have served to reinforce state control and allow for covert pressures to be placed upon broadcasters. For example, the fact that the licence fee is set by the government may be seen as financial method through which political compliance could be achieved. For more on this debate see, Michael Tracey The Production of Political Television, Routledge and Kegan Paul, 1978, Ralph Negrine Politics and the Mass
Professor Peacock’s convictions about the role of the market can be detected in his other works. For example, his beliefs are apparent in his comments on welfare economics in ‘The Credibility of Liberal Economics’, Occasional paper 50, London, Institute of Economic Affairs:

"The existence of market failure leads welfare economists all to readily to assume that there is an efficient and costless form of government action always at hand to rectify the market’s deficiencies ... Seldom are the costs of the control methods themselves evaluated; and the kinds of distortion inevitably associated with bureaucratic control are conveniently forgotten. (Welfare economics) is a curious blend of often penetrating observation of the workings of the market system with an astonishingly naive view of the political and bureaucratic process."

The Peacock Report, Op.Cit., makes this connection apparent when it states (p.141) that:

"The reasons for the tendency to high costs and inefficiency ... arise not from easily rectifiable personal failings, but from the nature of what we have called in chapter 4 "The Comfortable Duopoly". We would echo the words of Adam Smith about the officials of the East India Company when they had a virtual monopoly of trade in India; "It is the system of government, the situation in which they are placed, that I mean to censure; not the character of those who have acted in it. They acted as their situation naturally directed, and they who have clamoured loudest against them would, probably, have not acted better themselves". We stress that British Television cannot expect to remain in a privileged and protected position."

Moreover, Martin Jackson wrote in an editorial for ‘Broadcast’, International Thomson Business Publication, 4.7.86, p.2:

"We may not agree with the proposals. But given a dedication to market philosophy there is a certain logic to the (Peacock) package. It represents a classic Adam Smith approach to society."


53. Ibid., p.112.


60. Ibid., p.149.
61. Ibid., p.148.
62. Ibid., p.149.
63. Ibid., p.149.
64. Ibid., p.149.
65. Ibid., p.150.
66. Ibid., p.137.

67. For example, Gillian Rose in an article entitled 'Licence fee saved as Peacock inquiry rejects advertising on BBC' in *Television Today*, 22.5.86, p.15 commented: "It looks as if the BBC is safe for the time being from exposure into the commercial world of advertising. The Peacock committee's report, which id due to be handed to the Home Secretary on June 3, has rejected advertising on the BBC and has suggested that the licence fee be linked to the retail price index for the next ten years. ... This represents a form of victory for the BBC and for ITV, whose future would also be sorely affected if advertising were introduced on the BBC."

Whilst the *Glasgow Herald*, 4.7.86, p.10 commented:
"The Peacock report is a less contentious document than it might have been. This is ..... mainly because the proposals, at least many of the short-term ones, are less extreme and ideologically uncompromising than seemed likely when the report was set up. The report confounds the predictions that the committee was too weighted with free-marketeers to take any account of other viewpoints. It has roundly rejected advertising in the BBC, an idea that Mrs Thatcher had favoured."

68. Interview with Colin Shaw, Director of the Broadcasting Standards Council, 25.4.91. In conversation Colin Shaw has commented that Peacock clearly set the agenda by demanding for information related to economic concerns. My own study of the evidence for the committee, held at the Public Record's Office tends to support this viewpoint as the majority of the information presented to the committee responded to the concerns raised by the introduction of advertising upon the BBC.


70. Samuel Brittan comments in Jay Blumler and TJ Nossiter, Op.Cit, p 346 that: "As is well known, the Committee recommended that the BBC "should not be obliged to finance its operations by advertising." The reason for this recommendation was *not*, however, because the Committee thought there was insufficient advertising available. The econometrics studies did not --- and could not in fact --- decide the argument either way."

71. Quoted from 'The BBC is let off the hook', *The Listener*, 10.7.86, p.17.


78. Interview with Department of Trade and Industry official, 25.3.93.

79. Interview with Roger Bolton, former Head of Factual Television, Thames Television, 31.7.92.


81. Ibid., p.232.

82. Ibid., p.232.

83. Ibid., p.225.

84. Ibid., p.225.

85. Ibid., pp.226-229.


89. Ibid., p.230.


91. Interview with Colin Shaw, Director of the Broadcasting Standards Council, 25.4.91.


96. Ibid., p.130.


98. 'Peacock: 'a dead duck', Broadcast, 4.7.86., p.1.


103. Ibid., p.351.


105. For more on Conservative government’s control over and general criticisms of the Lobby, see Peter Hennesey and David Walker’s article in Jean Seaton and Ben Pimlott (ed.), The Media in British Politics, Aldershot Avebury, 1987. In particular, this period was marked by the dominant control of Margaret Thatcher’s press secretary Bernard Ingham who severely tightened the government’s grip over information. For further details, see Robert Harris, Good and Faithful Servant, Faber and Faber, 1990.

106. See ‘Peacock Report: Reaction. Debate shows members are divided over some proposals’, The Times, 4.7.86, p.4.


110. Ibid..

112. The Spectator, 12.7.87, p.3.

113. Nick Higham, 'Peacock get the bird', Broadcast, 11.7.86, p.10.

114. These arguments were (and have remained) popular amongst populist Conservative MPs and pressure groups leaders such as Mary Whitehouse.

115. Douglas Hurd, (House of Commons) Hansard, 4.7.86.


118. This irony was not lost upon several contemporary commentators. As Bryan Appleyard wrote scathingly in The Times, 3.7.86, p.12:

"... the Government's news management operation in recent days has suggested via selective leakages that the committee has gone too far for the Tories. ... Mrs Thatcher's free-market instincts, which prompted her to believe that the BBC should soil its hands with commerce as much as the IBA, misled her. Sure enough the BBC currently enjoys an advertising monopoly, but then the IBA enjoys an advertising monopoly. Merely juggling the elements of this utterly imprisoned market would not constitute radical thinking."

119. See Richard Collins, Nicholas Garnham and Gareth Locksley, The Economics of Television, Sage, 1988 p.111. Whilst determining the importance of Peacock's role as an economic document they comment:

"it is not our intention to join the chorus of voices attacking Peacock. The report is the most intellectually considerable attempt to grapple with broadcasting policy published by the UK government for many years. It can be compared to the Pilkington report of 1962 which made as intellectually serious a case for an administered public-service vocation for broadcasting as does the Peacock report for a new market regime."

120. Alan Peacock quoted in an article entitled 'Debate shows members are divided over some proposals' in The Times, 4.7.86, p.4.


This chapter will examine the political phase of Jeremy Tunstall’s broadcasting policy-cycle model. As I have shown, Tunstall defined the policy-cycle as: an enquiry phase --- ending with a report suggesting various recommendations; a political phase --- concluding with legislation which may concur with the report but often stresses different themes, and an operational phase --- culminating in the legislation’s implementation. He comments upon the political phase:

"The report goes to the relevant government minister and department. A White Paper may follow, then a bill and, after the usual debates, a law is finally enacted. The act may reflect only quite a small part of the public committee’s recommendations, and even these may be adopted in altered form."  

For my purposes this phase may be demarcated from the Peacock report’s publication in July 1986 to the Broadcasting bill’s enactment in November 1990.

In many respects, the 1990 Broadcasting Act was reflective of the preceding period of political intervention which can be characterized by its short-term reactiveness. While the BBC had been subjected to governmental antagonism during the early eighties, the immediate focus of wrath was the 1988 Thames documentary ‘Death on the Rock’. The resulting political storm, co-inciding with the government’s aim to reform what it perceived as a monopolistic and unaccountable broadcasting system, served to focus its attention on Independent Television (ITV). Consequently, the legislation compounded one of the policy cycle’s central ironies as ITV found
itself being reformed whilst the BBC and the new media remained relatively
untouched.4

The 1986 Peacock report provided a market-liberal critique of British
broadcasting and may be understood as having defined a framework through which the
Thatcher government could reform broadcasting. Peacock widened the debate from the
re-organization of the BBC to the whole of British broadcasting. It criticized the
system as being publicly unaccountable because it was duopolistic and subject to state
pressure. It argued that through economic deregulation individual choice, expression
and political accountability would be realized.5 To this end, the report's critique may
be employed to consider the nature of the legislative period. The Peacock report set
the agenda for the subsequent broadcasting debate. As Steven Barnett has commented:

" ... in debates and at conferences the report was cited as an example of the free-
market approach towards broadcasting. It set an important precedent and the
framework for the debate which was, not so much about the PSB, as how can we
place broadcasting into the mode of the consumer."6

However, the problem with this broadcasting policy is to determine where
the ideology ended and the politicking began. To what extent was Peacock a half-
constructed vehicle on which Thatcherites might impose recommendations designed to
alter terrestrial broadcasting? Was an attempt made to inter-relate the concept of
consumer sovereignty with any practical policy-making? Did the political phase
indicate a coherent effort by the government to employ Peacock’s recommendations
and was an alternative conceptual framework to the common notion of public service
broadcasting realized?
This was a confused policy-making phase in which suggestions were considered, only to be dropped in order to be re-considered again. The Home Secretary Douglas Hurd, after "kicking (Peacock) into the long-grass"\textsuperscript{7}, went on to state that "nothing is certain" and that the licence fee might come under renewed speculation.\textsuperscript{8} The immediately negative reaction to the Peacock report proved too premature as throughout the following years it achieve a qualified acceptance and a number of its recommendations attained favour within the political elite’s thinking. As Raymond Snoddy noted “ideas once seen as outrageously radical (became) almost common place”\textsuperscript{9}. Yet, it should be remembered that the government’s decision-making was marked by indecision, hesitancy, uncertainty and inconsistency during the early post-Peacock phase.\textsuperscript{10}

In retrospect, the political phase resulted in the significant reform of ITV, with the BBC being largely left alone.\textsuperscript{11} It is therefore necessary to analyze how such recommendations emerged in such a confused climate. Throughout this chapter, I intend to discuss the broadcasting debate’s development. I will consider the government’s reaction to the Peacock report and provide an analysis of the policy’s evolution.

I will discuss the debate’s political emphasis to determine whether ideological coherence or political realism affected the resulting policy. Further, the chapter will question the extent to which this policy referred to issues of political control and ask whether the government attempted to define a concept of broadcasting within the 1990 Act. I then intend to evaluate the substance of the 1988 White Paper
‘Broadcasting in the '90s: Competition, Choice and Quality’ and the 1990 Broadcasting Act. In order to determine the government's response through the official documents, I propose to provide a thematic breakdown based upon the following areas: new media, finance, and regulation.

Therefore, this will be a study of policy-making which is concerned with the imperatives that governed and channelled the Thatcher government's approach to broadcasting policy. In particular, it will discuss the issues raised by the third Thatcher government’s policy-management and ideological viewpoint.
5:1. THE POLITICAL PHASE: THE POLITICAL ELITE'S RESPONSE TO THE PEACOCK REPORT

Whilst the Peacock report's focus was on the BBC, its recommendations extended to all areas of terrestrial broadcasting as they included significant financial and regulatory recommendations for the ITV sector as well as the BBC. In this respect, it is noticeable that the subsequent post-Peacock debate and the locus of the policy should have centred upon ITV rather than BBC.

Clearly, Peacock's wider approach contributed to this shift. As Peacock had found against the introduction of advertising on the BBC, the dynamic towards re-organizing the corporation through legislation tended to be stymied. The reform of the BBC was also stemmed by the findings against the incorporation of subscription in the report Subscription Television. Moreover, the government's relations with the BBC, which had reached their nadir with the successive crises of 'Real Lives' in 1985 and the Special Branch's seizure of the 'Zircon Spy Satellite' tapes in early 1987, were to change during the political phase due to the politicization of the appointment process and the corporation's increasingly cautious approach to political controversies. Consequently, the government accepted Peacock's recommendation that the BBC's licence fee should be set in relation to the Retail Price Index (RPI) from January 1st 1988, but preferred to leave the corporation largely alone.

To some extent, the shift from BBC to ITV may well have occurred due to the inevitable policy-making drift and as the commercial broadcaster was a more
expedient option for reform. Moreover, when the government’s initial disappointment with the report had diminished, it was left to mount a response. In the aftermath of its immediate reaction, it began to perceive that elements within the report provided a framework through which reform could be developed.

In this respect, it may be noted that the Peacock report appealed to a number of different constituencies by off-balancing established practices in an unexpected manner and gave the free-market libertarians a head start both philosophically and for the purposes of lobbying. On one level, it was seized upon by market-liberal think-tanks such as the Institute of Economic Affairs (IEA) and the Centre for Policy Studies. On another level, it provided ammunition for News International and its apologists.13 The close proximity of these organizations to the government obviously strengthened its acceptance of a number of the Peacock recommendations.

For the government, the report’s notion of ‘consumer sovereignty’ facilitated its belief that rather than being a ‘grand architect’ for policy, the doctrine allowed it to be an ‘enabler’ in promoting more competitive practices and opening up the market to new entrants.14 This attitude was reflective of the government’s general concern to encourage openings at the point of consumption rather than protecting producer interests.

However, from the evidence, it would also appear that this change responded to the contemporary nature of the political elite. The broadcasting policy network was shaped through the Prime Minister, the cabinet’s dynamics and the infiltration into the
political elite of a business class during this period of the Thatcher government.

Margaret Thatcher occupied a dominant position within the cabinet, most especially after her 1987 electoral victory, which proved to be important in the development of this policy. Simon James described her as a protagonist Prime Minister whose influence was reflective of her overall power in government. So whilst her thinking may have been personally motivated, it was also crucial in channelling arguments and selecting certain policy objectives.

Thatcher's personal interest and influence in broadcasting policy can be detected as she was chairperson of the cabinet broadcasting sub-committee. In this respect, there is more than a degree of truth that her approach was dictated by her own personal whims as much as following any prescribed ideology or policy procedure. As Nigel Lawson, somewhat sarcastically, noted in hindsight:

"Broadcasting was a subject on which Margaret held a great many firm views and prejudices, which she would air at some length, irrespective of whether this had any bearing on the Committee's pressing need to reach decisions on a number of complex and critical issues."

Moreover, access to the Prime Minister was built up through political allegiance, shared conceptions and personal rapport. A close ally to Margaret Thatcher was Lord Young, the Secretary of State for the Department of Trade and Industry (DTI). He stood as one of the leading examples of the infiltration of a business class within senior political appointments. He remained a businessman brought in to organize policy, rather than acting as a politician who was brought in to supervise business.
Young's relations with Thatcher and the DTI's aim of opening up broadcasting to competition were to prove vital in shaping the course of the legislation. Throughout the early period of the political phase the DTI contested with the Home Office for sovereignty over broadcasting. Both departments reflected different interests and were responding to alternative policy and ideological agendas. The Home Office, responsible for broadcasting since 1974, preferred to perceive broadcasting as a public good and was motivated by issues of social and political control. Its ministers, Secretary of State Douglas Hurd and Timothy Renton, were also drawn from the Conservative Party's more traditional echelons and were consummate professional politicians.

Alternatively, the DTI saw itself at the vanguard of the Thatcher reform movement. The department had been actively involved in the mass privatization and de-nationalization of industries in the name of competition. As it was responsible for the licensing of broadcasting technology, it argued that the new media provided more competitive opportunities. Therefore, broadcasting should be seen as an economic activity and the DTI considered radical solutions such as privatizing the airwaves, BBC2 and Channel Four in order to provide for increased independent access to the broadcasting market.20 The difference in approach was noted by the Economist:

"A few months ago a Home Office man was arguing about broadcasting policy with a man from the Department of Trade and Industry. 'Are you sure you have the interests of the consumer at heart?' asked the Home Office man, believing this to be the yardstick by which government policy should be judged. The DTI man reassured him. Only after five minutes did the two realise they were talking at cross-purposes: for the Home Office, the consumer was the viewer; for the DTI, the advertiser. Such is the government's dilemma over the deregulation of television. Will the winners from this autumn's white paper be the watchers of television or those who advertise on it?"21
This business ethos was enhanced by Young’s appointment of other businessmen such as Sir Jeffrey Sterling, Chairman of the P&O shipping group, to act as advisors. Moreover, Young’s ambitions meant that the DTI was a predator during the late eighties. Therefore, the department devoted a significant amount of attention to an issue which had previously been marginal.

Although the departments’ aims were resolved at a meeting at Silchester, this fight for control marked the stage between the report to the White Paper. In several respects the White Paper was a compromise between the Home Office’s half-hearted back-tracking and the DTI’s desire for greater liberalization, privatization and competition. The joins, however, were conspicuous. For instance, the compromise over Channel Four, which remained a public service broadcaster, whilst having to sell its advertising in competition with a more commercial ITV sector was reached due to the different departmental aims. As Steven Barnett comments:

"The 1988 White Paper was a result of a bitter feud between the DTI and the Home Office. ... The White Paper is full of contradictions between the liberal establishment versus the Thatcherite business ethos. There have been stories within the departments that Lord Young, then Secretary to the DTI, had the ear of Margaret Thatcher and that Hurd, whose interest in broadcasting within the Home Office was minimal, was fighting a rearguard battle. "The shift back to the Home Office coincided with the removal of Lord Young. The DTI, under Young, received patronage from Margaret Thatcher and had a massive public profile. It stood in the vanguard of the philosophical shift marked by Thatcherism. In its departmental briefs it was looking to be the lead department related to broadcasting. When Young lost favour, the impetus left the DTI."

The policy process was thus fought between two departments who laid different emphases upon broadcasting. It appears, however, that both departments, along with
the Chancellor of the Exchequer Nigel Lawson, were keen to proceed with the franchise auction.26

The reform of the terrestrial broadcasting system was further enhanced by the government’s desire to encourage the free development of the new media channels. The technological push provided the government with the political weaponry to attack what they perceived as the vested interests of the terrestrial broadcasting system. As Roger Bolton has commented:

"In the past, there has been government antagonism. However, there was very little governments could do to change broadcasting. The technological change of satellite became the vehicle for change."27

Since the early eighties, the government had been keen to liberalize the communications systems.28 As the new technologies had broken down the ‘limited spectrum’ of airwaves, they enabled the government to actively reconsider the purposes of traditional broadcasting practices. In particular, the government and the DTI hoped that British Satellite Broadcasting (BSB) would succeed as a commercial enterprise. The government had anticipated that BSB would be the sole satellite broadcaster.29

However, this liberalization of the new media served inadvertently to aid Rupert Murdoch’s ‘News International’ group. Murdoch, who had failed to gain the IBA regulated satellite channels in the 1986 satellite franchise round30, had experimented with satellite broadcasting throughout the early eighties with Sky Channel.31 He had clear ambitions and whilst the government and the DTI hoped to
create competition in the first instance, its hands-off approach would eventually allow Murdoch to gain a foothold. Once this had occurred he was to benefit from the political patronage of Margaret Thatcher that he had developed. It has been suggested that the government’s unwillingness to deal with the low or medium powered satellite services was motivated by her close personal relationship with the News International owner.32 Greg Dyke, former Chief Executive of London Weekend Television, commented:

"A major factor of the 1990 Broadcasting Act was the leeway they (the government) gave to Murdoch because he was their friend. This was purely patronage. When I complained about Murdoch’s control I was told under no circumstances are we interested in doing anything. ‘He won us the election’. "33

The government’s patronage of Rupert Murdoch was to remain apparent throughout the political phase. The regulatory issues, which in part were placed under pressure due to the inevitable drive of technology, were given little prominence in satellite broadcasting which was left to be developed by the market. In this respect, it could be suggested with the benefit of hindsight that Murdoch was indirectly aided as ITV could, in the future, stand in direct competition with his subscription based services.34 Moreover, the government’s failure to provide any cogent response to satellite broadcasting was eventually to allow Murdoch to circumvent monopoly restrictions and gain sole control of these channels.35

The Thatcher government’s response to the Peacock report was thus indicative of its leading members’ aims, circles of influence, departmental positions, responses to new technologies and clientelist patterns. It hoped to open up broadcasting to
competition. In regard to this approach, Margaret Thatcher was particularly caught by the Peacock report’s recommendation to auction the ITV company franchises as she was distrustful of the ITV system feeling that it was inefficient, union-dominated, overmanned and monopolistic.36

5:1.1 THE COMMERCIAL LIBERALIZATION OF ITV

The franchise auction had been a side-issue for Peacock and was, to some extent, mitigated as only four committee members (Peacock, Brittan, Quinton, Reynolds) had sanctioned this proposal.37 However, for the Thatcher government it would open ITV up to competitive practices and make it accountable to advertisers and customers.38 The government was keen to challenge the large companies’ protectionism in which market rigging and limited entry were the norm. It felt that the ITV cartel was anachronistic in a broadcasting environment which, through the new technologies, could stem the traditional monopolization.39

Moreover, as Peacock had indicated, reform would provide greater opportunities for independent production companies to enter a previously closed system. Additionally, the government’s desire for competition within the commercial sector drew it to endorse the report’s recommendation that Channel Four should sell its own advertising revenue in competition with ITV. In respect to these beliefs, the government was strongly influenced by the advertising lobby.
The Peacock report's criticism of a ‘comfortable duopoly’ was particularly pertinent to the advertisers. They wished to dismantle the ITV monopoly over advertising space as they felt they had been hostages to ITV’s fortunes. The lack of competition for funds between the BBC, financed by the licence fee, and ITV, through advertising, had stood at the heart of the public service system sustained by arguments for quality programming, competition for audiences and political independence. Further, the IBA had stringently controlled the amount of advertising and the prices for it. In practice, however for the advertisers, these arrangements had allowed the ITV companies to charge exorbitant rates for peak-time advertising and through their monopoly indulge in unaccountable programming, institutional and financial practices.

The advertisers felt that as ITV was the recipient of a third of their annual expenditure, they had a right to intervene in the schedule. They resented their inability to target audiences, believing that the ITV companies had remained arrogantly dismissive of their needs and that the IBA’s demands for public service broadcasting had exacerbated this situation. Moreover, they had heard stories about inefficiencies, some true, others apocryphal, such as camera crews waiting until three minutes past six to claim overtime for two days. These union practices had emerged out of agreements negotiated by the ITV companies whose excessive profitability had promoted a wasteful use of resources. In effect, the advertisers felt they were footing the bill for these practices. As Timothy Renton has commented:

"The big companies who used television advertising a lot, such as the car dealers, car producers, Unilever, the detergent manufacturers, were at the time furious - there is no other word for it - at the ITV monopoly on television advertising. They were
desperate to see competition in this field, and they were all for Channel 4 selling its own advertising. Up until the Act, Channel 4 advertising was entirely sold through and by the Channel 3 companies. They were also very keen to get Channel 5 started."43

Previously, Saatchi and Saatchi, the advertising company employed by the Conservative party during general elections, had been influential in pressing for Peacock’s investigation of advertising on the BBC. Whilst the report dismissed advertising and favoured the licence fee, its recommendations enabled the advertisers to turn their attention to ITV.44 Therefore, they hoped that a market-based system would enhance competition by reducing advertising space rates and by lessening the ITV companies’ excessive profits. The changes to Channel Four’s financial base would also decrease costs.

In turn, the commercial sector represented to the government a throw-back to the monopolistic, corporatist and collectivist traditions which it had sought to remove from the British economy. As Nicholas Garnham has commented:

"(The government’s) proposals ... are underpinned by the more general view which motivates the New Model Army of Thatcherism, that Britain has failed and that this failure is due above all to the corporatist practices of the British elite and especially to the propagation of anti-entrepreneurial cultural values by the British intelligentsia. Within this analysis public service broadcasting, one of the characteristic and supreme creations of that class has itself to be tarred with the brush of failure."45

In many respects, the closed-shop union practices had been allowed to develop due to the change from a levy upon revenues to profits in the late sixties.46 Whilst this measure was designed to stem excessive profitability, in practice it had led to companies circumventing the levy by re-investing money back into programming and
labour. The companies claimed that the financial system enhanced creativity and experimentation as sufficient revenue was available for alternative programming.\textsuperscript{47}

However, the government perceived that ITV was no different from any other economic sector and should operate upon the business principles it had instilled through the introduction of privatization and deregulation. Further, the Treasury argued that the levy had meant that the ITV companies had effectively evaded their financial responsibility.\textsuperscript{48}

The government remained suspicious of the commercial sector's clandestine nature. In particular, it believed that the IBA, rather than acting in the public interest, had shown itself to be subject to 'capture' by the companies it was meant to regulate. This, it was argued, had been exhibited by the IBA's failure to stem the contractor's regional monopoly over advertising revenues and during the 1981 franchise round.\textsuperscript{49} This franchise round had been seen as a 'carve-up' for the major licensees and many observers had been mystified by the IBA's decision to replace the established 'Southern Television' with TVS and 'Westward' with TSW in the South East and South West regions respectively.\textsuperscript{50} These decisions had been made at the IBA's discretion and could not be overturned through judicial review.\textsuperscript{51} The closed and private nature of this form of decision-making was perceived as being unaccountable and reprehensible. As Andrew Davidson has shown:

"Thatcher herself asked the outgoing IBA chairman Lady Plowden why Southern had failed. 'I can't possibly tell you that' replied Plowden."\textsuperscript{52}
The Thatcher government’s annoyance was further raised when Michael Green’s Carlton Communications group attempted to take-over Thames in 1985. Green, who had made his fortunes on the industry’s technical side, had negotiated with Thames’s owners Thorn and the IBA to take-over the London weekday provider. At the eleventh hour, after an agreement had been reached with both the parent company and the regulator, the Thames Chief Executive Richard Dunn, upon learning about the deal, lobbied the IBA Director John Whitney imploring him to refuse it. He argued that Green was a business-man who would transform the broadcaster into a publishing-house, would contravene the IBA’s programming code and the ITV network’s traditions. Dunn’s arguments fell upon fertile ground and the IBA declared that the take-over should be stopped. This angered Green, media magnates such as Robert Maxwell and the City.

The refusal of Green, who had forged close links within the business class who were populating senior positions in the government, acted as catalyst for the emergence of underlying resentments. Green exerted and would continue to hold onto a degree of political influence during the lobbying process, not least as he was the ex-husband of DTI Secretary Lord Young’s cousin. Thus ITV became subject to accusations of cartelism and it appeared that a distinction existed between broadcasting ‘insiders’ and ‘outsiders’ To the government, the IBA had again acted in a high-handed and unaccountable manner. This form of establishment patronage contrasted with the Thatcher government’s publicly propagated views which had sought to stem such practices. Although Green’s position vis-à-vis ministers and the cabinet would seem to imply that the government remained oblivious to any criticisms of clientelism
itself, and his favoured position served to demonstrate the extent to which the
‘Thatcherite entrepreneur’ had become an icon of the late eighties.

Therefore, in this respect, the commercial liberalization of ITV and the
removal of the interventionist IBA was desirable for Thatcher and advocates of
competition. This attitude was evident at a famous Cabinet broadcasting seminar held
on the 21st September 1987 on commercial broadcasting which was attended by
Professor Alan Peacock, BBC, IBA and ITV broadcasting chiefs, when Margaret
Thatcher infamously dubbed ITV as ‘the last bastion of restrictive practices’.56

This meeting was once again illustrative of the (in this specific case, almost
farcical57) break-down between political and broadcasting elites. At the seminar, a
number of the ITV company chiefs presented papers and contributed to an open
session.58 During this meeting, in her capacity as chairperson, Thatcher demonstrated
her annoyance that ITV could continue to act in a monopolistic and unaccountable
manner.59 She also made it clear that she wanted greater competition within the
system, despite the broadcasters who argued that broadcasting was a cultural industry
in which ‘quality’ could not be measured through finance but through programme
output. In regard to the varying imperatives which drove the franchise auction, the
Home Office Minister in charge of the policy Timothy Renton commented:

"The aim of the auction, or competitive tender as it was more euphemistically called,
was quite simple. It would provide annual additional revenue to the Treasury ... it
was also to enable new bidders and entrants to come openly in a transparent process
that had not existed in 1980/81. New bidders had to come openly in the field and into
the winning process. The magic circle had to be opened up."60
Against this, Thatcher indicated at the meeting a repressive, interventionist strand, which on one level was located around the issue of the representation of sex and violence on television. In the summer of 1987, a survivalist, gunman Michael Ryan had committed a massacre in the Berkshire town of Hungerford before shooting himself. Ryan had been impressed by a number of films, including Sylvester Stallone’s ‘Rambo’ movies, which had included a high degree of violent action. These films were available on rented video cassettes and the government articulated popular fears over their mass dissemination. However, possibly for political convenience, it mixed up violent videos with the generally available broadcast programmes.

It was also concerned by an invasion from skies as foreign pornography, licensed by more liberal European states, could penetrate the British broadcasting market. After the broadcasting seminar, Thatcher advocated that greater censorship was required to restrict violence and pornography. Additionally, she argued that fines should be imposed on advertisers who attached themselves to ‘offensive’ programming. This overtly interventionist policy culminated in the Home Office’s proposed statutory censor, the Broadcasting Standards Council (BSC) being set up in 1988.

So whilst the government advocated a liberalization of broadcast financing, it simultaneously decreed an increased amount of regulatory intervention within programming. Deregulators were weakened by this major contradiction at the heart of
the Thatcherite reform agenda. While on one hand the Prime Minister was ideologically committed to liberalizing the market, she feared the consequences of a libertarian approach. Therefore, the policy which emerged was not only reflective of a fight between reformers and traditionalists, but also referred to the central paradox between a free economy and strong state which underpinned the political project which has been commonly identified as 'Thatcherism'. Andrew Gamble identified this as follows:

"The state is to be simultaneously rolled back and rolled forward. Non-interventionist and decentralized in some areas, the state is to be highly interventionist and centralized in others. The New Right can appear by turns libertarian and authoritarian, populist and elitist. This ambiguity is not an accident. It derives from the fact that the New Right has two major strands; a liberal tendency which argues the case for a freer, more open and more competitive economy, and a conservative tendency which is more interested in restoring social and political authority throughout the society. What makes matters more confusing is that not only do those within the New Right regard the importance of these tendencies differently, but those who have written on the New Right often concentrate upon one of them to the exclusion of the other." 

This confusion may explain why the government shifted its attention away from the BBC to the ITV network. If the government had attempted to liberalize the BBC it might have discovered, much like Tony Benn in the 1960s, that a whole tier of protective, constitutional measures would have to be dismantled. The close proximity of the governors to the corporation (legally they are the BBC) could have possibly led to a break-down of the normative, interventionist regulatory patterns.

This distinction may have been exacerbated by political perceptions. For the political elite the BBC remained a national instrument for broadcasting. The BBC had traditionally been the focus of government concerns over broadcasting, whilst ITV
had not been subject to such a concentration of attention (although ironically, as I shall demonstrate later, the Thatcher government's determination to reform ITV was reinforced by the controversy surrounding the Thames Television documentary 'Death on the Rock'). In contrast, the more detached public regulation of the IBA and privately funded nature of ITV provided greater opportunities for a more straightforward commercial reform through changing the financial base, without the attendant complexities of dismantling a publicly funded quasi-state institution. Further, whilst the commercial system had evolved, through finance, legal rulings, regulators and ideological conviction, to eventually complement rather than compete with the BBC, it had initially been conceived by Selwyn Lloyd as a channel founded upon private enterprise. Indeed Robert Fraser, the first ITA Director-General, had argued that it should operate upon the principles of Benthamite utilitarianism.

Consequently, Margaret Thatcher and her supporters sought immediate practical solutions for competition within a specific part of broadcasting from the Peacock report, rather than employing it as a market-liberal blue-print to radically restructure the industry. Their response was deliberately selective, preferring to pick recommendations which conformed to their general purposes rather than considering the whole report, in spite of its authors' warnings. On one level, for Thatcher and a number of her colleagues, broadcasting was not distinguishable from any other business. In this respect, the government's response fitted into the part of Peter Jay's thesis which equated broadcasting with publishing.
However, whilst the system could be liberalized, it could only be liberalized up to a point. This was justified by the government through its concerns to protect societal values by intervening in programming. This form of intervention diverged from the Peacock report's avowed aim to withdraw overbearing regulation or what it deemed as censorship. Moreover, as the dichotomy between libertarianism and authoritarianism became conspicuous, it was felt by both industry insiders and observers that a hidden agenda existed in which the policy was designed to reduce the broadcasting institution's political potency. In particular, the Thatcher government fundamentally disagreed with the purpose of political reporting, most especially during crises. The government felt it was the broadcasters' duty to promote the national interest, in contrast to the broadcast journalists' belief that they should act as impartial brokers of information within the dominant political system. As Towyn Mason has commented:

"The policy occurred in an intensely political period. The government had an ideological view of the world and a reformist view. Many within the BBC believe that two agendas existed. There was the ostensible agenda regarding policy including Peacock, the White Paper, the Bill and the Act. There was also the undeclared agenda. This is a belief amongst many, although I would qualify it by saying that it is subject to prejudice and is based upon conviction rather than analytical judgement. However, many see that Thatcher, Kenneth Clarke and Norman Tebbit etc shared an attitude to broadcasting, that the BBC and ITV --- the broadcasters --- were too powerful and, as they were unelected, irresponsible."

This factor was visible due to the government's record of rather crude attempts to intervene within broadcasting. The trend of poor government-BBC relations, which I have identified in Chapter three, intensified in the mid-eighties with the aforementioned 'Real Lives' case, the reporting of the US bombing raid on Libya and the seizure of the programme tapes on the Zircon Spy satellite.
The 'Real Lives' dispute demonstrated the nadir of political relations between the government and the BBC. The disparate position of the government and the journalists over accountability had promoted the disagreement. In the aftermath to the controversy, through a mix of political appointments and the governors' usurpation of the management, the BBC began, in the words of Margaret Thatcher to 'put its house in order'.

The early death of BBC chairman Stuart Young in 1986 (brother of DTI Secretary Lord Young) enabled the government to appoint a non-partisan political ally Marmaduke Hussey. The government's nomination of BBC governors became an increasingly important political weapon to hold over the corporation. Although Hussey held no publicly stated political beliefs and was seen to be a compromise candidate in October 1983, he had close ties with the political elite and with Rupert Murdoch. He had also been perceived by many as a 'hatchet man' who had closed down The Times for a year due to a union dispute. His appointment led to the dismissal of Director-General Alasdair Milne who was replaced by Michael Checkland, the Deputy Director-General with an accountancy background. Whilst Milne had acted as an 'Editor in Chief', Checkland was more concerned with deploying resources efficiently and distanced himself from the controversial areas of News and Current affairs. This responsibility was covered by former London Weekend Television (LWT) Director of Programmes John Birt who was recruited as Deputy DG.
Birt had co-authored a series of articles entitled the 'Bias against understanding' with his 'Weekend World' presenter Peter Jay in the *Sunday Times* in 1975. They argued that news was largely reactive and for broadcast journalism to become analytical it was necessary to centralize the command structure, by creating specialist journalists and emphasizing key stories rather than a broad approach. Therefore, Birt set about realizing his theories by amalgamating the 'News and Current Affairs' departments.

His approach, however, had a political purpose by re-inforcing the 'referral' system through such a centralization. As the producers would have to refer their items to their seniors, power would be exercised at a commissioning or editorial level as potentially controversial items could be rooted out. Consequently, the self-regulation system would be enhanced.

As the BBC shied away from political controversy, the political elite's attention was drawn towards ITV. The government's wrath was channelled by the Thames Television documentary 'Death on the Rock'. In contrast to government statements, this programme cited eye-witness evidence that the security forces had enacted a shoot-to-kill policy against three IRA suspects in Gibraltar. It created a long-running controversy and led to the government attacking ITV through Rupert Murdoch's *Sunday Times*.
The fall-out from the programme exposed a vast gulf between the political elite and the IBA, who in its capacity of broadcaster was legally responsible for airing the programme. Before the documentary was shown a dialogue occurred between then Foreign Secretary Sir Geoffrey Howe and the then Chairman of the IBA Lord Thomson. Howe had asked the IBA to withdraw the programme claiming that:

"The dangers are clear, and so is the resulting responsibility laid upon the media. The dangers are more in the case of the television medium because the interviewing of witnesses is presented in a much more direct way than in the written press. There must be a serious risk of contaminating the evidence by establishing potential witnesses in advance of the hearing in public positions with all the attended pressures which that produces."\(^{77}\)

In response, Lord Thomson replied:

"I am sorry that you and I, from our different standpoints, should have come to different conclusions about the Thames programme ... However I believe that the decision I made for the IBA ... to allow the broadcast to go ahead was the right one in all circumstances."\(^{78}\)

This exchange was not only indicative of two legal viewpoints, it also demonstrated that two very different types of culture existed without any common ground to reach agreement. The IBA's response in defending and airing the programme, whilst being valid in protecting investigative journalism, was demonstrative of an old organization's inability to perceive how far the political mainstream had altered. A number of contemporary newspapers called this 'political suicide' as the government threatened to dismantle the IBA.

The distrust that had grown between the BBC and the government was transferred to ITV. ITV was not only seen as ignoring the demands of the advertisers,
but as being unaccountable to its political masters. This, combined with the arguments that ITV should be commercialized as it was monopolistic and anti-competitive, served to reinforce the government’s desire to introduce legislation to reform ITV’s financial and regulatory arrangements. As Roger Bolton has commented:

"The market-libertarian ideology fitted into a general disdain for broadcasting. This was set off by the ‘Tonight’ programme, which I produced, about the assassination of Airey Neeve with the interview of a spokesman for the responsible terrorist organization, the INLA. This compounded a sense of antagonism toward broadcasting and coincided with the belief that broadcasting was overmanned and was no different from any other form of industry."79

Therefore, the Thatcher government’s policy response toward broadcasting was motivated by political calculation, underpinned by a desire to establish a broadcasting system which conformed to its perception of the national interest, as well as any desire to liberalize the market. However, this political motivation highlighted the contradiction between the market and liberty in the Thatcher government’s attitude toward broadcasting. If deregulation was taken to its logical extreme, it would mean that the government would have to curb its own powers over broadcasting.80 In contrast, the government had been motivated by its inherent political distrust of broadcasters and desire to control the flow of political information. This paradox faced a government which was apparently committed to the market, but was fearful of the consequences of this approach. Ironically, the government’s paranoia over broadcasting which had contributed to the legislation proved to be as important in its rejection of a number of Peacock’s concerns over political liberty. In its use of the report’s recommendations the government was conditioned by its attitude to the broadcasting system, its deregulatory fervour and its concern to retain political
Thus, at the heart of its broadcasting policy the true nature of the Thatcherite political programme revealed itself. A distinct tension emerged between the theoretical grounding of 'Thatcherism', pitched in Hayek's arguments for limiting state intervention and developing the market as the most effective provider of resources, and the government's commitment to increasing state powers over law and order, censorship and the flow of information. Consequently, throughout the course of the Thatcher government pressure arose between market-liberal purists and political practitioners who supported a market economy whilst wishing to retain, if not extend, the state's political power.

With regard to the Thatcher government's response to political liberty, Samuel Brittan has provided a trenchant market-liberal analysis of what he distinguishes between right-wing authoritarianism and the market. He defines Thatcher's approach as *The New Spartanism* founded upon the principles of:

" 1. A hawkish or super-patriotic attitude to foreign and military affairs.
   2. An opposition to social permissiveness and a desire to return to 'traditional values'.
   3. Hostility to government economic intervention, often partial and inconsistent, but going beyond that of previous ... Conservative governments. "*1*

Instead of seeing the market as an activator for individual political liberty, the *New Spartan* support of the market economy sought the government to direct the national effort through taxes, subsidies or bans. From this perspective, the imposition of
qualified but strong state measures, would allow market forces to *efficiently* deploy socially beneficial resources throughout the rest of the economy.82

Therefore, the Thatcher government’s often articulated, philosophy contrasted with the development of broadcasting policy partly because of this underlying distinction between the tenets of market-liberalism and what Brittan has termed *New Spartanism*. Although, Margaret Thatcher had declared upon entering office that "Economics is the method ... The aim is to change the soul"83, her government’s attitude was conditioned by the aim to employ market strategies within the context of enhanced state power.

In the past, the broadcasting system whilst apparently independent had been subject to tacit state control through regulation and mutual conceptions between the political and broadcasting elite. However, the Thatcher government’s paranoid concern over controlling political communications and its innate distrust of a semi-nationalized industry had led it to push for financial change. In the wake of Peacock, the substantive reform of the public or commercial system could mean extensive changes in the mechanisms through which overt or covert political pressure might be applied toward the broadcasters. This realization was exacerbated by the Thatcher government’s overwhelming desire to repress any elements of political opposition it found within mainstream broadcasting.

Consequently, its attitude toward the introduction of market reforms diverged from the Peacock report’s market-liberalism. The report had linked consumer
sovereignty to individual political liberty. Instead, the Thatcher government preferred to employ Peacock’s market recommendations for broadcasting within a context which allowed for a "strong central state, with the intermediate institutions of civil society being abolished, privatized, replaced or at least modified." In light of this, the commercialization of ITV’s regulatory, financial and programming practices was not only an expedient response to the report which would please its allies within advertising and media entrepreneurs such as Green and Murdoch, but centrally conformed to the demands of a government which had generally pursued:

"... a revival of a nineteenth century ‘contractual’ model of social policy, (in which) the government would cease to provide social goods, even at an arms length, and limit itself to defining and defending individual rights vis-à-vis their provision. This is why the search for appropriate forms of regulation (became) so important. By playing down its role as provider in this way, government (could) present itself as libertarian, even though it may be acting in increasingly aggressive and even authoritarian ways in its supervision of the providing bodies."85

This approach can be evidenced in the 1988 White Paper Broadcasting in the '90s: Competition, Choice and Quality. This was the first policy document to turn attention away from the BBC, which was considered the cornerstone of public service broadcasting, to the commercial sector. It included recommendations to auction ITV regional franchises, force Channel Four to sell its own advertising and re-regulate ITV under the auspices of the Independent Television Commission (ITC). The White Paper also sanctioned a twenty-five percent quota for independent productions on the terrestrial channels, looser ownership controls and the proliferation of the private expansion of the cable and satellite channels. These principal proposals were designed to open up the broadcasting market and were couched in the terminology of economic liberalization:
"The Government places the viewer and listener at the centre of broadcasting policy. Because of technological, international and other developments, change is inevitable. It is also desirable: only through change will the individual be able to exercise the much wider choice which will soon become possible. The Government's aim is to open the doors so that individuals can choose for themselves from a much wider range of programmes and types of broadcasting ... The government believes that, with the right enabling framework, a more open and competitive broadcasting market can be attained without detriment to programme standards and quality."87

However, the White Paper's proposed consumer choice carried a rider --- "In this as in other fields consumers will rightly insist on safeguards which will protect them and their families from shoddy wares and exploitation."88 The document subsequently proposed the retention and extension of interventionist regulation within programming. For example, it enhanced the powers of the Broadcasting Standards Council, provided the ITC with sanctions over programming content, increased consumer protection obligations on taste, decency and balance and removed broadcasting's exemption from obscenity legislation.

The White Paper marked the point in the policy process in which the commercialization of the system overtook the dynamic for deregulation. It was the government's most extreme statement for economic change. However, simultaneously through the re-regulation of the system the state's political controls were retained, if not extended. Therefore, the government whilst favouring the market in a number of areas, wished to maintain a form of central control. This may have been incoherent in terms of Thatcherism, but it made perfect sense in the light of New Spartanism.
5:2. From the White Paper to the 1990 Act

With ITV's commercialization set in place within the policy, the final shaping of the Broadcasting Act occurred between 1988 and 1990 under the jurisdiction of Home Office ministers Timothy Renton and David Mellor. Mellor replaced Renton after he became Chief Whip due to the cabinet reshuffle hastened by Nigel Lawson's resignation in 1989. In particular, Mellor was assigned to oversee the legislation through from Bill to Act. The DTI's role had diminished partly due to the expedience of placing a Bill through Parliament and because of Young's reduced power within cabinet. The Home Office's jurisdiction was also symbolic of changes within the government's political complexion with the general erosion of Margaret Thatcher's power. The change in political fashions meant that there was less political capital in attacking the broadcasters as the legislation revealed alternative policy agendas and as the general political climate imperceptibly altered.

Although, the political will for commercialization remained a potent force, this latter part of the political phase was characterized by political compromise and bargaining. The White Paper marked the zenith of government hostility towards the British broadcasting system. The debate which ensued between its publication and the Bill's enactment was notable for the manner in which controversial amendments were reduced in their impact and the way that political and broadcasting actors manoeuvered to produce an act which attempted to reconcile deregulatory prescriptions with consensual pragmatism.
In part, this situation was aided by the role of the political actors involved; Timothy Renton and, particularly, his successor David Mellor. They belonged to the Conservative party's more patrician elements and their political philosophy diverged from Thatcherism. Renton was concerned with providing a practical outcome to the broadcasting policy which reflected the political interests and made concessions to the ITV companies. In this respect, Renton attempted to provide a compromise path between the traditions of the system and the commercial demands made by his political superiors, notably Margaret Thatcher herself. One example of this change referred to the issue of networking (in which the major ITV companies contributed to the national network in order to enhance their profits by increasing productions, whilst the smaller companies could broadcast popular programmes therefore sustaining profits by pleasing advertisers). In 1988, Margaret Thatcher had made it clear that she would not entertain any prescribed networking agreements. However, as Renton has commented:

"... in the event Section 39 of the Act made it a legal requirement for ITV to continue with networking arrangements, instead of the ITV companies' voluntarily forming a networking arrangement because this was important for them for economic and competitive reasons. There is ... a statutory framework ... which ... does not sound like light regulation or 'light touch'. ... On the other hand, the establishment of the network centre, where decisions are taken as to what is to be shown or commissioned for the network, independent from the individual ITV companies, is giving both the smaller companies and the independent producers the opportunity for far better access."

Similarly, Mellor preferred practical solutions which were suited to the traditional imperatives of consensus and negotiation rather than ideological dogma. However Mellor, in contrast even to Renton (who had been drawn from the traditional political elite background of Eton and Oxbridge) had more populist convictions, and
through the government’s respective policy failures on poll tax and Lawson’s resignation was allowed a degree of freedom in his interpretation of the policy which had not been accorded to his predecessor. Whilst, two elements of the White paper remained set --- the franchise auction and the reduction of ITV’s control over ITN --- the unwavering imperative to commercialize the system expressed by Thatcher, Lawson and Young had been undermined.

He was therefore far more acquiescent to the well-organized rear-guard lobbying conducted by the ITV broadcasting programme-maker’s lobby ‘The Campaign for Quality Television’ which was established in 1988 by ‘World in Action’ producer Simon Prebble, led by former Granada producer Simon Albury and backed by the ITV Association and IBA. In particular, throughout the Bill’s committee stage the Campaign made significant in-roads into the legislative process. As Andrew Davidson has commented:

"There ... (was) ... an extraordinary courtship between producers, performers and minister that underscored key changes in the broadcasting legislation."

Indeed, it may suggested that the programme-makers proved far more adept than the ITV company executives in gaining access to Mellor. This appears to have been due to the high-profile nature of its membership (which included the television producer Albury and well-known television comedians such as Rowan Atkinson, Michael Palin, Terry Jones and John Cleese), Albury’s organizational abilities, its access to the print and broadcasting media and Mellor’s personal and political predisposition toward the industry. The Campaign consequently actively lobbied
the Minister of State to reform the prospective franchise auction. This was established in a meeting between Mellor, Albury, Prebble, Atkinson, Jones and programme-makers Angela Graham, Paul Hayman and Claudia Milne at the Home Office in December 1989. As Albury commented upon Mellor:

"He (Mellor) does have an enthusiasm for discussion and an old-style Tory commitment to constructive dialogue." 99

In this respect, the Campaign argued that the legislation should include effective guarantees over the range and quality of programmes, for a quality hurdle for franchises and an exceptional circumstances proviso.100

Alongside the producers and performers' lobby (and with no little tension) stood the ITV Association led by the Thames Television Chairman Richard Dunn.101 The company chiefs were galvanised into action after the White Paper had recommended that the franchises should be auctioned and the competitive tender proved to be the focus of the public debate. The ITV Association, through its financial power and its leading position in ITV, contributed to the debate arguing that the franchise auction was intellectually unacceptable.102 Dunn, in particular, was seen to co-ordinate the lobby, attempt to woo MPs and make himself available to the media.103 However, it should be noted that the ITV Association's success was mitigated due to the tensions between the ITV companies that had always existed based on regional identity, different perceptions of need and conflicts of interest.104 Further, Mellor's relationship with the Association was conditioned by the political elite's belief that it had acted as a cartel for the interests of insiders.105
Finally and crucially, the appointment of George Russell as IBA Chairman meant that the regulatory body played an important role in developing ITV’s arguments. Russell had declared the need for a ‘quality hurdle’ for the franchise auction immediately after he had taken the post and had stated that if no concession were made he would resign. He successfully argued that a two-stage process should be employed in which the quality of the programme and financial plan would be judged before the competitive tender. Russell and others argued that the winning bidders of the franchise auction should not have to pay their money in a lump sum at the start but could pay through instalment during the lifetime of the franchise. In many respects these victories were reflective of the status given by Mellor toward Russell:

"... the importance which Mellor places on Russell’s judgement is reassuring: the clear message on open issues is that if Russell says he needs further change, he is very likely to get it."

Through the producer’s lobby ‘The Campaign For Quality Television’, the IBA and, to a lesser extent, the ITV Association, the ITV sector demonstrated that it had become more aware of the political ground-rules in contrast to the period of tension surrounding ‘Death on the Rock’. Whilst, ITV’s attitude had previously been to dismiss competition as being entirely inappropriate to a cultural industry, it understood that its arguments would have to be stronger and more realistic. For the broadcasting establishment within ITV such as David Plowright and Richard Dunn, the recommendations had appeared to be so self-evidently wrong that they had been unable to marshall arguments effectively. Although this remained a problem as their general arguments about the delicate balance of the broadcasting equation were
ignored, they were able to influence the government’s thinking in relation to parts of
the franchise auction (such as re-inforcing the quality hurdle and the inclusion of an
exceptional circumstances clause) and regulation. As a contemporary report observed:

"The Government now appears to be finding common ground with the IBA, and it
may decide after all that the highest bid is not the best criterion for winning a Channel
3 licence."109

Therefore, in contrast to the pre-White Paper debate, a convergence of styles
and cultures characterized this period of the political phase. The 1989 Broadcasting
Bill was reformed as compromise tended to dictate the transformation of political
ideas into statute law. Thus, Renton and, most especially, Mellor found themselves
negotiating a delicate balance between the commercial reforms demanded by their
political masters, whilst bearing in mind the need to retain some form of political
control through the regulator, and their own (admittedly differing) determination to
respond to the interests of the broadcasters. They struck the balance between
deregulation, commercialization and tradition by compromising upon the key measures
whilst arguing for greater general commercial reform.

In a number of ways, the Act’s terminology demonstrates how Mellor, during
the committee stages, resolved these conflicting imperatives. Whilst a number of
abstract terms such as ‘high quality’ and ‘diversity’ have remained, other phrases
traditionally associated with broadcasting legislation were absent.110 The Act made
no reference to the key public service tenet of ‘educating, informing and
entertaining’.111 This point was made apparent during the Bill’s committee stage when
Robert MacLenan, Liberal Democratic spokesman for broadcasting noted:

"Clause 2 is an important statement of the functions and duties of the ITC ... The Clause is all the more remarkable, however, for what it does not say. It demonstrates no concept of public trusteeship for the dissemination of television."\(^{112}\)

Mellor’s response, whilst rebuffing MacLenan and attempting to hasten the review process, is indicative of the overall conclusions which finally underpinned the legislation:

"We could spend all the time that is available to the Committee debating this amendment, but I want to make it clear in, I hope, a reasonably sensible and disciplined time, the point is that a matter of principle is involved. We might as well recognise it. We do not think that the services to be regulated by the ITC need, in the main, to be governed by the public service remit as it has been commonly understood."\(^{113}\)

Therefore, with this aim in mind, the principal recommendations were directed towards ITV’s regulation, network arrangements and finances in order to open the market whilst maintaining a degree of intervention and protection. Consequently, the ITV companies could be protected by a quality hurdle and the exceptional circumstances clause within the franchise auction. Similarly the ITC’s power extended beyond that of a licensor. Whilst, a more qualified competition would exist in ITV, the public service would be maintained by the BBC and the requirements placed upon Channel Four.

The convenient terminology of this organizational framework was ‘quality’. The government’s construct of ‘quality’ referred to ‘quality of choice’. Throughout the debate following the White Paper Timothy Renton stressed that greater competition
would lead to wider choice and enhance "their (the viewers')" ability to choose for themselves a viewing and listening menu of greater overall quality in relation to their individual curiosity, tastes and interests." 114 This abstract concept was employed to legitimize policies and to provide a degree of credibility. However, it was a broad construct which could also accommodate a number of different ideas for broadcasting. As Renton has later commented:

"Re-reading the notes I kept during the months that we prepared the Broadcasting Act I see constant reference in them to the difficulty of ensuring that British television did not, in quality terms, go down the tube in the same manner as American. I remember, like so many others visiting New York and the horror of flicking from one channel to another and finding nothing but quiz shows, sex, old soap and even older films. It was because of this insistence on quality combined with diversity that despite opposition in the highest places we maintained a special remit of Channel 4 and a minimum level of support for that channel at 12 per cent of their advertising revenue from the ITV companies." 115

The passage from White Paper, to Bill, to Act marked a period of compromise in which commercialization was, to a degree, tempered. This political bargaining demonstrated how the legislation had emerged through the traditional British policy process in which political will and pragmatism were equally strong imperatives as ideology. As Maggie Brown commented, the Third Reading Parliamentary debate over the Broadcasting Act was notable for its lack of bitterness, consensualism and remarkable ease as:

"The much amended Broadcasting Bill now passing to the House of Lords before Royal Assent in the autumn has emerged as a powerful blend of pragmatism and grand design, a very British piece of legislation, with its right-wing free-market edges largely knocked off. "The easy passage has come about because David Mellor, the Home Office minister responsible for broadcasting, drew the sting through the months of courteous debate within committee. Mr Mellor has played the role of flexible friend: what started out as one of the most controversial Bills has won grudging acceptance. There have been some 800 amendments. The Bill caught the tide of ebbing Thatcherism." 116
In turn, this produced an Act which attempted to resolve the balance between deregulation, commercialization and the public service, but resulted in an ill-defined piece of legislation which contrasted with the Peacock report's coherent market-liberalism. As Sue Elliott has stated:

"The 1990 Broadcasting Act was a ragbag of different ideas and ideologies which in part related to Peacock, the industry, the Number Ten policy office etc.. Whilst all legislation is imperfect and subject to political pressures, it has produced a number of inconsistencies and genuine problems."  


The following table outlines the confused impact of broadcasting deregulation:

Table 4: The main recommendations of the political phase

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<td>The licence fee</td>
<td>The licence fee to be pegged to the Retail Price Index (RPI) by the 1st April 1988 and collected by the BBC itself.</td>
<td>The pegging of the licence fee to the RPI was noted. The BBC was acknowledged as the 'cornerstone of British Broadcasting'.</td>
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<tr>
<td>ITV franchises</td>
<td>The competitive tendering of the regional ITV franchises.</td>
<td>A competitive tender for franchises in which the bid plus a profit levy is paid annually to the exchequer. The applicant was required to pass a quality threshold which would satisfy 'consumer protection' targets, positive programme requirements and ownership rulings.</td>
<td>A two-stage franchise auction including a 'quality' hurdle. The applicant provided programme and business plans, with a sealed bid based on advertising revenue for the next 10 years. The highest bid could only be considered on passing the quality hurdle, otherwise it would be rejected. An 'Exceptional Circumstances' clause would favour companies with an outstanding record. The annually payable bid combined a fixed percentage of the net advertising with index-linked sum for the franchise. The latter provided the competitive constituent as rival companies would bid against each other. The winner had to produce 'quality' and 'regional' programmes.</td>
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<td>Channel Four’s funding and programme output.</td>
<td>Channel Four should sell its own advertising in competition with ITV and would no longer be funded through the ITV companies’ subscriptions.</td>
<td>Channel Four to sell its own advertising, whilst simultaneously remaining an innovative broadcaster. A minimum level of income to be drawn from the ITV competitive tender and levy proceeds</td>
<td>Channel Four to continue as an innovative broadcaster whilst selling its own advertising in competition with ITV. A levy drawn from the ITV companies.</td>
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<td>Independent Producers</td>
<td>The introduction of a 40% quota for original programmes commissioned from independent producers upon the BBC and ITV channels over a ten year period.</td>
<td>It was noted that Peacock’s initial 40% quota had been reduced to 25% of the BBC’s and ITV’s output by the end of 1992.</td>
<td>The maintenance of the 25% quota on BBC and ITV channels.</td>
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<td>The New Media and subscription based services.</td>
<td>All television receivers should incorporate a peri-television socket allowing for subscription. The installation by British Telecom of a national fibre-optic grid for cable services.</td>
<td>A rejection of peri-television sockets and of the national fibre-optic cable grid. The expansion of cable was left to the Cable Authority and the operators themselves. Similarly low or medium powered satellite services were left to the market. Some content regulations were included</td>
<td>The Independent Television Commission (ITC) became responsible for licensing cable, domestic and non-domestic satellite services. The Cable Authority was abolished.</td>
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<tr>
<td>Regulation</td>
<td>The replacement of the traditional regulators with a ‘light touch’ omni-competent Public Service Broadcasting Council (PSBSC)</td>
<td>The Independent Broadcasting Authority (IBA) to be replaced by a Radio Authority and the Independent Television Commission (ITC), a light-touch licensing body responsible for supervising company licences, advertising and maintaining levels of decency. Transmission services to be privatized. The legitimisation of the Broadcasting Standards Council (BSC).</td>
<td>A corporate ITC as a regulator rather than a broadcaster. It is empowered to enact both positive and negative licensing functions in regard to ownership, programming, advertising and sponsorship. It no longer has pre-viewing powers, whilst programming and scheduling powers were passed to the ITV Association and Network Centre. Further, it is no longer legally responsible for representing the ITV companies in courts of law. The ITC was made responsible for the supervision of the franchise auction. Commercial television’s transmission services were privatized and taken over by National Transcommunications Ltd. Radio services have been hived off to the Radio Authority. Measures concerning the BSC and the Broadcasting Complaints Commission (BCC).</td>
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The Peacock report had placed the new media at the heart of its recommendations.

The multiplicity of channels would introduce alternative forms of funding, institutional and regulatory structures into British broadcasting. Throughout the political phase the new media became a marginal factor. The government’s inability or unwillingness to deal with it was apparent throughout the White Paper. For instance, instead of
diverting public resources into a national cable network for free-market enterprise, the issue was considered to be impractical.

With regard to the new media, the 1990 Broadcasting Act is notable for its omissions rather than for its recommendations. Its provisions were restricted to the regulation and licensing of cable and satellite services. As the legislation was conceived in national terms, the supra-national concerns of ownership, programme content and regulation raised by satellite services were ignored. Implicitly, the new media have been left to the market-place and the legislation attempted to be non-interventionist.

This was partly reflective of the government's difficulty in legislating for channels which circumvented national borders and the European Commission's decision in 1986 to distinguish between television and telecommunications channels. This standardization and distinction by the European Commission of television and telecommunication satellites meant that satellite operators could exploit cheaper technology and were not liable to any national regulations. This policy was evolved simply in terms of national statecraft rather than attempting to take into account the international complexities that DBS raised and was outdated by the enactment of the Bill.

However, it also demonstrated an inconsistency which referred both to short-termism and political reality. Primarily, the government's attitude reflected its desire to use the new media as a weapon to reform the traditional terrestrial broadcasting organizations and enhance potential alterations in the British media's
ownership. Further, its attempts to create a number of cross-media ownership rulings were hastily conceived and had little political backing. This attitude was expressed in the White Paper when it commented:

"With the greater choice and variety that lies ahead, the Government is determined that ownership in the independent sector should be, and remain, widely spread. The existing controls on takeovers will be removed ... The Government proposes to make the greatest possible use of subordinate legislation for such rules in order to ensure maximum flexibility in catering quickly for changing circumstance."\(^{121}\)

With regard to broadcasting's finance the government's response was largely focused on ITV. The White Paper and the Act turned attention away from Peacock's wholesale recommendations for subscription to specific commercial reforms. The former cited the government commissioned 1987 report *Subscription Television* written by Charles Jonscher which had recommended against subscription for the BBC.\(^{122}\) The policy-makers preferred to perceive subscription in terms of its impact upon the present broadcasting institutions, rather than attempting to employ Peacock's concept of a subscription system which would provide the future mechanism to organise broadcasting.\(^{123}\)

Similarly, whilst Peacock's four financial recommendations --- the ITV franchise auction, Channel Four selling its advertising air-time, the independent production quota and the setting of the licence fee to the RPI (alongside the introduction of a fifth commercial channel\(^{124}\)) --- were all accepted, they were conceived in a micro rather than a macro context. For example, the competitive tender for franchises had been a secondary issue within the report. In contrast, this proposal stood at the core of the White Paper and the Act.\(^{125}\)
The government's acceptance of these reforms had several purposes. They would allow for ITV's advertising monopoly to be dismantled, thereby reducing advertising slot costs. This, the White Paper argued, would mean greater public accountability by enhancing competition and ending the financial disparity between BBC and ITV. In turn, the 1990 Broadcasting Act's most radical recommendations were saved for ITV's and Channel Four's financial structure. For instance, the 'franchise auction' meant that the winning licensees' bids were annually payable to the Exchequer. Therefore significant revenues were to removed from broadcasting, thereby reducing resources. This had drastic implications for the companies' returns and meant that programming costs and labour would have to be streamlined to maintain profitability. This commercialization extended to Channel Four which was simultaneously required to act as a public service broadcaster whilst competing against ITV by selling its own advertising.

These recommendations were significantly modified to include a 'quality hurdle' and an 'exceptional circumstances clause' (as they became subject to the intense pressure of the ITV lobby). Further Channel Four lobbied successfully to have fourteen percent of its advertising revenues underpinned by the ITV network. However, these proposals demonstrated the Thatcher government's desire to make the ITV network operate in a more commercial and 'efficient' mode. Consequently, Peacock's notion of consumer sovereignty became a convenient political metaphor for the government rather than something it actively pursued. The legislation marked the introduction of commercial 'laissez-faire' practices over the principles of market-liberalism.
The most extreme confusion occurred when the policy attempted to tackle the broadcasting regulators. Although the terminology of individual choice, range and variety was employed, the White Paper and the Act marked the transition from deregulation to re-regulation. Instead of the Peacock report's minimal regulation, the legislation transformed the IBA into the Independent Television Commission (ITC) which was responsible for the licensing of all commercial broadcasting services including cable and satellite.

In some respects, the ITC's powers were circumscribed. The post-1993 ITC could not intervene in the network's scheduling or demand educational or informational programming. Instead, a vague clause impelled it to protect a wide range of national services. The legal change from being a broadcasting authority to a licensing commission created a post-hoc regulator, without pre-viewing powers, which could only defend or impose sanctions on a programme after it had been transmitted. This also meant that it would no longer act as a legal buffer between ITV companies and complainants over controversial programmes.

Against this, the 'light-touch' regulator was given interventionist programming and financial powers. The ITC could employ its licensing powers negatively to press for the appropriate scheduling and production of 'quality' programmes. Therefore, as the ITC has the legal power to sanction or revoke a franchise-holder, a degree of intervention is inevitable. These measures were designed to promote the continuity of a public service element within the ITV system and were reflective of the sector's lobbying, the greater amount of ministerial acquiescence and
the overall change in political complexion by the late eighties.

However, network managing and scheduling power has been transferred to the ITV Association (composed of the ITV companies). Programme commissioning has also become the ITV Network Centre's responsibility. As Clare Mulholland, the ITC Director of Programmes, has stated:

"To a considerable extent the system will be one of self-regulation by the licensees within a clear framework of obligations and codes of practice. The ITC will need to have an effective information system to allow it to take prompt action when problems arise. For their part the licensees will have to have their own internal procedures to ensure that they meet the requirements and standards of their licence. It will be for the licensees, for example, to make proper arrangements for the handling of complaints from the public about programmes, scheduling, advertising and technical operation standards."

This removal of responsibilities was pursued to dismantle a perceived form of 'regulatory capture'. The IBA had been criticised for acting in the interests of a cartel of the largest network contributors (Thames, London Weekend Television, Granada, Central and Yorkshire). Yet, the Act replaced one form of central control with another as the ITV Association, dominated by the major companies and advertising interests, took over the commissioning process. The legislation did not break-down networking power; rather it concentrated monopoly power over regionalism.

The Act compounded an irony of the eighties legislative process, in which a policy designed to encourage deregulation has produced more regulatory bodies than before --- the BBC Governors, the ITC, the Broadcasting Standards
Council (BSC) and the Radio Authority, alongside the consumer body the Broadcasting Complaints Commission (BCC). Most notably, intervention was enhanced through the BSC which was created to respond to the portrayal of sex and violence on television.\textsuperscript{135} The government had appointed Lord Rees Mogg to chair the BSC in an attempt to sleight the broadcasters as he had been the BBC Board of Governors' Vice-Chairman during the 'Real Lives' incident.\textsuperscript{136} It was pitched that (although these claims were exaggerated) the BSC might well take over from the IBA.\textsuperscript{137} However, the White Paper reuced the council's power by defining it as a consumer complaints body without pre-viewing powers.\textsuperscript{138} Despite its impotence, this 'sex and violence' council conflicted with the Peacock report's notion of liberty and may be seen to exemplify the repressive strain of Thatcherite politics.

The 1990 Act indicated an attempt to resolve the inherent ideological and political tensions between market freedoms and the traditional forms of British broadcasting's financial organization and regulation. It signified a mediation between political aims, social control and the broadcasters' interests. In some respects, its recommendations were reflective of an alternative approach to broadcasting in which the issues of 'choice' and 'competition' came before 'quality'. However, in contrast to the Peacock report's market-liberal thinking, whereby a reconception of 'public service' had been defined by concentrating on the relationship between the consumer and the availability of 'public service' programmes, the policy-makers focused their attention solely upon reforming the terrestrial broadcasting institutions.
Thus, the 1990 Act may be seen as containing elements of continuity, change and contradiction. Its purpose was to create a 'light-touch' regulator to supervise the ITV network and to radically shake-up ITV through the competitive tendering of franchises. This, it was hoped would satisfy the broadcasters who demanded some element of continuity, the government ideologues pressurising for commercial reform and the political interests of the state.

The legal reality has been rather different. The legislation made the ITC both an interventionist and 'light-touch' regulator, it centralized the network arrangements and the recommendations governing the 'franchise auction' were less market-driven than might at first have been expected. Moreover, it is worth noting the physical size of the Act which is reflective of a general truism about deregulation --- that it takes several times the amount of effort to define deregulation in order for it to work. The Act contains two-hundred and four sections compared to the 1981 Act's sixty-five. Consequently, an incoherent, prescriptive Act emerged in which the conflicting imperatives of accountability and liberalization became confused with normative methods of control, political will and attempts to commercialize the system.
CONCLUSION

The political phase indicated the drift from the Peacock report’s coherent market-liberal ideology to a compromised and confused piece of legislation. It demonstrated how the practicalities of the policy-making process comprising political will, departmental jurisdiction, and negotiation with the broadcasters were equally, if not more, important determinants than ideology in the eventual shaping of the Act. Whilst the Peacock report was largely the work of market-liberals, the political phase was dominated by a complicated series of overt and covert political motivations and economic considerations. These include dissensions amongst the competing policy networks comprising departments of state, advisors and politicians, the Prime Minister and the Cabinet.

The government’s political will was significantly influenced by the efforts of the advertising lobby and the monopoly which pervaded the industry. The advertisers, who had the ear of the Prime Minister through agencies such as Saatchi and Saatchi (who had organised the Conservative Election campaigns in 1979, 1983 and 1987), felt that their interests had been undercut due to ITV’s monopoly over advertising slots. Effectively, they argued ITV could charge exorbitant prices and its schedule did not account for advertising interests. The government’s contempt was exacerbated as it disliked the excessive profits which were being made by the ITV companies, through their monopoly of advertising revenues. Moreover the levy was essentially a taxation on profits which could be circumvented by re-investing revenues back into production costs and labour agreements. It also felt that a form of cartelism
had emerged in which there were industry insiders and outsiders. This had been evidenced by the IBA's vetoing of Carlton's attempt to buy Thames in 1986.

Whilst ITV went against the apparent aims of Thatcher's belief in competition and efficiency, the principal motivation was political. After 'Real Lives' the BBC had 'put its house in order' and made overt noises about becoming more efficient, whilst simultaneously seeking to limit the amount of political controversy. ITV, however, found itself at the centre of a high-level political storm after 'Death on the Rock'. The government's approach was deliberately heavy-handed and oppressive. The IBA's reluctance to bow to political pressure clearly contributed to its own demise and channelled the government's desire to reform a clearly monopolistic system.

The period was also characterized by a complicated development within the legislative process as extensive lobbying occurred between those who wished to enter the system and had been previously constrained, notably Michael Green's 'Carlton', and ITV backed lobbyists such as the 'Campaign for Quality in Broadcasting' who pressured the government to compromise over key proposals. The change in the government's political composition further contributed to this process. Whilst, the first half of the political phase was reflective of the institutional power of Margaret Thatcher and her allies, the post-White Paper period was marked by a partial return to a more consensual and pragmatic form of policy-making. In this respect, the broadcasting policy process is reflective, in common with many other areas of British policy, of a political fudge in which the acquiescence of a number of competing interests overrides a coherent agenda for reform.
However, British broadcasting policy may be differentiated from the general policy compromises as it stood at the cusp of the Thatcherite desire to deregulate the commercial sectors of the economy, whilst attempting greater state intervention in regard to individual rights and civil liberties. This dichotomy operated upon two levels; i) a highly articulated concern over the potential programming output with the liberalization of the broadcasting market-place and ii) a more covert desire to retain, if not enhance, governmental controls over the flow of political communication. As a consequence, the policy-making process is indicative of a central contradiction between market freedoms, often referring more to short-term political will than to any attempt to actually convert economic theories into concrete policies, and the strain of repressive political control which Margaret Thatcher’s government actively engaged in vis-à-vis broadcasting. This manufactured itself on a number of occasions --- the ‘Real Lives’ affair, ‘Death on the Rock’, Special Branch’s seizure of the ‘Zircon Spy Satellite tapes’ and the Douglas Hurd’s blanket broadcasting ban on Sinn Fein.

Further, as the government considered the market-liberal ideas of Peacock, Brittan, Jay or Veljanovski, it made conspicuous the control mechanisms which had been established throughout broadcasting’s history through incremental understandings, self-censorship, institutional development, governing ideologies and regulatory practice. In effect, the government, whilst being publicly accused by broadcasters as perceiving it as ‘no more than a can of beans’ discovered that broadcasting was indeed a socio-economic-political practice which had been conditioned by political, national and cultural understandings. Previously, clearly
identified parameters had been established in which broadcasting could exert its formal independence. This was not a conscious practice, but had been aided by common assumptions, backgrounds and interpretations of political liberty between the political and broadcasting elites.

However, with the rather crude, overt methods employed by the government and a political style augmented by vocal attacks and aggression, these normative processes came increasingly under pressure. In turn, the Thatcher government found itself in a rather more complicated position than it had anticipated as it desired market reform but feared the political consequences of opening up the airwaves to a form a riotous pluralism.

The White Paper and the Act signified an attempt to streamline the legislation between deregulation, political control and tradition. However the joins remained conspicuous. For instance, the ITC is meant to be a 'light-touch' regulator with licensing responsibilities, yet, inspite of the removal of pre-viewing powers, the ITC has a number of interventionary powers within programming as licences can be withdrawn in this respect. Therefore, the government preferred to use the Peacock report's recommendations selectively as they would force broadcasting to become more market-driven, whilst simultaneously retaining political control over the system. Moreover, the accompanying financial turmoil of the franchise auction could indirectly temper the broadcasters' desire to enter into political controversies as they were in a constant state of financial vulnerability. The ITC's legal status may be seen as further evidence of a more hidden handed sense of control:
"... the IBA was the legal broadcaster, it acted as a buffer between broadcasters and (political) pressures. Now that broadcasters will be legally responsible the companies will have to cope with these pressures and a form of self-censorship could occur. ... (The companies) are now legally responsible for the editorial content. The former system had been their insurance to produce controversial programmes." 141

In purely political terms, the government's actions made sense as they meant that political control could be maintained alongside increased commercialization. In contrast to Peacock's long-term agenda for change, the government was therefore substantially motivated by short-term political gain.

This policy did not indicate any overall coherent vision for broadcasting. Instead, the process exhibited the government's preference for the expedience of commercialization over ideology. To this end, commercialization became an end rather than a means to an end. This proved to be a politically convenient option as it satisfied the government ideologues by providing them with the political weaponry to reform a perceived enemy. However, this usage of competitive practices also demonstrated the political nature of a government which saw the market as acting as the most efficient provider of resources rather than as a liberalizing force. In many ways this harks back to the Conservatives' 1987 Election Manifesto pledge:

"We shall follow a policy of more competition, variety and innovation in our domestic networks and encourage the export of British programmes to international audiences and markets. The development of the broadcasting industry will be allowed to occur, wherever possible, commercially." 142
Therefore in the *New Spartanism* of the Thatcherite government, state intervention could be advanced with greater commercialization in spite of the fundamental contradiction between libertarianism and authoritarianism it revealed. The contradiction between free-market choice, both in economic and political libertarian terms, as presented by broadcasting deregulation and the government’s desire to restrict the flow of political communication is summed up by Samuel Brittan:

"The selective way in which the Government picked up specific proposals from the Report, while failing to accept its basic import, was unpromising. *To the extent that the Government endorsed some Peacock recommendations it is the letter that was accepted, and the spirit that was rejected.*"\(^{143}\)

2. Ibid., pp.315-316.

3. Ibid., pp.315-316.

4. The Act only mentions the BBC in terms of having to include 25% of Independent programmes within its output. Satellite and cable broadcasting a similarly only mentioned in a few minor clauses.

5. This trend was not limited to broadcasting but dominated the concerns of political economists throughout the eighties. As Peter Golding and Graham Murdock in James Curran and Michael Gurevitch (ed.), Mass Media and Society, Edward Arnold, 1991, pp.18-21 comment:

"Liberal political economists focus on the exchange in the market as consumers choose between competing commodities on the basis of utility and satisfaction they offer. The greater the play of market forces, the greater the 'freedom' of consumer choice. Over the last decade, this vision had gained renewed credence with the governments of a variety of ideological hues. Born again in their faith in Adam Smith's hidden hand of free competition, they have pushed through their programmes of privatization designed to increase consumer choice by extending the scale and scope market mechanisms. ... Arguments within political economy on the proper balance between public and private enterprise are never simply technical ... They are always underpinned by distinctive visions of what constitutes the 'public good'. Adam Smith ended his career as a professor of moral philosophy. He saw markets, not as simply more efficient but as morally superior, because they gave consumers a free choice between competing commodities; only those goods that provided satisfaction would survive."

6. Interview with Steven Barnett, 27.7.92.


8. See for instance Martin Jackson 'Shuttlecock' or Harvey Lee, "Kill or Cure: Subscription as the technique of the future must be right" said Douglas Hurd last week. But is it', Broadcast, 1.7.88.


11. Under the terms of the Broadcasting Act 1990 (Chapter 42) (HMSO, November 1990) the BBC was only required to incorporate a twenty-five percent independent quota into its programme output.


13. Interview with Steven Barnett, 27.7.92.


17. Interview with Greg Dyke, 9.11.92. For further evidence of Margaret Thatcher’s personal ambivalence to broadcasting see Andrew Davidson, Under the Hammer, Heinemann, 1992 pp.4-16 and Chris Horrie and Steve Clarke, Fuzzy Monster: Fear and Loathing at the BBC, Heinemann, 1994, p.3.


20. In many respects the DTI was influenced by policy cells such as the Institute of Economic Affairs. In particular, the IEA’s Research Director Cento Veljanovski provided a market-liberal presentation of broadcasting. See for instance Marta Wohrle, 'Economist tells Young ‘abolish IBA”', Broadcast, 29.7.88, p.2 or Cento Veljanovski, ‘Commercial breakdown’, Broadcast, 12.8.88, pp.16-17.


22. Young’s use of businessmen contributed to a significant tension between traditional financial advisors such as academic economists and market-liberal disciples and the government. This may be illustrated by Samuel Brittan’s comments upon Young’s attempt to set the agenda for the broadcasting debate (Brittan, Op.Cit.p.46): "The whole episode showed the ever-present danger that a Conservative government would confuse a market-promoting policy with one of initiating deals with, or between, particular commercial enterprises - the notorious policy of picking so-called winners. The danger was enhanced by the preference, especially in the DTI, for business rather than economic advisers."
23. Richard Evans, 'Secret hotel talks sealed changes for Broadcasting; The Broadcasting White Paper', The Times, 7.11.88, p.3. Evans comments:

"A secret meeting in a Hampshire country house hotel, far removed from the political pressures of Whitehall, was the key to the far-reaching changes for British television and radio to be proposed by the Government today. ... The Broadcasting White Paper, which will present viewers and listeners with a multi-channel vision of the twenty-first century, was due to have been published last January but the launch date was repeatedly put back as Civil Servants and on occasion ministers became embroiled in a bitter inter-departmental dispute.

"By July, the White Paper was as far off as ever, in spite of numerous papers, discussions and meetings of the Cabinet sub-committee chaired by the Prime Minister, and known in Whitehall jargon as Misc 128. Relations between officials in the two departments involved in Broadcasting were at their lowest.

"The Department of Trade and Industry, headed by Lord Young of Graffham, thought the Home Office was too keen to preserve the status quo and defend the BBC. The Home Office, the main department for Broadcasting Policy and led by Mr Douglas Hurd, believed Lord Young was too eager to expand his empire by being in charge of Broadcasting, especially after his plan subsequently abandoned to transfer BBC2 and Channel 4 to satellite. Mr Hurd suggested that ministers, senior officials and advisers on both sides should leave London for a day and gather for a seminar at the 25-bedroom mock-Tudor Romans hotel in the village of Silchester. The result was decisive.

"A Home Office insider, who was at the rectangular conference table during the day's talks, said: 'We came away thinking we had broken the back of the White Paper; at last we knew the direction in which we were heading. Crucially, we had got the main framework outlined and agreed between the two Cabinet ministers concerned. It was all provisional, of course, because it had to go to Misc 128 and gain the Prime Minister's backing, but all the Whitehall papers that succeeded Silchester followed Silchester lines.'

"A Department of Trade source, on the other side of the table, confirmed the 'crucial meeting' followed on from a speech made by Mr Hurd two weeks earlier when, to the surprise of many, he said the BBC licence fee was 'not immortal'.

"The source said: 'Douglas and David (Lord Young) had reached agreement before Silchester but I don't think anybody believed it. Officials certainly didn't and they thought there was profit to be had by continuing to create differences.

"But the political frisson had disappeared, Silchester sent a message to everyone else in the room. Officials knew they had to live in the real world
as it was, not as they wanted it. For the Home Office that meant being
tougher on the BBC, and for the DTI it meant forgetting any designs they had
about Broadcasting policy."

24. Interview with Steven Barnett, 27.7.92.

25. Ibid., 27.7.92. For further details see Timothy Renton, 'Broadcasting enters the
Marketplace: Keynote Address' in Nod Miller and Rod Allen, Broadcasting enters the
Marketplace, Proceedings of the 24th University of Manchester Broadcasting
Symposium, John Libbey, 1994, p.11.

26. Interview with DTI spokesman, 25.3.93.

27. Interview with Roger Bolton, 31.8.92.

28. Ibid., 31.8.92.

29. Interview with DTI spokesman, 25.3.93.

30. See Peter Chippindale and Suzanne Franks, Dished: The Rise and Fall of British

31. Ibid., p.38.

32. Interview with Greg Dyke, 9.11.92.

33. Ibid., 9.11.92.

34. Ibid, 9.11.92. This is further supported by Steven Barnett (interview 27.7.92) who
commented:
"Two imperatives can be detected; the growth of satellite channels and the end of the
previous round of franchise auctions. These combined at a time when the government
decided something was needed in order to confirm a structure for ITV. They also
received lobbying from the advertising industry and satellite broadcasting."

35. For further details, see Peter Chippindale and Suzanne Franks, Op.Cit..

36. Thatcher's antipathy is made clear in Andrew Davidson's book Under the


39. Ibid., pp.9-12.

40. For an economic critique arguing for this scenario, see Cento Veljanovski 'The
Role of Advertising in Broadcasting policy' in Cento Veljanovski (ed), Freedom in
41. The following table taken from John B. Thompson, *Ideology and Modern Culture*, Polity Press, 1990, p.186 demonstrates the amount of advertising expenditure between 1954 to 1982:

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<td>-</td>
<td>25.0</td>
<td>24.9</td>
<td>29.7</td>
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<tr>
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<td>8.9</td>
<td>4.6</td>
<td>3.7</td>
<td>4.0</td>
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<tr>
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<td>1.4</td>
<td>1.0</td>
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<tr>
<td>Radio</td>
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<tr>
<td><strong>Total media</strong></td>
<td>100.0</td>
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42. Interview with Steven Barnett, 27.7.92.


46. Interview with Greg Dyke, 9.11.92.

47. For instance see Richard Dunn’s comments in ‘Television After the White Paper’, *Television: The Journal of the Royal Television Society*, November/December 1988, p.269:

   "... the proposed levy on advertising revenues would in fact suck out money from essential programming into the Treasury."


50. Ibid., pp.7-8.

51. Ibid., p.8.
His (Green's) second fortunate move came in 1972. He married an heiress, Janet Wolfson, daughter of one of Britain's richest men, Lord Wolfson, owner of Great Universal Stores. Suddenly he found he could mix freely with some of Britain's most powerful businessmen, many of them prominent figures in north London's Jewish society. Some, like Janet Wolfson's cousin David Young, later Lord Young, the Trade and Industry Secretary, went on to become useful political contacts. Further, it has recently come to light that Green made significant private contributions, through a holding company Tangent, to the Conservative Party's coffers. The revelation that Green had donated money to the Conservative Party appears in Nick Gilbert 'Carlton chief donated to Tory Party funds', Independent on Sunday, 7.2.93, Business section, p.1.

Michael Green, one of the most powerful men in British television and the probable next chairman of ITN news company, is a substantial donor to Conservative Party funds.

As Andrew Gamble, The Politics of Thatcherism: A Free Economy and a Strong State, MacMillan, 1988, p.32 comments, a central tenet of the Thatcherite programme was:

"To restore a free economy (through) firm and decisive action (by cutting) public spending programmes and taxes, (by privatising) public assets and public services, and ... (by abolishing) interventionist and regulatory agencies."


See Andrew Davidson, Op.Cit., pp.9-12 for a humorous description of the meeting.

For further details see 'What they Told Thatcher', Broadcast, 2.10.87, pp.5-7.

In particular, John Whitney (Director of the IBA) was to receive short shrift for his unnecessarily clumsy speech.


The BSC was eventually set up before any legislation had passed in broadcasting the chairmanship of Lord Rees-Mogg and stewardship of mediacrat Colin
Shaw. Its powers however were limited as it could not pre-view programmes.


65. Interview conducted with Dr. Michael Tracey, then Head of the Broadcasting Research Unit, by Dr. Ralph Negrine for City of London Polytechnic Media Services, 1989 (unpublished).

66. For further details, see for instance Philip Schlesinger, Putting 'Reality Together', Routledge, 1988, pp.45-46.


68. As Kenneth Dyson and Peter Humphreys, Broadcasting and the New Media policies in Western Europe, Routledge, 1988, p.74 has commented: "He (Robert Fraser) spoke of 'people's television' whose guiding principle was 'popular pleasures and interests'. In Fraser's view, broadcasting was no longer to be the prerogative of rigid institutions that offered a restricted diet of morally and intellectually nourishing programmes. The structure of broadcasting was seen in a contractual manner, but with the idea of a relaxed style of regulation. Despite Fraser the ITV system did not in fact produce a distinctively new or coherent broadcasting theory. A major reason was that it remained caught between a traditional conception of public-service broadcasting and a newer commercial outlook. ITV could never give a coherent form to its inbuilt dilemmas."


70. Interview with Roger Bolton, 31.7.92.

71. Interview with Towyn Mason, Deputy Secretary to the BBC Governors, 28.7.92.

72. Ibid., 28.7.92.


76. For further details, see Roger Bolton, Death on the Rock and Other Stories, W H Allen, 1990, pp.243-247.

77. Then Foreign Secretary Sir Geoffrey Howe's letter to Lord Thomson, then Chairman of the IBA, dated 4.5.88 quoted from Lord Windlesham and Richard Rampton QC, The Windlesham/Rampton report on Death on the Rock, Faber and Faber, 1989, p.137.
78. Lord Thomson's reply to Sir Geoffrey Howe (dated 12.5.88) quoted from Ibid., pp.139-140.

79. Interview with Roger Bolton, 31.7.92.


82. See Ibid., p.145


84. Ibid., p.128.

85. Ibid., p.128.


87. Ibid., p.1.

88. Ibid., p.1.


91. Ibid., p.8.

92. Ibid., p.19.


94. Ibid., p.20.

95. Ibid., p.20.

96. Ibid., p.19. For instance, Mellor appears to have enjoyed consorting with well-known comedians inviting Rowan Atkinson to lunch.

97. Ibid., pp.18-20

98. Ibid., pp.19-20.

99. Nicholas Fraser, 'Campaign to sway the broadcasting Buddha', The Observer, 28.1.90, p.79.

101. Ibid., p.21. Although, the ITV Association placed £5000 into the Campaign's coffers so that it could create a lobbying strategy, Prebble and Albury felt that this was a veiled attempt at controlling their actions.

102. Ibid., p.22.


104. Ibid., p.21.


107. Ibid., p.25.

108. Sue Griffin, 'An open door, a closed mind', Broadcast, 15.11.89, p.6.


111. See Ibid., pp.1-7.

112. (House of Commons) Hansard, Broadcasting Bill, Standing Committee F., 1990, Col.158.

113. Ibid, Col.171.


117. Interview with Sue Elliott, Senior Programme Officer, 23.4.91.

118. See Broadcasting Act 1990, Op.Cit.. The provisions relating to cable and satellite services occupy only a small number of the Act's sections. Satellite services are considered in Chapter III 'Satellite Television Services'(sections 43-45), whilst cable services are considered in Part IV 'Transfer of Undertakings of IBA and Cable Authority' (Sections 129-141).

119. Ibid., p.44.
For example, Nigel Lawson's 1984 March budget announced that capital allowances for cable operators would be phased out by 1986, thereby reversing the previously favourable conditions for the development of cable as plant, machinery and building expenditure would no longer be placed against tax. For further details see Negrine (ed), Cable Television and the Future of Broadcasting, Croom Helm, p.120. As Negrine commented and predicted, the development of the cable industry proved to be problematic, pp.120-1:

"Amid the rumours of difficulties, there was also a sense of great disappointment: economic policy objectives over-ruled one of the Department of Trade and Industries favourite IT projects. The precise effects of these changes are unknown though it is clear that the turnaround to profitability has probably been put back a number of years."


124. The White Paper acquiesced to the demands of the advertising lobby by granting them a fifth terrestrial channel. The government argued that Channel 5 could commence services from 1993. It was to be licensed by the ITC and would be organized on a regional basis, although it would act as a national channel based upon the ITV model. The White Paper was notably vague about the programme requirements, preferring to emphasise that C5 would enhance viewer choice and provide (Ibid., p.24) "significant relief to the advertising market". The subsequent history of this proposal for Channel 5 has been problematic. The feasibility of running a fifth terrestrial channel has been undermined by technical difficulties (it can only be received in certain regions and would also require the resetting of all the nation's video recorders) and the increasing demands for resources throughout the commercial and new media broadcasting sectors. There have also been doubts on how the station should be funded.

125. Indeed, Professor Peacock admitted to being somewhat bewildered that "the one recommendation which really intrigued the Prime Minister --- that the Government should consider auctioning off the ITV franchises to the highest bidder --- had been an aside to the main thrust of the report." See Andrew Davidson, Op.Cit., p.10. For further details see Chris Horrie and Steve Clark, Op.Cit., p.131.


"This means that, for the first time in British broadcasting history, three terrestrial commercial television channels will compete for revenue from a single source, advertising."
127. As Andrew Davidson, Op.Cit, p.25 has commented:

"Certainly the Broadcasting Bill that would go to Royal Assent would be a very different document to the White Paper of 1988, but that was the nature of politics. Safeguards had been introduced, compromise reached."


129. See for instance, Kenneth Dyson and Peter Humphreys, Op.Cit.


131. Ibid., p.15.

132. Ibid., pp.6-7.

133. Interview with Sue Elliott, 23.4.91.


135. The Broadcasting Standards Council was set up after the massacre of several innocent people by a confirmed weapons enthusiast Michael Ryan took place in Hungerford in 1987. The government's outrage was directed at the broadcasters and was reflective of attitudes that had for many years been expressed by Mrs Mary Whitehouse, head of the 'National Viewers and Listeners Association'. Whitehouse enthusiastically endorsed the Council in *The Times*, 17.5.88, p.14:

"It may well be thought that we in the National Viewers and Listeners Association are cock-a-hoop over the establishment of the Broadcasting Standards Council."

In fact, Ryan had not been so much influenced by terrestrial television displays of violence, but more by rented video cassettas such as the Sylvester Stallone films 'First Blood' and 'Rambo: First Blood 2'. However, for the government, broadcasters proved to be the most convenient scapegoat.

136. See for instance, Tim Madge, *Beyond the BBC*, MacMillan, 1990. For further details, see Sue Griffin, 'Censor Sensibility', *Broadcast*, 25.11.88, p.18:

"When it was announced in may that Lord Rees Mogg (then Sir William) was to be first chairman of the controversial Broadcasting Standards Council (BSC), the news was greeted with almost universal disapproval by the broadcasting community. The "hottest seat in broadcasting" was also the most unpopular one.

"Apart from a period as a BBC governor and vice-chairman - when he had been instrumental in banning the Real Lives programme - it was hard to see what possible qualification he had to act as arbiter of nation's morals, as seen on TV."

137. See, for instance the *Daily Telegraph*, 8.8.88, p.3:

"It will come as little surprise to the Independent Broadcasting Authority that the Government is preparing to replace it with a new regulatory framework for independent television as the system expands with the establishment of the
Broadcasting Standards Council under the now-ennobled William Rees Mogg was the clearest possible statement that in the Government's view the IBA has failed lamentably as the BBC in maintaining standard of taste."


140. See, for instance the market-liberal critiques of the Institute of Economic Affairs manifesto for the future of broadcasting, Cento Veljanovski (ed.), Op.Cit. For example, David Sawers, a long-term free-market thinker on broadcasting who had contributed to Altman, Thomas and Sawers, TV - From monopoly to Competition and back?, Hobart Paper 15, 1962, commented on p.79:
"The White Paper, Broadcasting in the '90s, is a curious mixture of the libertarian and the paternalist. Its strengths are its recognition that change is inevitable because technology and the market have changed; that these changes can benefit the consumer by providing wider choice of programmes; and that future government regulation of the industry should encourage competition. Its weaknesses are its desire to regulate the content of television programmes, but not the systems employed to bring television services into the home; its failure to treat the BBC as an equal to the commercial services; and its restriction of market forces to frequencies allocated to television by government, not to the full range of frequencies available to the United Kingdom."

141. Interview with Sue Elliott, 23.4.91.


CHAPTER SIX: THE COMMERCIALIZATION OF BROADCASTING

"The third (part of the policy cycle) is the operational phase, which puts the legislation into effect. In practice, the legislation has said very little about what a new TV channel, for example, will carry; not only a programming policy and the crucial financial details still need to be decided, but many institutional/organizational details have to be worked out from scratch because they were little considered in the several previous years of 'debate'."

It is the purpose of this, and the following, chapter to determine how the policies, which were arrived at through a legislative process characterised by mediation, negotiation, compromise and ideological incoherence, have been implemented during the early stages of the operational phase. To investigate this procedure I have organized my analysis into the following thematic terms; a discussion of the reform of the broadcasting industry’s financial structure and an assessment of ‘light touch’ regulation.

This chapter will analyze, explain and assess how the legislation has affected broadcasting’s financial structure. Tom Nossiter has argued that British broadcasting had been previously characterised by three major tenets ---centralization, control and circumscribed competition. Through these terms he refers to a nationally scheduled and universally networked broadcasting system (despite the in-built regionalism of the ITV network), supervision by hands-on regulatory bodies and duopolistic competition which " is at once both keen (for professional reputation) and circumscribed (to the extent that sources of revenue are distinct)." The 1990 Broadcasting Act has contributed to a climate of greater competitive fluidity within the broadcasting market-place by attempting to dismantle these three key principles. In 1988, the BBC had its licence fee pegged to the Retail Price Index (RPI) and due to
the 1990 legislation both the BBC and ITV companies have been required to incorporate a twenty-five percent quota of independent productions. The ITV network has also been subject to a franchise auction and Channel Four began to sell its own advertising airtime in 1993. Further, the private expansion of satellite and cable channels was enhanced by the removal of legal rules, through minimal financial regulation and lax rulings on cross-ownership.

Therefore, it may appear, with the respective changes inaugurated by the Act, that in the area of broadcasting finance, the reality has started to conform with the 1986 Peacock report's envisaged form of economic competitiveness. However, it should be remembered that a distinction exists between these financial alterations and the report's recommendations for the significant political reform of the system fostered by economic change. Whilst, the legislation was motivated by a variety of political pressures, it has ended up as an effective means to commercialize the semi-public service ITV and Channel Four system. The ITV companies have been forced to maximize audiences for greater advertising revenues and have had their finances squeezed as they will have to pay an annual levy to the Treasury calculated from the size of the tender and a percentage of their profits. Moreover, they predict that they will be competing for viewers against the subscription based satellite channels whose audience share will dramatically increase by the end of the 1990s. This chapter will therefore consider how the conditions of the commercial broadcasting market have developed in respect to the legislation and how the ITV network has responded. Moreover this commercialization process has had an indirect effect on the BBC as:

"British broadcasting has a delicate balance and that if you change one element in it you affect the others."
The BBC occupies a peculiar position within the policy-making cycle under investigation in my thesis. Whilst, tensions between the BBC and the Thatcher government led to the creation of the Peacock report, throughout the course of the post-Peacock legislative process the corporation was largely left alone and the government's focus (and its hostility) was transferred to the commercial sector. The resulting 1988 White Paper and the 1990 Act did not produce any formal, legal changes to the corporation itself. Indeed the White Paper, which was received with outrage from the rest of the broadcasting community, acknowledged the government's acceptance of the BBC as the national Public Service broadcaster stating that it "is still, and will remain for the foreseeable future, the cornerstone of British broadcasting." The 1990 legislation contains no reference to the BBC beyond requiring it to air independent productions for 25% of its output. However, the BBC has been forced to respond to the commercialized broadcasting environment in which it has to operate, most especially due to the imperative of Charter renewal. Therefore significant internal financial alterations have occurred in a more covert, defacto manner. The BBC has been subjected to a number of forces which I intend to delineate.

This chapter will consider the nature of broadcasting's financial system during the early period of the operational phase. It will outline the trends which have started to emerge throughout this period and will discuss the extent to which the system may be characterised by change or continuity in respect to broadcasting's principal actors and the strategies which have governed their actions. Further, it will address whether the financial reform of the system may be equated with greater political compliance or liberty.
6:1. THE COMMERCIALIZATION OF BRITISH BROADCASTING

For the Peacock Report the simultaneous expansion of channels provided for by the new distribution technologies and the dismantling of the comfortable duopoly would allow for a greater number of players within broadcasting. It envisaged a broadcasting market composed of small scale independent production companies. These would be reflective of greater plurality in the system as they would be representative of different, political voices and would be lightly regulated. However, in the subsequent political phase of the policy process, the concept of a free market of providers was effectively replaced by a political commitment to commercialize ITV, while the new media were left to be privately expanded. This led to a number of Peacock’s recommendations being abandoned or having less effect than the committee had anticipated.

The Peacock report also envisaged that the BBC would be substantially reformed as an institution as its licence fee funding would be systematically reduced and finally withdrawn. However, as I have shown, the BBC proved too resilient and continued to operate as the public service broadcaster throughout the late eighties and early nineties. It remained assured of its position, whilst other sectors were questioned and altered. In particular, the principal changes to the players in broadcasting, resulting from the fall out of the commercial and legislative developments, have affected the satellite sector with the creation of B-Sky-B and ITV. Therefore, how has the commercialization process affected the balance of forces in these areas of British
Peacock envisaged that the creation of a publicly, invested national cable grid would facilitate market conditions in British broadcasting. In the event, this proposal was dismissed by the DTI and cable, which attracted such attention during the early-to-mid-eighties, proved to be something of a disappointment as a mass delivery service. In contrast to any national development, cable was only promoted at a local level and it was the responsibility of the cable operators to negotiate with local authorities or boroughs in laying the cable itself. This has lead to anomalies as residents living in the same street which is serviced in adjoining boroughs may or may not find that they have been cabled. Moreover, the costs of laying the lines has made it unfeasible to service rural areas. Finally, the entertainment led development of cable was struck a decisive blow when Nigel Lawson removed the favourable taxation on cable operators in his 1985 budget. Therefore, throughout the latter half of the eighties the picture for cable became confused as it was left to the private market.

The Conservative government’s minimalist new media policy similarly left the development of Direct Broadcasting by Satellite (DBS) channels to the market-place. The DTI had backed the private development of the satellite channels and had hoped that British Satellite Broadcasting (BSB), who had won the IBA regulated DBS franchise in 1986, would succeed in creating revenue both in terms of dish sales and
subscription. However, the unforeseen technological development of domestic equipment to receive signals from the medium powered Astra satellite, the introduction of Rupert Murdoch’s Sky Television as a competitor broadcasting from Luxembourg, a general recession, poor management and the crippling costs of the D-MAC system led to the company being described as "one of the great commercial disasters in British history, and certainly in the history of the British media" 16. BSB’s financial problems finally led its shareholders, without the knowledge of the company’s management, to negotiate a merger with Murdoch and the creation of B-Sky-B. 17

The most popular account of the merger, propagated by Peter Chippindale and Suzanne Franks’ in their detailed, journalistic book Dished: The Rise and Fall of British Satellite Broadcasting’, has tended to focus upon the two different management strategies that were pursued by the respective organizations. 18 Chippindale and Franks compare BSB’s profit spending against Rupert Murdoch’s leanly funded Sky TV. BSB’s management failings were legion and the company was extravagantly run with debts that eventually totalled £1 billion. 19 Although it has been admitted that BSB had to cope with the expensive and untried D-Mac technology, the company was commonly portrayed as being ineffective and inefficient. 20 For example, it was housed in an inappropriate complex entitled the Marco-Polo building in Battersea. Further Chippindale and Franks note that there were overpaid officials, employees with high expense accounts, strategic errors such as the overbidding for Hollywood films and the appointment of inappropriate personnel including the Chief-Executive Anthony Simonds-Gooding. 21 Simonds-Gooding has been subject to a vast amount of
criticism:

"BSB's cumulative losses had amounted to over £1 billion by the time shareholders decided to merge with Rupert Murdoch's Sky Television. But it wasn't the shareholders --- including Pearson, Reed, Granada, and the French company, Chargeurs --- who took most of the flak for the monumental corporate catastrophe. Critics in the press and industry were, and still are convinced that the management botched it from the start. In management the buck stops with the chief executive. Simonds-Gooding was a marked man." 22

Finally, the BSB management fatally underestimated the strength and resolve of the opposition.

Conversely, Rupert Murdoch has been perceived as achieving the correct balance between financing, programming and most crucially timing. Murdoch offset the enormous expenses incurred by satellite by using restrictive budgets for Sky TV. He did this by; employing as few staff as possible, keeping this staff non-unionised, locating the company in cheap premises in Isleworth, cost cutting when necessary, importing and producing cheap programmes and using the cheaper Astra satellite technology. 23 Moreover he appointed Australian television executives with proven track-records and fearsome reputations. 24 Most importantly, Murdoch was able to establish Sky and make it operational some eighteen months before the competition and consequently develop an audience through dish sales. 25 In this respect he was able to make a deal with Amstrad tycoon Alan Sugar who had a reputation for the manufacture of cheap electronic goods. 26

From this position the eventual merger between the companies was a case of one company failing and another succeeding. Whilst this managerial failure analysis is
useful and has dominated popular thinking, it only elliptically refers to other equally important factors that also combined to produce this situation. It does not attempt to place the merger within the wider policy, legal and regulatory context that has accompanied the technological development of the new media. The general broadcasting policy dilemma between a maintenance of state intervention and the imperatives of market-forces was particularly focused upon satellite broadcasting. The inability of politicians, policy-makers, regulators and media actors to reconcile these two contradictory objectives in a satisfactory manner contributed to the creation of a situation in which the merger was not only feasible but became the only financially expedient option.

BSB was massively disadvantaged as it was saddled with the high-powered D-Mac franchise which forced it to invest in the new High-Definition technology. The extraordinary costs of DBS, most especially on the D-Mac services, meant that shareholders had become nervous and even Murdoch's News International conglomerate suffered. This was allied to the general grip of an unforeseen recession that contributed to the generally low sales of satellite receivers and the problems of overcoming the likely public resistance to investing High Definition Television (HDTV) receivers. Similarly, BSB was regulated by the IBA and its remit forced it to occupy a semi-public service role. Moreover, it had been initially conceived as the sole satellite broadcaster and as such had been protected by national rules. However as Steven Barnett, Media Consultant for the Henley Centre of Forecasting, comments:
"Pitched unexpectedly into a satellite battle, (it) found itself saddled with an untried and complicated transmission system which became an unwelcome millstone. Devised to be nurtured in a satellite television monopoly, it was not appropriate in a fight for survival."\(^{32}\)

In such a situation the opportunities for a new satellite broadcasting venture, which employed restrictively expensive technology, to challenge the dominance of the traditional terrestrial broadcasters would appear to have been minimal, even if it had remained the sole monopoly. BSB’s problems were compounded as it was placed in a falsely competitive situation.\(^{33}\) This occurred with the launch of Sky in 1988 on the cheaper, inferior Astra PAL satellite. Further, the IBA was unable to control this channel, as it was not legally bound to conform to the regulator’s rules, public service norms or any particular set of technical or working practices. The government, which had been partially caught out and was already pre-disposed to Murdoch,\(^{34}\) argued that it could not intervene as Astra was a non-domestic satellite channel.\(^{35}\) In reality, the two companies were under a totally different set of rules. This discrepancy was not lost on BSB:

"As it staggered on the air, BSB campaigned hard to pressure the government to bring Sky under the regulations of the pending Broadcasting Bill. ... The ... legislation did not include broadcasts from medium-power satellites such as Astra. BSB pushed hard to have this loophole closed. But the government, anxious not to damage Murdoch, asserted that since Sky came from a Luxembourg satellite, using frequencies not allocated by the British government, and a technology which could provide essentially unlimited channels, it was not subject to the spectrum scarcity argument which had required the previous restrictions. This was obviously not so, if only Sky’s headquarters and studios were in Britain. As BSB pointed out, public policy was constantly challenged by new technology; legislation had to be changed to preserve the long-established principles limiting cross-media interests."\(^{36}\)
Whilst, the government had publicly declared that the satellite channels would encourage competition within broadcasting and remained unaware of the negotiations between BSB and Sky, it had effectively allowed for the monopolization of these channels by the merger of BSB and Sky in November 1990 and the creation of Rupert Murdoch's B-Sky-B. The merger between BSB and Sky only really existed at the level of ownership. Although BSB's backers retained influence as shareholders, it should be remembered that Murdoch became the majority shareholder. Further, at the management and production level the situation most resembled a 'take-over'. Almost all of the BSB's key management personnel were removed and the majority of the BSB staff were promptly dismissed. Moreover all of the company's operations were relocated to Sky's base at Isleworth and any form of unionisation was dispensed with.

The ramifications of this merger for the British broadcasting economy are only beginning to make themselves apparent. They include: the failure of a nationally co-ordinated satellite broadcasting monopoly on the allocated D-Mac Direct Broadcasting by Satellite (DBS) television channels with the collapse of BSB; the concentration of cross-media ownership in Britain in the hands of Rupert Murdoch's News International PLC; the failure of national legal rulings to stem such a form of concentration; an unregulated private satellite broadcasting monopoly in the shape of British-Sky-Broadcasting (B-Sky-B) on the inferior PAL Astra telecommunications satellite channels and a major set-back (if not the demise) for the highly touted D-Mac DBS technology with major implications for the manufacturers of the High Definition by Television (HDTV) receiver units. Sky's access to the market through subscription
will undoubtedly impact upon the rest of the commercial broadcasting sector. Moreover, it is reflective of general internationalizing of media ownership as the top five European media companies (Finnivest, Bertelsmann, News International, Hachette and Havas) have all invested in either terrestrial, cable or satellite channels throughout the eighties. This has meant they have been able to diversify from their traditional bases of the press, publishing and advertising

"For many of these companies ... (multi-media concerns) ... television has been a secondary rather than primary interest: of the largest players most bought their way into television later rather than developing their other media interests from a television base."

The merger has enabled a monopoly satellite broadcasting service to emerge. This broadcaster is not subject to any national legal or regulatory rulings in relation to programme output and cross-ownership rules. The principles of B-Sky-B have been blatantly commercial and it has a determined aim to increase its audience share by employing populist programming through gaining exclusive rights to American imports, Hollywood films and sport. The commercialization process within satellite broadcasting, in the main, has been directed through the market rather than the direct provisions of the 1990 Act. However, it was clear throughout the political development of the policy, that the Thatcher government was closely allied to Rupert Murdoch and directed its attention away from intervention within this sector.
Conversely, the changes which have affected ITV have been drawn directly out of the Broadcasting Act 1990. At the end of the political phase, a common feeling existed within ITV that the 1990 Act had proved to be the best of ‘bad job’. The most destructive elements of a franchise auction had been displaced by a number of compromise measures which could still potentially damage the system. Moreover, the ITC, the ITV Association and the pressure group the Campaign for Quality Broadcasting felt they had been successful in preserving key features within the system and stemming outright commercialism. Subsequently, the ITC had to interpret the legislation, set out the guidelines for the possible applicants and supervise the competitive tendering for franchises.

On the 15th February 1991 the ITC issued prospective bidders with an Invitation to Apply for Regional Channel 3 Licences by the 15th May 1991. This document outlined the ITC’s interpretation of legislative measures governing the franchise auction. The applicants were required to submit a programme plan and business plan (based upon the prospective advertising within the region) as well as a sealed bid. These plans were then subjected to the quality threshold. If the application was deemed to be untenable by the regulator’s criteria, it would fail. Only after the application had passed this stage could the size of the bid be considered. This process took five months and the ITC’s deliberations were made available to the potential franchisees on the 16th October 1991. They were as follows:
Table 5. The Franchise winners

<table>
<thead>
<tr>
<th>AREA</th>
<th>WINNER</th>
<th>BID</th>
</tr>
</thead>
<tbody>
<tr>
<td>LONDON WEEKDAY</td>
<td>CARLTON TV</td>
<td>£43.17m p.a.</td>
</tr>
<tr>
<td>LONDON WEEKEND</td>
<td>LONDON WEEKEND SUNRISE</td>
<td>£7.585m p.a.</td>
</tr>
<tr>
<td>BREAKFAST TV</td>
<td>CENTRAL TV</td>
<td>£34.61m p.a.</td>
</tr>
<tr>
<td>YORKSHIRE</td>
<td>GRANADA TV</td>
<td>£37.7m p.a.</td>
</tr>
<tr>
<td>NORTH WEST</td>
<td>TYNE TEES</td>
<td>£9m p.a.</td>
</tr>
<tr>
<td>NORTH EAST</td>
<td>BORDER</td>
<td>£15.057m p.a.</td>
</tr>
<tr>
<td>BORDERS</td>
<td>SCOTTISH TV</td>
<td>£52, 000 p.a.</td>
</tr>
<tr>
<td>SCOTLAND CENTRAL</td>
<td>GRAMPIAN</td>
<td>£2000 p.a.</td>
</tr>
<tr>
<td>NORTH OF SCOTLAND</td>
<td>ULSTER TV</td>
<td>£720, 000 p.a.</td>
</tr>
<tr>
<td>NORTHERN IRELAND</td>
<td>HTV</td>
<td>£1.027m p.a.</td>
</tr>
<tr>
<td>WALES AND WEST</td>
<td>WESTCOUNTRY TV</td>
<td>£20.53m p.a.</td>
</tr>
<tr>
<td>SOUTH WEST</td>
<td>MERIDIAN</td>
<td>£7.815m p.a.</td>
</tr>
<tr>
<td>SOUTH AND SOUTH EAST</td>
<td>ANGLIA TV</td>
<td>£36.523m p.a.</td>
</tr>
<tr>
<td>EAST</td>
<td>CHANNEL TV</td>
<td>£1000 p.a.</td>
</tr>
<tr>
<td>CHANNEL ISLANDS</td>
<td></td>
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</tr>
</tbody>
</table>

In the event the ITC decided to avoid any invocation of the 'Exceptional Circumstance's Clause' preferring to rule out potential bidders under the quality barrier or due to the highest bid. Such a ruling clearly provided the Commission with the possibility of being subject to Judicial Review and therefore it decided to avoid it altogether. This meant that potential rivals to established companies such as Granada's opponent North-West Television were ruled out in terms of the quality of their programming and business plans rather than the size of their bid. In this respect, Granada had successfully gambled on a smaller bid than their opponents.

The procedure produced several notable victims. They included Thames Television, who held the most-prized London weekday contract and was the largest
network contributor. Thames passed the quality threshold but was out-bid by Michael Green’s Carlton. Thames had been seen as the most vulnerable franchise as it had attracted the strongest rivals (led by Green and Richard Branson respectively) and due to its parent company Thorn’s financial instability. It also meant that Green had finally fulfilled his wish to own an ITV franchise after he had attempted to buy Thames in 1986 but had been stopped by the IBA. Conspiracy theorists also argued that Thames lost its franchise due to its production of the infamous television documentary ‘Death on the Rock’ which had attracted so much governmental wrath in 1988 and had clearly strengthened Margaret Thatcher’s resolve to reform the commercial system.

Two smaller companies, the troubled Television South (TVS) and Television Southwest (TSW), lost their franchises to Meridian Television and WestCountry Television respectively as they were deemed to have overbid in relation to the potential advertising revenue for their regions. Again, these areas had attracted outstanding interest as they had been rich providers of advertising revenue. The heaviest irony was the defeat of the Thatcherite flagship TV-AM led by Bruce Gyngell, who had defeated the broadcasting unions in a year-long dispute in 1988, by Good Morning Television (GMTV). This led to the bizarre spectacle of a spectacular volte-face by the ex-Prime Minister herself, when Gyngell famously read out a private letter to the press:

"I am only too painfully aware that I was responsible for the legislation. ... When I see some of the other licences have been awarded I am mystified that you did not receive yours and heart-broken. You of all people have done so much for the whole of television --- there seems to be no attention to that."
Of the four companies, only Thames continues to play a role in the new system as a considerably slimmed down production company responsible for popular series such as ‘Minder’ and ‘The Bill’. Thames has also negotiated with the BBC to make its considerable programme library available for the satellite station ‘UK Gold’.

Many within the industry felt that the ITC, led by Chairman George Russell, had managed to act as effectively as possible. It was argued that the Commission had skilfully stemmed the flow of revenue going directly to the Exchequer’s coffers by effectively employing the ‘quality threshold’ and by penalising companies who drastically overbid such as TVS and TSW. Conversely, it may also be stated that the Commission let through too many high bidders who may face increasing problems associated with the current recession within advertising and the potential growth of subscription in the following years.

The auction also provided the ITV companies and their rivals with an almost impossible task as they had effectively to gamble their futures upon advertising revenue projections over the following ten years. The companies could make educated guesses by considering the nature of opposition and the current relative size of the advertising within the region. However a number of imponderables existed such as the possible future effects of the recession upon advertising budgets and the predicted increase in subscription services within the new media channels.

Inspite of these variables and inconsistencies, by October 1991 the players and the rules of the game within both the subscription funded satellite sector and the
advertising based ITV network had been established. Certain actors had been lost, whilst new actors (most notably Michael Green’s Carlton Communications) had been established in the ITV sector.

6:2. THE EMERGING BROADCASTING ECOSYSTEM

Consequently, either through direct policy or through the more hidden-handed imperatives of political clientelism and business failure, the *duopolistic* system has been broken down. In the wake of these reforms, three main categories of actors have emerged; a satellite monopoly; a more commercially dominated ITV sector and the public service broadcaster represented in part by Channel Four and mainly by the BBC. As Steven Barnett commented:

"Recently, David Mellor said to Barry Cox that the PSB will survive. Cox said, that you’re destroying the tradition of the PSB. Mellor responded that only Channel 3 will have to go down the path of commercialism, and the BBC and Channel Four will remain. ITV will do what it wants. What is forgotten, is the need for a sense of balance in the broadcasting ecology."**62

Therefore, it is my purpose to consider what trends have emerged in respect to the broadcasting *ecology* by discussing how the 1990 Act’s commercialization of services has affected the organizational *processes* through which British broadcasting has developed during a formative period. In this respect, I will be concerned with both *macro* developments within the ITV sector as new companies, relationships, commissioning processes and practices emerged and *micro* developments in the production base of the BBC, most especially with the initiative of *Producer Choice.*

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Before any detailed discussion of the changes starting to affect the duopoly, it will be necessary to briefly comment on B-Sky-B. Throughout the first three years of its existence B-Sky-B ran at a tremendous loss and Murdoch's News International empire has demonstrated signs of being overstretched. Murdoch had to sell a considerable number of his magazine titles and his international interests nearly collapsed as his debts mounted. However, a small profit has been made recently and B-Sky-B's monopoly means that it will be able to increasingly challenge the terrestrial broadcasters. It may well become a more important player as the situation in broadcasting throughout the nineties becomes more volatile after the ITV franchise auction winners take their place and have to contribute their annual payments to the Treasury. Further, the renewal of the BBC Charter and the possibility of the Corporation being once again faced by the spectre of taking in advertising may also mean that a maturing satellite monopoly may well have an influential role to play in the shaping of the broadcasting system. A great deal of this speculation depends upon how the satellite market develops and the extent to which the public will take-up these new channels. Moreover it is unclear what delivery system will present B-Sky-B with its greatest access to the public as urban areas are steadily being cabled and B-Sky-B has been shown via this technology, in tandem with the mass manufacturing of satellite dishes. However, in its favour the de-listing of national sporting events and its ability to show recently released cinema features has meant that B-Sky-B has started to bid exclusively for popular programmes and attract audiences through these incentives.

B-Sky-B's financial strategy has been built upon winning a critical mass of
subscribers, retaining the audience’s loyalty and increasing the subscriptions from existing owners incrementally on an annual basis. Harold Lind has compared this strategy with the unsuccessful attempt by the French channel La Cinq which attempted to increase its share of the audience by investing in the dead-labour expenditure of dish sales. This led to the financial ruin of the company. He argues that B-Sky-B will follow the example of the other French new media station Canal Plus. Instead of attempting to penetrate the audience, Canal Plus preferred to rely on the vast profits drawn from subscription. This was why the decision was taken by B-Sky-B to make dish owners pay an additional £5.99 a month for the Sports channel from September 1992. As Steven Barnett, commented in an interview conducted for this thesis:

"The subscription market only needs a total of 15-20% of the audience and a regular monthly fee from each dish owner of £25-30. Subscription television achieves a critical mass, at which point it becomes incredibly profitable. (In this respect) revenues can be increased without increasing cost-base. People will be willing to pay for sports and movie channels, and for channels which have sole rights. Multi-channel television will only be taken up in a few households, as the general public is not all that interested in television. However, through subscription huge profits can be made and these channels can buy rights to increasingly expensive sports and movies."

6:2.1 A BREAKING DOWN OF THE VERTICALLY INTEGRATED BROADCASTING SYSTEM: THE COMMERCIALIZATION OF ITV

As a consequence of the legislation and the franchise auction, the ITV network has been subject to massive incremental re-organization. The process of a partial competitive tendering for regional franchises left areas of the ITV system in disarray as some companies successfully gambled upon small bids, whilst others were
forced to heighten the stakes against what they perceived as dangerous competitors. This resulted in a haphazard series of financial alterations as some franchises were desired because of their ability to attract advertising and others were left unchallenged. The auction destabilised commercial broadcasting finances.

The ITV network's response to this cycle of events has been to harden its competitive outlook. The restructuring of the network schedule has been interpreted by the companies as mechanism for centralizing control. This has been apparent within the ITV's reading of the ITC's networking documents. Through these arrangements a number of features have become conspicuous. Firstly, the already minimal regional autonomy within the ITV network has been sacrificed as alternative central control structures have been enhanced. For instance, all licensees are required to sit on the ITV Association Council which is responsible for determining overall policy. Secondly, there has been the creation of the ITV Network Centre management headed by Andrew Quinn, former Chief Executive of Granada and now Chief ITV Scheduler, and Marcus Plantin, former LWT director of programmes. This is responsible for the commissioning and scheduling of all programmes upon the commercial channel. Formally, both independents and franchise-holders will have equal access to this body. In practice it would appear to be a mechanism through which de facto power might be wielded by the largest companies (Granada, London Weekend, Central, Carlton) and will be reinforced in order to increase their profits in the new climate. As the emphasis will be upon retaining and increasing profits, it would appear unlikely that the Network Centre will attempt to commission from new, untried talent and would be inclined to secure ratings winners.
As the scheduling power has been passed on from the regulator to the companies' central organization, which has fewer public service requirements placed upon it by the Act, the new network management has made it clear that it will pursue aggressive strategies in order to increase audiences and attract advertisers. There have been a number of indications of this new perspective. The ITV network has informed advertisers that it will be able to exploit its newly found freedoms. On the 30th September 1992, Quinn and Plantin stated their intentions to one thousand top advertisers. Their ideas comprised of extending the runs of popular dramas, revamping the news and increasing the number of comedies and sports programmes:

"Advertisers were told that ITV would place more emphasis on "proven audience winners"; would target programmes more carefully at suitable audiences and require programmes to attract high ratings if they are to keep peak slots."This is the beginning of ITV marketing itself properly," Mr Quinn said. "It means a closer relationship with advertisers and stronger branding and marketing of ITV."  

Their analysis had obvious ramifications for ITV's news organisation, Independent Television News (ITN), and for current affairs programmes which are expensive and do not provide large audiences. These programmes will not be given the same status as before and increased pressure will be placed upon re-scheduling the news so that audiences will be maximized to attract advertisers. One previously sacrosanct scheduling area had been religious broadcasting. In the past, all the regional broadcasters had to schedule religious programmes in 'God-slot' between six and seven o'clock on a Sunday evening. This had been a constant source of resentment for a number of the companies and the advertisers who felt that they had both lost a vast sum of potential revenue. Under the new system ITV's religious programme *Highway* was replaced with *The Family Action Movie*.  

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Another clear demonstration of this new attitude referred to the Independent television programming rights and repeat sales for the next fifteen years. In this respect, the companies have colluded by stemming any sales of their repeat programmes to other British broadcasting organizations, notably B-Sky-B which runs a ‘Comedy Channel’ consisting of repeated situation comedies. There remains considerable amount of bad feeling between the commercial and satellite broadcasting sectors which may be summed up by Greg Dyke’s statement on the publication of these agreements:

"We are very anxious to avoid having our own programmes played back against us, as happened to the major American networks."78

These structural and procedural changes have been accompanied by the development of new company business plans and attitudes within the commercial sector. The new franchisees, in particular Carlton TV, are imbued with a different raison d’être from their predecessors. First, they are broadcasting publishers rather than programme-makers and inevitably have a different outlook in terms of resource management. Carlton’s main concern is to commission programmes rather than provide a whole schedule of self-produced shows. This fits into the ethos of Michael Green who made his fortune in the television facilities market and has branched out into broadcasting production as part of a wider corporate strategy.79 It also demonstrates the impact of the twenty-five percent independent production quota upon the companies’ thinking and the break-down of a vertically integrated system.
Secondly, their choice of personnel is indicative of wider changes within the commercial sector's ethos. Carlton's Director of Programming Paul Jackson belongs to a different generation of broadcaster who holds no loyalty to ITV traditions. Jackson has often publicly argued for an increase in popular productions, the rescheduling of current affairs programming and a more commercial outlook.\textsuperscript{80} Similarly, another power player, former London Weekend (LWT) Chief Executive and ITV Association Chairman Greg Dyke belongs to this new generation broadcasters. Thus, the system's established broadcasting elite, represented by individuals such as the ousted Chief Executive of Granada David Plowright, may be seen to be in a state of relative decline.\textsuperscript{81}

Moreover due to the conditions of the auction, the successful ITV companies are having to divert sizeable resources into the Exchequer and have therefore been subject to cost-cutting. A large amount of the companies's annual revenue is to be taken directly out of the system which sees an annual percentage of profits, depending upon the respective size of the regional advertising, plus the auction bids going into the Treasury's coffers. For example, the London Weekday provider Carlton will have to pay out an estimated £67 million per annum.\textsuperscript{82}

This has led to all franchisees streamlining their internal organisations and cutting staffing levels. This has gone hand-in-hand with changing industrial arrangements and the collapse of trade union power. The broadcasting industry has been substantially altered by the increase in independent producers and independent facilities companies. Thus, the companies have begun to centralize their production

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bases into metropolitan areas to reduce costs. Further, the 1990 Act allowed the companies to reduce their staffing levels as there was no recommendation for franchise-holders to retain an in-house production base.\textsuperscript{83} As former LWT Chief Executive Greg Dyke has commented:

"The biggest change and the reason that most ITV have been able to survive the recession as well as they have, ... has been the collapse of the trade union movement and therefore the enormous loss of jobs and the restructuring of the industry. Now that was partly brought about by the auction itself. The threat of the auction meant that you had to go into the auction as efficient as anyone going against you. We are now down 650 staff and we started off at 1400 four years ago. That has freed up television in some ways with the end of the old union restrictive practices."\textsuperscript{84}

Broadcasting, as with other industries, has been subject to the general decline in union power and, in particular, the dispute at TV-AM which acted as a test-case and resulted in the removal of large number of the technicians.\textsuperscript{85} This has meant that broadcasting labour has increasingly been subjected to restrictions within its contractual tenure, the decline of union power, a large number of redundancies and greater casualization of working practices. Market forces, which have been employed to restructure broadcasting, are dictating the labour market. As Tony Lennon, President of BECTU, comments:

"Whether the broadcasting bill was framed with this in mind, it has certainly achieved the desired results (whereby) an industry that was once dominated by the union closed shop is now characterized by almost a majority of people in (the independent sector) working on a casual basis."\textsuperscript{86}
This pressure has been exacerbated by the new franchise-holders, such as Canton, who run their companies more 'efficiently' by employing fewer staff, contracting out to independent producers and making fewer network programmes. The following table taken from Broadcast indicates the reduction in staff created by the introduction of the new franchise-holders compared to their predecessors:

Table 6. ITV Staff Numbers

<table>
<thead>
<tr>
<th>STAFF NUMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>October 1991</strong></td>
</tr>
<tr>
<td>Thames</td>
</tr>
<tr>
<td>TVS</td>
</tr>
<tr>
<td>TV-am</td>
</tr>
<tr>
<td>TSW</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>January 1993</strong></td>
</tr>
<tr>
<td>Carlton</td>
</tr>
<tr>
<td>Meridian</td>
</tr>
<tr>
<td>GMTV/Visnews</td>
</tr>
<tr>
<td>Westcountry</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Consequently, the ITV system has been subject to extensive change due to the legislation and it has responded in kind. The Franchise Auction has meant that ITV has become more commercial and is now responding directly to the wishes of the advertisers. There has been a loosening of ITC's regulatory controls in relation to the financial organisation of ITV and competition will inevitably increase as the demand will be to maximise their audience share, thereby enhancing advertising revenue, in order to survive in a tougher market-place. The companies also argue that their audience share will decrease as subscription based services gain a stronger foothold.
and are determined to augment their profits in the short-term. In addition, they face competition from Channel Four which has been legislated to sell its own advertising. However, due to the special needs of C4 the companies are required to contribute to a seventeen percent of revenues safety net to protect the channel. 

This has led to the ironic situation in which the companies have been forced to finance a direct competitor.

After 1994, the ITV regions will also be legally subject to the possibility of takeover bids. The companies who overbid for their regions, such as Yorkshire and Tyne Tees, have proved to be casualties and their future over the following years may prove to be precarious. The potential exists for increasing amount of corporate power within the ITV system. For example, Michael Green's Carlton already has sizeable stakes in several of the regional franchise-holders and may be in a position to expand his media empire. However, to the ownership rulings another danger comes from abroad as national take-overs are restricted but international ones will be allowed. Therefore, global media conglomerates, including Silvio Berlusconi's Fininvest could be allowed to gain entry into ITV.

Simultaneously, there has been a loosening of the interventionist regulation that demanded that the ITV companies were responsible for conforming to the tenets of Public Service Broadcasting. Clearly the Public Service concept will be contested within the more commercial environment which has begun to emerge within ITV as a result of the franchise auction. The ITC has fewer interventionist powers and may be increasingly constrained to the role of a licensing body. The companies are
principally concerned with maximising their profits in order to pay their assigned annual rate into the Exchequer and to gear themselves up for the potential increase in subscription. This commercialization appears to have provided the foundation for greater corporate power within ITV by enhancing centralisation and the potential for greater monopolisation.

Thus, the ITV sector has in many ways become more accountable to advertisers, media conglomerates and the City. Whilst, the Independent Production companies do have greater access to air-time, the franchise auction has not in anyway set out the framework for greater freedom of entry for new broadcasters or alternative voices, rather it has indicated that ITV is exhibiting a transition from one form of monopolistic control to another form of cartelism.

6:2.2 THE BREAKING DOWN OF THE VERTICALLY INTEGRATED SYSTEM IN THE PUBLIC SERVICE SECTOR: THE EFFECT OF COMMERCIALIZATION ON THE BBC

In this commercial environment, the BBC may be seen as facing a number of problems. Principally, its funding, through the licence fee remains a vexed issue due to its supposed unpopularity amongst the population, its reduction in real terms and the ideological mandates it places upon the BBC as the public broadcaster.

On the one hand, John Reith’s arguments for public service broadcasting were sustained by the licence fee. Effectively it provided the BBC with the resources to
fulfil its remit as an educative, regional and world body, as well as an entertainment broadcaster. The BBC's attitude has remained that the licence fee remains the most effective funding method.92 Towyn Mason, Deputy Secretary of the BBC, argues that "in terms of value for money, the licence fee should be compared with satellite subscription ... (it) is the cheapest way of funding."93 Against this, the BBC governors and management remain mindful that they are operating in a post-Thatcherite environment in which competitive economic policies are still being pursued by the Major government. Concurrently, the corporation, along with ITV, is losing its air-waves monopoly because of the increase in new media channels.

The strains on the BBC have increased as it has been required to maintain its public service duties against a backdrop of economic and technological change. By the end of the decade, it predicted a reduction in its audience share to approximately 25% as subscription services proliferate. Therefore, the traditional justification for the licence fee, founded upon the universality of programme services and audience use, is likely to become problematic. The BBC's position within the increasingly commercial broadcasting environment and the imperative of the 1996 BBC Charter renewal has led the corporation's governors and managements to follow a number of proposals.

Therefore, the BBC began to promote a series of institutional reforms and programming strategies which will enable it to become a specialized 'public service broadcaster'. Further, to demonstrate to the government that it is pursuing radical policies to promote efficiency the BBC has responded by reforming its internal financial organization --- the resource management strategy entitled Producer Choice.
Throughout this transitional period tensions within the BBC have emerged (not least due to the policy clash between outgoing Director-General Michael Checkland and his successor John Birt) as the institution is inexorably tied to the British public through its image, internal conception, finance and position within the political arena. It is therefore necessary to investigate this strategy, determining its origins and understand why it has been chosen. A study of this financial reform reveals that the ramifications of altering an institution of the BBC's size and status within broadcasting and British society are immense.

6:2.3 PRODUCER CHOICE

From April 1st 1993, BBC producers were required to choose between tenders from BBC resource departments and from external independent facilities houses. Previously, programme budgets were determined in relation to resources rather than in 'real money'. The producer would be informed that s/he could have 'x' amount of man-hours for shooting and post-production time. The system was based upon direction rather than money. This has been replaced by a reform which can show the amount of money that has been invested in a programme. In addition, the programme-makers will have to break even and have cost targets placed upon them. Effectively the BBC has switched from a command economy, in which the licence fee money entered the corporation to be divested from the centre to each resource department, to a public service free-market, in which centrally allocated money is directed to the main areas of the BBC's programming output such as BBC1, BBC2 and BBC radio. The following diagram indicates the flow of resources:
'Producer Choice' means that the money, previously held in the resources section, has been re-directed to the programming areas. The channel controllers will receive an annual budget to determine the funding for the main eleven programming areas (for instance, sport, drama, light entertainment). These sums are to be agreed upon, through negotiation between the channel controllers and the heads of departments, eighteen months in advance of the programming year.

Throughout this period the channel controllers will decide on the type of programming they require, commission the programmes from the departments and will allot the programming and departmental budgets. For instance, the Head of Drama could be given £200 million pounds to develop and produce the number of hours of programmes which have been specified by the channel controller.
Next in the chain of command are the heads of department. They are responsible for assigning budgets for each individual programme. These budgets are to be given to the producers in real cash figures rather than shooting periods or post-production facility hours. The producer can compare and contrast BBC resources, in terms of prices and quality, against those within the external market (although independent producers are restricted to using outside facilities houses). In such a fashion, s/he will determine whether the programme may be made by BBC or independent crews providing that the head of department approves.

A form of competitive tendering exists in which production houses may trade with the producer by demonstrating their work and providing desirable costs. There are three forms of draft contracts for the producer; an internal contract, an external contract and a free-lance contract. The first part of the contract outlines general conditions, whilst part two specifies the responsibilities between programme-maker and contractor in terms of scope, deadlines and standards. This latter part also indicates how the contractor should be paid. In theory, the producer will be in an autonomous position to determine the trade-off between programme’s budget and artistic qualities.95

However, the producers’ freedoms are qualified as they must remain within the budgets as the department will be constituted as a business unit. This business unit is required to break even, otherwise, as the ‘Producer Choice’ documentation ominously comments (italics added):
If a business unit fails to break even, a managerial assessment will be necessary. The aim will be to analyze the cause of the problem and to tackle it. Break-even would be expected the following year.⁹⁶

Therefore, the producer is under pressure to bring the programme in on budget as any overspending will result in cuts elsewhere in the department.

These changes have been contingent upon the semi-privatization of BBC resources facilities. These departments have calculated their prices in regard to the external facilities and offer to sell their resources to the individual producer. To this end, they have been set up as mini-businesses and are expected to conform to the same break-even targets. They are also subject to overheads including property and capital charges.

The three tenets of 'Producer Choice' are described in the internal documentation as organizational decentralization, financial transparency allowing for external comparisons and operational reform enabling a mixed economy (based upon in-house and external activities) to support the corporation's public service purposes.

As a form of resource management, 'Producer Choice' may be compared to the changes which have occurred within education and the National Health Service.⁷⁷ As Jonathan Rooper commented:

"You can give a simple answer how its going to work, it's going to be an internal market. Theoretically, efficient resources get used and inefficient resources don't get used. It will mean that the BBC will have fewer of its own resources and buys in more."⁹⁸
6:2.4 THE ORIGINS AND INSTITUTIONAL SIGNIFICANCE OF PRODUCER CHOICE

The origins of 'Producer Choice' lie in a number of financial initiatives, alterations in managerial organization and shifts within corporate ideology that have developed throughout the BBC during the mid-to-late-eighties. First, through an inter-related mixture of economic instability and political necessity, the BBC has started to conform to the external pressures of the broadcasting market-place. Secondly, the BBC has been subject to fundamental transformations within its managerial structure and personnel.

Due to the licence fee's reduction and the decline in new colour licence fee holders, which had previously insulated the broadcasting economy, the BBC has faced severe financial pressures since the early eighties. However, the catalyst for the desired efficiency drive, resulting in 'Producer Choice' proved to be two-fold --- the introduction of a 25% quota for Independent programmes and the 1996 Charter debate.

The 1990 Act ensured that the BBC would be forced to incorporate independent programmes. The BBC management took this as a sign to alter the internal organisation arguing that cuts would have to occur. This argument has a degree of truth, yet it has been met with the criticism that the 25% figure is misleading as qualifications exist. For instance, the quota's calculation does not take into account the output of major departments such as 'News and Current Affairs' or
repeats. The BBC has been able to remove a sizable number of broadcasting hours from this equation.

The renewal of the Royal Charter and the management's desire to retain the licence fee as the BBC's principal funding source has defined corporate thinking. The BBC argues that as it is a distinctive public service broadcaster, advertising, subscription and sponsorship remain unviable due to market failures and ethical considerations. From this position, the BBC conducted a major review of resources through the establishment of fifteen Task Forces in 1991. Their reports were sent to an overall steering committee who assessed the BBC's viability as follows; function, speciality, preservation and civilised behaviour. This steering committee was responsible for arriving at the 'Producer Choice' policy from these and other internal reports.

The willingness of the BBC's management to conform to the new financial imperatives is significant. If their attitudes are compared to the actions of their predecessors, a marked divergence is apparent. The Reithian tradition, in spite of developments such as 'professionalism'\textsuperscript{99}, had previously imbued the thinking of management and governors. The traditional perception remained that the BBC was "a jolly fine show".\textsuperscript{100} This resulted in a situation in which public service functions have occupied the rationale of decision-makers over the profit motive. The BBC's finances were organized through direction rather than business practice.
Conversely, the 1996 Charter renewal was taken as a sign to pursue major economic and structural reforms within the BBC. Towyn Mason summed up the present thinking when he stated:

"There is no conflict in principle between using efficient market strategies for efficiency and providing the best use of the licence fee. The economic pressures have increased and the BBC needs to respond."¹⁰¹

In several respects, the policy choices represented by 'Producer Choice' betray the working methods of its creators and indicate the significance of their appointments within an altered set of internal power relations. On the management side, the two key actors were the outgoing Director General Michael Checkland and his successor (previously Deputy Director-General) John Birt.

Checkland's accountancy background directed his approach and he made it clear that he wanted "a smaller BBC".¹⁰² Checkland's background within the BBC as an accountant rather than a programme-maker (he was promoted from Senior Assistant in the Cost Department to Director of Resources, Television in 1982 before reaching the top management posts) was according to Philip Schlesinger:

"(symbolic of) a new phase of corporate development. In common with other media organizations having to devise strategies to deal with the current transformations of the global communications market, the BBC needs to elaborate a new combination of cultural purpose and economic entrepreneurship."¹⁰³

However, Checkland remained resolutely a 'BBC' man. He was criticized as a 'money man', yet rose within the corporation through the traditional pattern of internal promotion and patronage. This dictated his approach and also contributed to
the severe internal crisis which affected the BBC management during the last year of his reign.

John Birt has employed a seemingly 'logical' strategic form of thinking throughout his years in broadcasting. A key factor to Birt's managerial style, or 'Birtism', has been his diligent and painstaking meticulousness in identifying a problem, analyzing its causes and determining conclusions based on his own particular form of reasoning.104

In contrast to Checkland, Birt was an outsider to the BBC. He failed to gain entrance as a BBC trainee and began his broadcasting career at Granada, eventually rising to London Weekend Television (LWT) Director of Programmes. His senior appointment at the BBC in 1987 went against the corporation's tradition. Historically, all chief executives had risen through the ranks. Birt was, and has remained, resolutely an outsider, who was rooted in ITV conventions and was brought into temper the 'News' and 'Current Affairs' department.

'Birtism' has been criticized by those within the organization. In the 'News and Current Affairs Directorate' he tightened the control mechanism of 'referring up'. It has been noted that Birt has a messianic style of reasoning and has used his position to insulate himself from any criticisms. Birt is seen to have a clear mission for the BBC and to have attained the power to realize his aims. In turn, this form of control has had implications for the corporation's overall managerial structure through a selective appointment process and a greater centralization in the 'Corporate Affairs'
division in which the policy and planning offices have assumed an ever-increasing importance.

In their responses, Checkland and Birt employed the techniques which have accompanied them throughout their respective careers. They considered a variety of solutions (for example, the Task Force reports and the Resources Review) through which to resolve and pursue the strategy of 'Producer Choice'.

Thus, within the internal summary for the policy headed 'Value for Money' they identified the problems comprising financial qualifications, the possibilities of political intransigence from a new government and a new governmental department responsible for broadcasting headed by a traditional 'One-Nation' Tory Peter Brooke¹⁰⁵, and fundamental structural alterations in the broadcasting market-place. It comments:

"The underlying policy aim is to make the BBC's Value for Money evident and demonstrable - prior to the main public debate on the renewal of the BBC's Charter. The BBC wishes the public debate about its future role to concentrate on its programme purposes ... there will be a real, and important debate about the distinctive public purposes which the BBC should pursue; and about the range and volume of the different programme services. Producer Choice, on the other hand, is about the means of realising public service broadcasting purposes, and this distinction between means and ends is important in the BBC's relationship with its public."¹⁰⁶

According to this mechanistic logic it would appear the 'Producer Choice' is but one part of the larger jigsaw of this approach to managing the BBC.
Therefore the BBC management’s ‘new realism’ has been influenced by the composition of its chief personnel. A key factor within this process was the selection of Marmaduke Hussey as the Chairman of the Board of Governors. Hussey’s appointment was undoubtedly political and was indicative of the Thatcher government’s usage of the patronage process.\textsuperscript{107}

Hussey reorganized the relationship between the governors and the management. His appointment occurred in the aftermath of ‘Real Lives’ --- the nadir of governmental-BBC relations. In response to Margaret Thatcher’s aim that the ‘BBC should put its house in order’, Hussey pursued an interventionist form of managerial control. His first major action was to sack the then Director-General Alasdair Milne. This served to cement his position as Milne proved to be the last example of the authoritarian ‘Reithian’ manager. Checkland, to his own chagrin, never achieved the control over the board that other Director-Generals, notably Hugh Greene, had enjoyed.\textsuperscript{108}

The source of power within the BBC has been divested in the Board of Governors and, most especially the chair (and to a lesser extent vice-chair), in terms of overall strategy and policy. Hussey has remained an interventionist manager with a distinct vision of how the BBC should be run.

Therefore, the strategy of ‘Producer Choice’ arose as a number of the normative dynamics have been undermined. The changes within managerial attitudes are reflective of influential structural alterations within the institution, of the
governmental and internal appointment processes, and fundamental shifts in the negotiation of power relationships between board and management.

6.2.5 PRODUCER CHOICE AND MANAGERIAL DIVISION

The evolution of 'Producer Choice' has occurred within a context of managerial confusion and acrimony. The reasons behind these problems are not so much rooted in the reform itself, but are to be found in the overall conclusions and the pace involved in the application of this policy. They are indicative of a breakdown in the managerial structure as the trends within the circles of influence have hardened.

Whilst Birt has been popularly ascribed with the development of 'Producer Choice', there is some doubt over who is exactly responsible for the genesis of this policy. Undoubtedly, Birt has made a significant contribution towards the policy by decisively channelling the project and increasing its pace. It was his difference in the reform's emphasis and speed, against Checkland, which proved to be indicative of a severe breakdown within the management and the enhancement of a process which may be described as the 'Birtian revolution'.

This further manufactured itself as a profound disagreement over the wider changes, of which 'Producer Choice' was a part, heralded for the BBC as a broadcaster. Whilst Checkland publicly supported the proposed financial and programming changes, he privately differed with Birt not only over the pace of these alterations, but also in their intent. Checkland believed that the BBC should have
remained a broad based public service broadcaster providing a wide number of services including popular entertainment against Birt’s notion of a specialized public broadcaster providing distinctive programming against the market.

Since Checkland’s departure, the BBC’s future has been clearer. Birt’s vision was defined in *Extending Choice* and comprised; i) news and information across a wide number of national outlets, ii) the evolution of British based culture and entertainment, iii) the maintenance of the Corporation’s educational output and iv) the interchange of ideas between Britain and abroad. Within this remit, the report made it clear that the BBC will have to “limit and define” its specific public service role and indicated that it should be a ‘distinct’ public service broadcaster offering high quality programmes in each programming genre. There is an obvious compromise clause, that one might speculate is the work of Checkland, which states:

"To go down (the) route (of specialization) ... would be to force publicly funded broadcasting in Britain into the kind of "cultural ghetto" approach which has so weakened the broadcasting system in the United States, Australia and elsewhere."112

Conversely, Birt’s approach is apparent in a key sentence, which sets the tone more clearly. The report states:

"The BBC will need to withdraw from areas in which it is no longer able or needed to make an original contribution."113

In terms of power relations, Birt was allied to Hussey in his championing of ‘Producer Choice’ and his view of a specialized public service broadcaster. Hussey,
alongside Birt, has been described as a man with a ‘Thatcherite vision’ who is
determined to fashion the BBC into the likeness of private business enterprise.\textsuperscript{114}

These problems in developing policy were heightened by Hussey’s insistence
to appoint Birt as designate Director-General without interviewing any other
candidates. His appointment, with Checkland remaining the official DG for a year to
appease some board members, created an interregnum period in which a power
struggle occurred. The result has been that the charter renewal strategy was contested
by two director-generals, with distinctly different views of the future. Birt was clearly
in the ascendency as his plans were finally accepted by the governors and conformed
to Hussey’s wishes. Indeed, some less charitable accounts suggested that Hussey
created a managerial power vacuum so that he could assume the chief executive
role.\textsuperscript{115} However, this period of corporate development has left the BBC staff fearing
that irreconcilable splits will mark the outcome of any form of policy.\textsuperscript{116}

Checkland’s beleaguered position as a ‘lame-duck’ Director-General\textsuperscript{117} was
accompanied by the emergence of a number of distinct groups within the management.
Checkland retained the sympathy of an ‘old guard’ who had risen through the
corporation and owed their loyalty towards it. The pre-eminence of this section of the
broadcasting elite, however, was challenged by Birt’s use of the appointment system
to sustain his position and to insulate himself from direct criticism. In programming
areas, in particular ‘News and Current Affairs’, Birt’s allies have gained a secure
foothold such as Glywyn Benson (the Editor of ‘Panorama’) and Samir Shah.
Further, the \textit{Producer Choice} initiative was headed by Birt’s ally Michael Starks.\textsuperscript{118}
As a coda, it should be noted that there was a certain irony in Checkland's position. Checkland, who broke the mould by appointing the outsider Birt and a number of other outsiders in key posts, ended up in a beleaguered position. As Tony Lennon comments:

"(Checkland) has been hoist by his own petard. ... Checkland now finds that (his position has been undermined) as an old BBC man, as 'one of the chaps', (as he is) surrounded by all these new people who have no loyalty to the organization and who are actually in the majority when it comes to circles of influence. So (he) ****ed it up by his own progressive strategy in my view!"¹¹⁹

6:2.6 THE IMPLICATIONS OF PRODUCER CHOICE

'Producer Choice' is reflective of a particular managerial response to the perceived problems facing the BBC. It was designed to justify, through the implementation of market style practices, the public funding of the licence fee. Therefore, the policy has both an economic and political set of ramifications.

It represents a fundamental change within the corporation's financial structure which has implications for programme-making, staffing and public service broadcasting during the nineties. This vision can be drawn from Birt's foreword to the internal 'Producer Choice' documentation:

"The BBC's core underlying values - its commitment to high quality programmes; to craft excellence; to training and to other good employer practice remain unchanged. "Producer Choice will create increased opportunities for initiative, matched by greater responsibilities; and it will reduce administrative costs and structures. "As a result a higher proportion of the licence fee will be spent on programmes. There will be all-round benefit - for our viewers and listeners as well as for our programme makers."¹²⁰
Superficially, according to these lines, 'Producer Choice' will be a strategic change to the working relations that already exist. Birt is careful to employ a patrician tone which stresses that the BBC will maintain its traditional programme quality. The logic would seemingly indicate that this financial reform will provide the framework through which future funding battles could be fought.

The reality is not that simple. 'Producer Choice' is not just a form of resource management, and, even if it was, could not be conceived as a rejigging of the figures. The BBC's financial reform cannot be viewed in isolation, as the implications of such a change are vast and may not only impinge upon the production process but could also encompass institutional re-orientation within the BBC. Therefore, the policy has been designed to substantively alter the corporation's ethos. The aims of the 'Producer Choice' are made explicit by Birt:

"We are introducing new ways of working - and striving for a more streamlined BBC, offering increased value for money. The period up to April 1993 - and probably the year beyond - will be a challenge for us all. I am confident that we can make a success of it - that the outcome will be a leaner, more devolved BBC."

"... So the innovation currently taking place goes much wider than the new Producer Choice relationship between programme-makers and production resources. The BBC as a whole is undergoing a transformation, carrying further processes initiated in the late 1980s."

The broadcasting unions argue that this will produce fundamental changes to the characteristics of the BBC labour force. They maintain that it has placed impossible responsibilities upon the resources sections by transforming them into business units. In theory, these units are required to compete with outside production
houses. In practice, there are a number of hidden factors which could undermine their competitiveness. The resources sections will have a number of dead labour costs placed on them such as accommodation rents and equipment hire. Further, they have to prove that they can continue to break-even to BBC accountants and develop a business plan that illustrates that they conform to market principles. BECTU maintains that the only way that the resources sections will be able to conform to these rulings is by squeezing labour and estimate that six thousand jobs may be under threat.122

Therefore, the labour force may become massively casualized throughout the whole of broadcasting, creating a cheaper labour pool for the independent sector. This could possibly spiral as independent facilities could place pressure upon the already beleaguered BBC resource areas by under-cutting their labour costs. This development may be exacerbated as producers have to balance their corporate loyalty against the realities of programming costs. Many other commentators feel that the BBC’s craft-base will be systematically undermined as full-time workers, whose talents are only employed on particular productions (such as special effects), cannot be justified under ‘Producer Choice’s business criterion. From this perspective, it would appear that the future viability of the resources section is in doubt.

There are also ramifications for the BBC as a public service broadcaster. Birt’s philosophy appears to be that the BBC is a broadcaster radiating public service programmes, rather than being in itself a public service broadcasting institution. This marks a sea-change in corporate thinking and parallels the 1986 Peacock report’s concept of public service broadcasting being measured in the programming output,
instead of being vested within the corporation's aims, values and management.¹²³

In a political sense, 'Producer Choice' has been developed to placate government and stem intervention. The BBC management has interpreted the charter debate as a period in which it can show its efficiency in order to retain an increasingly pressurised licence fee:

First, the BBC can demonstrate to politicians the costs of an individual programme. Previously, this had been a problem, as programmes were made using 'in-house' resources and within overall programming budgets, leaving the BBC vulnerable to criticisms aimed at its extravagance. Secondly, it enables the corporation to argue that, through the competitive use of public funds, it is accountable to its audience. To this end, it is as important for the BBC to be seen to be acting as actually implementing such a policy.¹²⁴

'Producer Choice' represents an axiomatic change within the financial structuring of the BBC which has fundamental implications for programme-making, staffing and, more crucially, the role of public broadcasting during the nineties. The strategy has emerged out of a series of managerial changes, policy responses and alterations within the dynamics of corporate power. The BBC has become dominated by political interest through the legacy of Thatcherism as the principal actors (Birt, Hussey, Barnett) owed their positions directly or indirectly to the former government. It is also indicated the extent to which these reforms were developed in a climate of clandestine managerial secrecy. This policy-making process has become dictated by a
cabal of like-minded managers and governors who believe that market-led strategies will appease the political elite. Their policies have been dictated by particular approaches to the broadcasting market and an understanding that the BBC should adapt in a specific, commercial manner to build up new allies.

6:3. COMPETITION BETWEEN SATELLITE, COMMERCIAL AND PUBLIC TERRESTRIAL CHANNELS: THE 1992 FOOTBALL DEAL

An early indication of the possible direction of broadcasting finance in the nineties occurred on the 18th May 1992 when it was announced that a deal had been negotiated between the Football Association (FA) and a consortium consisting of the BBC and B-Sky-B to televise the new FA Premier League. The five-year deal for £304 million proved to be one of the most expensive within the history of televised sport. It was also one of the most controversial contracts in the history of the game and broadcasting. The B-Sky-B/BBC deal had usurped the apparently agreed figure of £200 million between the ITV network and the Premier League. It was surrounded by accusations from the chief ITV negotiator Greg Dyke that he had been betrayed by the Premier League Chief Executive Rick Parry, that the ITV network had been snubbed and that underhand procedures between B-Sky-B and the football league chairmen had been pursued:

"... the controversy over British sport's biggest television deal continued last night with ITV demanding to know how details of its last minute bid were leaked to B-Sky-B, enabling the satellite broadcaster to trump it, why they were not allowed to make a counter offer, and why they were not given the opportunity to make a formal presentation."
The background to the deal is indicative of a byzantine process in which a number of conflicts and contradictions abound. It represented a victory for B-Sky-B Chief Executive Sam Chisholm, who had presented the FA with a lucrative package that could secure the future of the satellite station. It also appeared that Greg Dyke had been forced, to paraphrase that old sporting metaphor, to snatch defeat from the jaws of victory! Dyke had apparently been confident that ITV's increased bid would ensure the continuous live coverage of football upon the terrestrial channel. However during a last minute round of bloodletting, he was to discover that ITV's offer had been undermined and that the FA was advising the clubs to accept the B-Sky-B deal.

The deal appeared to be symptomatic of the increased convergence of capital within the football industry. For instance, a key player during these negotiations was Alan Sugar who had an apparent conflict of interest. Sugar was not only the financial power behind Tottenham Hotspur plc but was also the electronics entrepreneur who owned the Astra satellite dish manufacturer Amstrad. Consequently, he was heavily criticised by ITV for his scheming (a charge he claimed he would take legal action to repudiate) and received prominent coverage within the press:

"A bitter row over the contract broke out on Thursday when it was revealed that Alan Sugar, chairman of Tottenham Hotspur plc and Amstrad, the principal makers of satellite dishes for B-Sky-B, spoke to B-Sky-B about a late bid submitted by ITV to league. The satellite company promptly trumped ITV's offer to win. Mr Sugar said B-Sky-B knew of the ITV bid before he telephoned them."128

The ITV companies promptly pursued the FA through the courts. They claimed a breach of contract and argued that Rupert Murdoch should be taken to the
‘Monopolies and Merger’s Commission’. However, ITV failed to win an injunction which might freeze the deal. Moreover, FA chairman Rick Parry remained unrepentant. He informed the High Court that even if ITV could submit an increased offer it would have to compensate the Premier League for the lost revenue from pay-per-view subscriptions that had been incorporated into the B-Sky-B contract. After this inevitable public spectacle, the controversy waned and the deal between the FA, B-Sky-B and the BBC remained intact.

The deal meant the live Premier League football matches could only be viewed through subscription. The contract also reflected and cemented a series of major changes in broadcasting’s financial relations. First, it demonstrated how sport has increasingly become the forum for competition within broadcasting. The football deal followed on from the controversy over the cricket World Cup when B-Sky-B refused to provide the terrestrial channels with any pictures of the event. In addition, there are a number of clear economic imperatives governing the satellite broadcaster’s logic. Sports programming has remained relatively cheap in terms of rights and production costs. To programme an hour’s worth of sport currently stands at a figure of approximately £30,000. Moreover, crews rarely have to be transported abroad and the event’s predictability means that costly production delays can be avoided. Sporting occasions are clearly time-tabled throughout the year and generate a substantial amount of free publicity through the press. Televised sport has also traditionally generated large viewing figures. Throughout the year key sporting events including the FA Cup Final, Wimbledon and the Grand National attract mass audiences. The repeal of these occasions ‘listed sport’s events in the 1990 Act has
also encouraged this development.134

The deal was reflective of B-Sky-B’s commercial ethos and its strategy for future development. It demonstrated that B-Sky-B’s principal aim was to maximize its profits and to pursue the most commercial course it could. It was popularly reported as being illustrative of new approaches within broadcasting deal-making. These cut-throat strategies were previously in evidence during the infamous merger between Sky and BSB, and have been exercised throughout Rupert Murdoch’s period as a press magnate. Such a ‘wheeler-dealing’ style of management appears to be personified by B-Sky-B Chief Executive Sam Chisholm. The newspaper and trade journals were resplendent with footballing similes:

"For Chisholm, it is a double victory. Not only will dish sales be boosted but it has dealt a blow to ITV’s image as a brand leader in commercial television. This bolsters his ambition to take commercial television’s throne, currently occupied by ITV centre-forward Dyke."135

Thus, on one level, the channel has been understood to have benefitted from its ability to undermine the ITV companies, its leadership in football coverage and the prowess of its corporate affairs.

The deal has also made conspicuous the financial strategy that the company intends to employ in order to become a recognisable power. Instead of attempting to pursue an increased number of dish sales, which could prove to be a problematic fiscal vortex, greater focus has been placed upon increasing the level of subscription from existing dish owners. Moreover as Harold Lind comments:
The expenditure of hundreds of millions of pounds for the rights to show leading soccer matches for the next five years would make no economic sense for B-Sky-B unless matches are put out in encrypted form on a premium channel. However, many dishes might be sold by a "free" football channel, the total potential market will remain only a fraction of what ITV could offer the advertiser ... by showing the football from the start on a subscription channel, the number of extra sales required to make massive payments economically may well be achievable.  

For ITV the deal was reflective of its attempt to adjust itself into a more commercial environment. ITV’s negotiating team was led by the Greg Dyke, former Head of Sport and Chief Executive at LWT. Dyke has been one of the most outspoken spokesmen for advocating greater commercial change within the system. For Dyke and ITV the failure to make a deal with the FA provided a major strategic blow as the exclusive rights to Sunday afternoon football would have significantly increased advertising revenues and enhanced the view that ITV was the market-leader in the provider of national sport.

In particular, the football deal represents an example, amongst many, by the BBC to attempt to adapt to the commercialism which has started to characterise the relations in the rest of British broadcasting. There was a degree of indignation that the Public Service broadcaster should have entered into an alliance with a competitor whose majority owner, Rupert Murdoch, has been perceived as standing for a commercially driven ethos which is diametrically opposed to the BBC’s Reithian principles. For some commentators, the BBC had entered into a ‘Faustian’ contract with Murdoch:

"When Auntie takes tea these days, she sups with the devil. Or at least it seems that when the BBC announces a new deal in association with News International, whose
Sky TV is the antithesis of public service broadcasting. ... Rupert Murdoch is not, by any stretch of the imagination, on the side of the angels.38

However, the deal had many attractions for the BBC as it enabled it to provide national coverage of the national game. The corporation had been starved of all league football due to the 1988 ITV contract with the Football League for £44 million. The BBC was left to pick up the FA Cup, which proved a successful venture, but was left feeling that it had been out priced and manoeuvred by ITV.39

Previously, the BBC had been proud of its sports coverage and it felt that its former leadership was being undermined. Indeed, traditionally BBC sports coverage had been more prestigious combining technical expertise, sporting contacts, greater resources, long-term exclusive contracts and sense of national duty.140 Garry Whannel comments:

"When ITV was launched in 1955, one major advantage the BBC had was its high level of cultural prestige. In its tradition of broadcasting major sport events, it had turned these events into national occasions in a new sense. The Boat Race, the Grand National, The Cup Final and the Derby had become shared national rituals, extended by broadcasting to a much wider public. The BBC was therefore a central part of the apparent importance of these events.141

Therefore as Steven Barnett has noted the absence of league football:

"... from BBC screens could not be shrugged off as a minor irritation. While ITV's first season of exclusive coverage (1988-89) produced the most sensational climax in the first division's history (Liverpool 0, Arsenal 2), the BBC could not even offer a few consolation pictures. Its annual sport centre-piece, Sport's Personality of the Year, was reduced to a single dismissive sentence to acknowledge the league championship winners before moving swiftly on."142

The B-Sky-B deal could stem Corporate impotence and re-establish the BBC's image
as the chief sports channel. Therefore, in some respects, it could be argued the BBC entered into the deal so it could take revenge upon Greg Dyke's previous negotiation for all league soccer games. Indeed Jonathan Rooper (Head of the BBC Secretariat) commented that this went back to an earlier 'Snatch of the Day':

"ITV make a lot of noise about it now, but you must remember that it was Michael Grade, when he was at LWT, who really opened this whole thing up on football. And ITV people forget that ITV has been keeping 'Match of the Day' off television for four or five years now."

The deal, however, was not simply pursued in terms of revenge. The competitive broadcasting environment had affected thinking within the BBC. At a high level, it saw the ITV network as its chief rival in the short-term due to competition for viewing figures and audience share. From this perspective, the deal had a market logic for the BBC. The BBC managed to attain the sole rights for covering Premier League football upon terrestrial television by investing a far smaller amount of capital than could have been imagined in a direct head-to-head competition for rights with ITV. It could not have marshalled up or justified the resources against the bid for £200 million offered by the ITV network. This meant that the BBC has effectively regained an extremely popular programme --- 'Match of the Day' --- at a nominal fee. Whilst B-Sky-B has the rights to live games, the potential viewing share for edited highlights upon terrestrial television remained desirable. At the moment, and perhaps for the foreseeable future, the terrestrial audience for broadcasting continues to be the largest in British broadcasting. This means ITV's rating will be reduced and the BBC will gain in the short-term.
Finally, the deal indicated the willingness of the BBC management to accommodate the satellite broadcaster. The governors and management believed that it would be better to treat B-Sky-B as an ally rather than an enemy. Some commentators have cited BBC Chairman Marmaduke Hussey's role and his possible conflict of interest as a former director of *The Times* owned by Rupert Murdoch's 'News International'. In this respect, the evidence whilst strong has not been entirely damning. The BBC's own comments upon its role probably summarize its position most accurately. Jonathan Rooper felt that the deal is indicative of a future trend in which alliances will develop between different sets of broadcasting actors:

"Once you have competitive tenders, you can't complain if people behave competitively."\textsuperscript{145}

Consequently, the deal was reflective of relationship which had formed in the business environment of News International (Hussey and Murdoch), the dismantling of the duopoly and the accompanying changes to the ideologies within broadcasting. It went against the cultural traditions of history of televized sport and the British broadcasting system.\textsuperscript{146} There will be a more flexible broadcasting market-place in which it will be necessary to oblige the increasingly powerful satellite monopoly.\textsuperscript{147} This was indicative of the BBC's understanding of its position within the broadcasting market which was made clear in the 1992 *Extending Choice* document:

"It is clear, therefore, that the broadcasting market of the 1990s will continue - and probably accelerate - the transformation of supply and demand that began in the 1980s. New technology and regulatory changes will further expand the number of channels available to viewers and listeners. Commercial priorities and objectives will become increasingly prominent in the broadcasting market-place."\textsuperscript{148}
Fundamentally, the deal was reflective of and has further contributed to structural alterations within the broadcasting industry. It demonstrated how the legislation had contributed to the commercialization of broadcasting’s finances. The traditional norms of the broadcasting environment have been substantially altered. In this respect, it would appear that the comfortable duopoly, which Peacock had argued had rigged the market-place, has started to be dismantled. Therefore, it could, to some extent, be posited that a more competitive market has been realised. Broadcasting finances are more fluid and the public, commercial and satellite sectors are responding to this imperative. Effectively, *new deals and linkages have begun to arise in a more fluid, commercial environment.*
Throughout the first two years of the Act’s implementation a number of significant developments have occurred. As satellite technology opened up the broadcasting market, it attracted Rupert Murdoch to seek an entry into British broadcasting throughout the eighties. Murdoch’s eventual monopolistic position within this area resulted as much from the failure of the government, partly through accident and partly through design, to place effective cross-ownership regulations upon his media position as the more obvious failure of BSB. In effect, an inequitable situation emerged in which BSB was placed under national regulations and was saddled with the expensive D-MAC technology whilst Sky could circumvent national regulations by employing the Luxembourg based Astra Satellite, which was considerably cheaper to broadcast from.

The ‘merger’ and subsequent creation of a monopolistic satellite broadcaster, B-Sky-B, indicates that a subscription based system will become increasingly influential throughout the following decade. B-Sky-B has no satellite broadcasting rival and, from its position of dominance, appears to be increasingly able to compete directly with the ITV companies as evidenced by the deal for the coverage of the Premier League. As subscription increases (either through dish sales or the more probable strategy of building up critical mass of subscribers and then increasing charges for various ‘exclusive packages’), both the ITV network and the BBC will have to respond to the new environment.
In respect to the ITV network, the 1990 Act has already forced the commercial sector to considerably re-think its purpose by restructuring the companies' finances through a franchise auction, forcing these companies to pay an annual sum to the Treasury, competing with Channel Four for advertising whilst impelling the companies to contribute to a safety net should the channel’s finances be adversely effected, re-organizing the network commissioning and scheduling process and largely removing any public service regulation over the programme output. The response by the ITV companies has been to commercialize their operations, centralize their organizational structure, streamline the labour force and become increasingly advertising led in programme output and network scheduling. It remains to be seen whether the twenty-five percent quota for independent producers will provide greater access for new talent or if the Network Centre commissions largely from independent production companies composed of tried and tested broadcasters. As Greg Dyke comments (italics added):

"The system must be fair and be seen to be fair. It must also be effective. ... We want the best most cost, effective commercial schedule to compete in the new era of television."149

Further, the desire for ensuring profitability in a climate of uncertainty created by the possible growth of subscription and the recession’s effect on the amount of advertising revenue available would seem to indicate that the ITV companies will pursue strategies to protect their interests by producing popular programming. This may well affect the production, commissioning and scheduling of ‘News and Current Affairs’ documentaries. The more commercial climate calls for a maximization of audiences, however, the scheduling barrier of the ‘News at Ten’ and the peak time
scheduling of documentary programmes such as 'World in Action' would appear to stand in the way of this imperative. Clearly, there will be an increasing pressure by the ITV Association to force the Network Centre to replace these programmes with ones which attract large audiences. This may lead to greater number of consumer affairs programmes such as Central's *Cook Report*, or abandoning of investigative journalism as it is costly, attracts smaller audiences and may force the companies into expensive legal battles. John Fairley, programme controller at Yorkshire Television anticipated:

"The amount and placing of current affairs shows in the peak-time schedule will be the main change post-1993 ... One half-hour show perhaps, but it won't be at 8:30 like *This Week* or *World in Action*."

The ITV companies have also to fend off possible hostile take-over bids by foreign broadcasting organizations after the moratorium on foreign take-overs is lifted in 1994. The companies are in an invidious position as they have been, until the November 1993 amendments by Peter Brooke, legally forbidden from attempting to take-over one another whilst being subject to possible outside takeovers. Further, even the largest companies (Granada, Carlton, LWT, Central, Yorkshire) are minor players on the international scene. This could lead to a situation in which the ownership of ITV will refer to a more general trend in which national broadcasting systems are being seen as part of wider international media conglomerates as *cross-ownership* increasingly becomes the norm.

The BBC's response to the changes within broadcasting finance demonstrates how a more *hidden handed* process can accompany policy outputs. The 1990 Act did
not directly affect the BBC, however its measures have indirectly altered the
development of the corporation. Throughout this period, the BBC has attempted to
show that it will use the licence fee in a cost-effective and efficient manner. It has
also defined itself as a 'specialized' public service broadcaster. These internal policy-
making shifts and decision-making processes have arisen partly from the corporation's
need to respond to the market conditions, the upcoming renewal of the Charter and
more crucially due to the BBC's management's interpretation of this development.
Through the Thatcher government's use of political patronage and appointment and
the subsequent tension between old-style and new style leadership personified, to some
extent, by the departure of Checkland and the promotion of Birt, a number of palpable
changes have emerged in the BBC management's outlook.

This leads to a central question; has the financial reform of broadcasting
actually promoted a greater degree of political autonomy for the broadcasting
institutions or hastened a larger of amount of political complicity? The ITV
companies, due to financial necessity and legal changes, have clearly decided to
concentrate on providing entertainment led programmes. The companies are also wary
to involve themselves in political controversies such as 'Death on the Rock' due to the
expensive court costs of defending such a programme as they will no longer be
cushioned by the ITC. As Colin Shaw comments:

"To make controversial programmes you need two things --- brass and courage.
Thames had a large amount of money and spent over three-quarter of a million pounds
setting up the Windlesham-Rampton report to justify the programme. The new system
puts both finances and courage in some jeopardy. Whether boardrooms will be as
courageous remains to be seen but the prospects are not as hopeful as they were ten
years ago."152

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Alternatively, the BBC has attempted to out-think government by employing new methods of resource allocation which will appeal to the political elite. The drive for 'Producer Choice' did not emerge from the Major government but emerged from the governors and BBC management. This is a potentially dangerous course to follow as it contingent upon the ministers, involved in supervising broadcasting, personal and political characteristics.

Further, it may be argued that state power has grown in a de facto manner as the BBC management, rather than resisting alternative forms of resource management, have placed themselves into further difficulties by exacerbating the political weapon of broadcasting finance. As the BBC’s reasoning has become conditional upon the licence fee, the fee has become an end rather than a means to an end. In turn, this has meant that those who hold control over the finances may effectively dictate the broadcaster’s actions.

In effect, these strategies, and the thinking that has guided them, have generated a greater amount of political compliance rather than weakening these ties. The BBC’s senior management have often referred to public accountability in demonstrating that the licence fee is being efficiently utilised. Yet, throughout 'Producer Choice's' formative development stage, there has been little public debate and it would appear that the term 'public' has become synonymous with the political elite. This trend may well be heightened as broadcasting finance becomes less assured and the Charter debate continues, as the BBC management may be less prepared to
promote any form of political controversy.

‘Producer Choice’ could prove to be an effective method to vet programmes. It sets up a procedure in which the finance is divested through the commissioning process. If a programme proves to be potentially controversial it may be dropped during the negotiation period. Moreover, as this key phase occurs eighteen months before the programme is shown any flexibility and responsiveness to public issues may diminish. In this final respect, ‘Producer Choice’ can be perceived as an effective control mechanism.

More crucially, as the BBC occupies a unique socio-economic political position within the British polity, being an ‘institution within the constitution’ any series of pecuniary changes clearly have important ramifications for the Corporation’s political as well as fiscal purposes. Finally, the media attention upon the BBC indicated that ‘Producer Choice’ was conceived and initiated without any actual ‘public’ debate and that the governors, in particular the Chairman Marmaduke Hussey, preferred to ignore the issue of accountability rather than countenance it. As Steven Barnett anticipates there will be:

"A greater commercialization process. Advertising, as a result of government policy, has greater leverage. Obvious things such as fewer current affairs programmes, a tabloidization of the culture which is already starting and a more rapid Americanization as imports will increase as they are cheap, although they do not attract higher audiences.

Within Television, and radio, this commercialization will restrict choice instead of increase diversity. Moreover the amount of money will not increase, instead they will be the same amount of money being used to fund more hours as multi-channels lasting for longer hours increase. The equation means that the money will be more thinly spread and the equation will not allow for quality.

"There has been a substitution of commercial power for state power. State power has been displaced by the big corporations. The BBC in respect to state influence won't change."


3. Ibid., p.99.


6. Ibid.


10. The 1990 Broadcasting Act incorporated many changes to the ITV network. The old Independent Broadcasting Authority (IBA) was replaced by the Independent Television Commission (ITC). Further the ITV regional franchises were to be auctioned through a process governed by the ITC.


13. For instance, in the London district of Finsbury Park, where three London Boroughs meet (Islington, Haringay, Hackney), residents in Haringay side have been cabled, whilst Islington and Hackney remain uncabled.


15. Interview with DTI spokesman, 25.3.93.


17. See Ibid. pp.266-279. For contemporary reports see Quentin Smith, ‘Ten-month secret plot led to satellite merger’ in Broadcast, 9.11.90, p.1 or numerous newspaper reports such as Maggie Brown, ‘Murdoch takes his revenge’, The Independent, 7.11.90., p.15.
18. For a detailed discussion of BSB's management see Ibid, pp.105-175 and for Sky, see Ibid, pp.176-181.

19. See Debbie Kruger 'Simonds-Gooding's Brief Orbit', Management Week, 4.12.91, No.20, p.34.

20. Ibid., p.35.

"Susanna Capon, joining as head of drama and children's programmes after a long spell at the BBC and as an independent, thought she had never come across an outfit so preoccupied with status and how it was presented to the outside world, apart from the ill fated Goldcrest Films."


24. For instance, Murdoch appointed the New Zealander Sam Chisholm as his chief executive for Sky.


26. Ibid., p.60-61.


29. The Dutch manufacturer Philips had invested large amounts of resources in the development of High-Definition Television by the early nineties.

30. The contract between BSB and the IBA contained provisions over technology and the content of programming. For instance Part II, Section 2, p.54:
"The programmes provided by the Contractor shall at all times be such as in the opinion of the Authority:

(1) are of high general standard in all respects and in particular in respect of their content and quality;

(2) are capable of high quality transmission by the Authority;"

31. Interview with DTI Spokesman, 25.3.93.

33. An unforseen factor was 1986 European Commission decision to harmonise satellite technology. As Steven Barnett (Spectrum, Op.Cit., p.30) comments:
"In November 1986, in effort to harmonise European standards and boost the European electronics industry, the Commission passed a Directive requiring all direct broadcast television satellites to conform to MAC standards, a requirement already stipulated by the UK Government. This obligation did not, however, extend to those classified as telecommunication satellites. The medium-powered Astra satellite used by Sky fell into the latter category and was therefore exempt. The IBA was thus bound by EC legislation to insist that BSB should use a version of the MAC standard."
In 1986, it had appeared that receiver technology would enforce D-MAC as large satellite dishes were needed to pick up telecommunication satellite airwaves. However in the space of a few years this had altered. For instance Stephen Temple, a Department of Trade and Industry spokesman commented (Nod Miller & Rod Allen (ed.), Op.Cit., p.49):
"Due to some pretty clever advances in technology the sort of dishes you need shrunk from those 97 ft dishes you see down in Goonhilly in Cornwall down to about 10 ft in the early seventies and by the mid to late seventies it had got down to one or two metres, and if you stripped out the rain margins - you know, so that when it rains you weren't too fussed that there was a little bit of noise on the picture - you could get it down to a metre in diameter. That opened a way round the MAC directive which Sky, as you know, was not slow in spotting, and via the Astra Satellite Sky brought in a broadcasting service that circumvented the MAC Directive."

34. It emerged in subsequent reports that Margaret Thatcher had been told about Murdoch's plans at a regularly monthly meeting between the Prime Minister and Newspaper proprietors. For instance, see 'Thatcher knew of TV merger plans', Guardian, 12.11.90, p.2.

35. For the variations on this argument see (House of Commons)Hansard, HMSO, 18th December 1990 col. 53:
"Mr Hattersley : ... Once upon a time the Government pretended that it was impossible to limit the connections between newspapers and ownership of Sky because that company is registered in Luxembourg ...
"Mr Gale : ... Does he (Hattersley) not appreciate the difference between BSB, which is a domestic satellite licensed by the United Kingdom, and Astra which is a non-domestic satellite ? Is he seriously suggesting that this control should not only be exercised over Mr Murdoch, who happens to uplink from the United Kingdom but could just as easily uplink from anywhere else in Europe, but should be extended to every newspaper proprietor throughout Europe who uses a foreign satellite."


37. Murdoch owned fifty percent of the shares, alongside the BSB investors such as Reed International.
38. See Alex Renton and Colin Hughes, ‘BSB staff braced for large-scale job losses’, The Independent, 7.10.90, p.8.38.

39. Finnivest began as a construction company, whilst the Bertelsmann Corporation was dominant in the German magazine and books market. Rupert Murdoch’s ‘News International’ controlled approximately 35% of the British daily newspaper circulation with popular tabloids such as ‘The Sun’ and ‘The News of the World’. Hachette owned a 42% share of the French book market and the advertising agency Havas has a variety of different commercial interests.

40. Benjamin Ball quoted from Broadcast, 27.4.90, p.23.


42. Ibid., pp.25-26.

43. The Independent Television Commission, Invitation to Apply for Regional Channel 3 Licences, 15.2.91.

44. Ibid., pp.23-55.

45. Ibid., pp.23-37. The documentation asked the companies to provide details on specific requirements, new programs, current affairs programmes, children’s programmes, religious programmes and regional programming.

46. For further details see Andrew Davidson, Under the Hammer, Op.Cit..

47. Figures taken from The Guardian, 17.10.91 p.4.


49. For further details see Brian Eagles and Richard M Slowe, ‘Judicial Review: How ITV losers can make their case’, The Independent, 16.10.91, p.15:
"Challenging an ‘exceptional circumstances’ decision. Essentially, an applicant who refused a licence on the grounds of the exercise of, or the failure of the exercise, the "exceptional circumstances" discretion can follow the same route to a judicial review as those complaining about a "quality threshold" decision.
"However the claimant has the benefit of Section 17 (12) (c) of the Broadcasting Act 1990 which requires the ITC to give written reasons for determining that "exceptional circumstances" exist. This will permit an aggrieved applicant to complain that the ITC did not take into account a relevant consideration or, conversely, that it took into account an irrelevant consideration in exercising its statutory powers. This ground for complaint is flexible, and an aggrieved party could find an experienced and aggressive lawyer a worthwhile investment here."

50. ‘Granada’s veteran role secure’, The Times, 17.10.91, p.4.


54. Interview with Roger Bolton, Head of Factual Programmes, Thames Television, 31.7.92. For further details see Jamie Dettmer, ‘Anger and tears as losers hear news’, The Times, 17.10.92, p.5:

"The feeling is that the newspapers egged on the government in its reform plans when they attacked controversial programmes during Mrs Thatcher’s time in office."

Also see Richard Brooks, ‘A Whitehall Farce for TV’, The Observer, 20.10.92, p.4:

"There are those (including some at Thames) who say that Thames lost because it made the ‘Death on The Rock’ edition of This Week. This is too simplistic."


56. Joanna Coles, ‘Champagne and tears breakfast’, The Guardian, 17.10.91, p.4. Also see Jamie Dettmer, ‘Anger and Tears as losers hear news’, The Times, p.5 when David Frost, TV-AM founder and presenter commented:

"When I was at school I was told the important thing was not the winning but taking part. I did not believe that then and certainly do not believe that now."

57. Georgina Henry - ‘Thatcher Repudiates TV auction’ in The Guardian, 18.10.91, p.1. This franchise loss proved to be one of the most ironic throughout the process of the policy implementation and throughout the tumultuous life of the company which to compound the ironies was started by the Peacock report’s intellectual guru Peter Jay with the ‘Mission to explain’ and ended up being saved by Greg Dyke employing entertainment strategies including the introduction of a glove puppet called Roland Rat .

58. Melinda Wittstock, ‘Thames, a wounded phoenix, take flight into production’, The Times, 17.10.92, p.5.


61. Jason Nisse, ‘City fears large bids may backfire’, The Independent, 17.10.92, p.2.
62. Interview with Steven Barnett, Media Consultant, Henley Centre for Forecasting, 27.7.92.


65. See Harold Lind, ‘No such thing as a free channel’ in The Guardian, 27.7.92, p.29.

66. Ibid., p.29.

67. Ibid., p.29.

68. Ibid., p.29.

69. Interview with Steven Barnett, 27.7.92.

70. See The Independent Television Commission, Network Programme Licence, 11.5.92.


73. Ibid., p.4.

74. Maggie Brown ‘Programmes to be ‘commercial’, The Independent, 17.10.91, p.3: " Many familiar ITV programmes are likely to disappear after 1993 as tougher managements jettison commercially unattractive productions in favour of prime-time entertainment and drama with high audience ratings."

75. Georgina Henry - ‘ITV names man to head advert-led strategy’ in The Guardian, 1.10.92, p.3.

76. Ibid., p.3.


78. Greg Dyke quoted from Maggie Brown, ‘ITV takes a tough line over the sale of top-rated shows’ in The Independent, 15.5.92, p.3.

79. The role of Michael Green has been well documented, most especially in the Andrew Davidson’s book Under the Hammer: the ITV franchise battle, Op.Cit. Green’s success with Carlton’s bid has brought the story to its full conclusion within
the London Weekday franchise. He appears to stand as one of the new power-brokers within the commercial sector.

80. For example, see ‘TV Chiefs clash on current affairs’ in *Broadcast*, 16.10.92 p.3 in which it was reported that at a dinner held by the Royal Television Society, BBC Director of News and Current Affairs Tony Hall:

"... singled out London weekday winner Carlton's director of programmes Paul Jackson for criticism, saying it was "depressing" to think of programmes like 'World in Action' and 'This Week' (should be) rescheduled out of peak time."

81. In one of the numerous ironies which have accompanied the process of change within the ITV sector, David Plowright was sought out by the Football Association to advice in the new football deal. This deal proved to be typically acrimonious as ITV, led by Greg Dyke, was usurped by Murdoch's B-Sky-B. To some extent, the satellite broadcaster's success may also be seen as revenge by Plowright upon his former colleagues and bosses.

82. The following table taken from Jason Nisse, ‘City fears large bids may backfire’, *The Independent*, 17.10.92, p.2 demonstrates the annual revenues diverted to the Treasury from the ITV companies:

<table>
<thead>
<tr>
<th>HOW THE TREASURY GAINS FROM THE LARGEST FRANCHISES</th>
<th>£M (1993 prices)</th>
<th>Existing Levy (a)</th>
<th>New Levy (b)</th>
<th>Bid (c)</th>
<th>Treasury gain/loss (b+c-a)</th>
<th>Percentage of ad rev paid to govt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish</td>
<td>9.4</td>
<td>1.8</td>
<td>0</td>
<td>(7.6)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Central</td>
<td>29.1</td>
<td>25.6</td>
<td>0</td>
<td>(3.5)</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Granada</td>
<td>22.0</td>
<td>20.0</td>
<td>9.0</td>
<td>5.0</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>LWT</td>
<td>22.8</td>
<td>19.5</td>
<td>7.6</td>
<td>5.3</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>HTV</td>
<td>12.6</td>
<td>2.1</td>
<td>20.5</td>
<td>10.0</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Tyne Tees</td>
<td>4.8</td>
<td>1.0</td>
<td>15.1</td>
<td>11.3</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Anglia</td>
<td>12.8</td>
<td>7.5</td>
<td>17.8</td>
<td>12.5</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>16.8</td>
<td>10.9</td>
<td>37.7</td>
<td>31.8</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>TV-am /Sunrise</td>
<td>16.5</td>
<td>14.0</td>
<td>34.4</td>
<td>31.9</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>TVS/Thames/Meridian /Carlton</td>
<td>21.9</td>
<td>19.8</td>
<td>36.5</td>
<td>34.4</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Source: James Capell/Jason Nisse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

83. For a detailed examination of potential changes to broadcasting's labour, see Colin Sparks, ‘The Impact of Technological and Political change on the Labour force in British Television’, *Screen*, Winter/Spring, Volume 30, No.1 and 2, pp.24-39.
84. Interview with Greg Dyke, 9.11.92.

85. The TV-Am dispute occurred in 1988. It led to the mass redundancy of many of the companies' technicians. For further details see William Leith, 'Bruce Gyngell: Maggie’s heart breaker', The Independent on Sunday, 20.10.91, p.25.

86. Interview with Tony Lennon, President of BECTU, BBC Woodlands, 6.10.92.

87. Broadcast, 26.6.92 p.16.


89. See Broadcasting Act 1990, Op.Cit..

90. ‘TTV system will crack up warns Quinn’, Broadcast, 7.2.92.


92. Interview with Towyn Mason, Deputy Secretary of the BBC, Broadcasting House, 28.7.92.

93. Ibid..


95. This argument is also made by Jeremy Tunstall, Television Producers, Routledge, 1993, p.203.

96. The BBC, Producer Choice in the BBC, BBC Internal Publications, May 1992, Section 2.1..

97. Interview with Jonathan Rooper, BBC Head of Secretariat, 5.8.92.

98. Ibid..


100. Asa Briggs 'Institutions at work', Voice of the Listener and Viewer Seminar, House of Commons, Committee Room 14, 1.7.92.

101. Interview with Towyn Mason, 28.7.92.

102. Ibid..


104. A footballing motif has been applied to Birt by Roger Bolton in Death on the Rock and over stories, W.H. Allen (p.2) who commented upon John Birt's footballing playing style in the following manner:
"A methodical player of carefully woven patterns ... John is not one for the long-range shot, the lone dribble or dummy, rather the careful build-up with people behind the ball."

105. Peter Brooke, the former Secretary of State for Northern Ireland, has replaced David Mellor as the Secretary of State for the National Heritage (or 'Ministry of Fun'). Mellor was forced to resign in response to two scandals. First, his illicit extra-marital affair with an actress Antonia de Sancha and secondly due to holiday he took with the daughter of a leading PLO member. He had been backed by Prime Minister John Major yet lost sympathy within the ranks of the Tory Party as the holiday was seen to contravene the ruling of gifts to MPs. Mellor's fall from grace does not appear to be accidental. A few weeks before his affair was published, Mellor has asked David Calcutt QC to renew his previous investigation into the possibility of providing some form of press regulation over stories concerning the private affairs of celebrities and individuals.


107. ‘Pass Notes No 9: Marmaduke Hussey’ in _The Guardian_, 22.10.92, Section 2, p.3.

108. Interview with Tony Lennon, President of BECTU, 7.10.92.

109. Ibid..

110. The enmity between Checkland and Birt ran deep. Georgina Henry commented upon the relationship in the following manner in an article entitled ‘On the morning in July that Michael Checkland discovered he had been snubbed’ in _The Guardian_, 18.10.91, p.27:
"Checkland has drawn the shutters on his feelings about the way the appointment was handled. Or what he thinks of being succeeded by Birt, the man he brought into reform news and current affairs - supposedly the programming man while he, Checkland, was the one who understood money and resources - and who has ended up defeating him on his own territory."


112. See ‘BBC's secret plans for survival revealed’ in _Broadcast_, 4.9.92, p.1.

113. Ibid., p.2.

114. Georgina Henry writing in an article ‘Too many ifs and Birts’ in _The Guardian_, 18.5.92, p.23 has commented:
"... Marmaduke Hussey ... (by) extending Sir Michael Checkland’s contract for another year (until next March) while appointing (John) Birt as his successor in-waiting, (has) created an interregnum in 1992, one of most critical years in BBC history."


117. Interview with Tony Lennon, 7.10.92. The extent to which Checkland felt betrayed was made apparent upon several notable occasions including a Royal Television seminar in November 1992 when he stated that Hussey was too old for the job and his damning criticisms at an RTS dinner given in his honour on the 16th March 1993.

118. Comments from Tony Lennon at a session for The Commission inquiry into the future of the BBC, Held at the National Film Theatre, 11.3.93.

119. Interview with Tony Lennon, 7.10.92.

120. John Birt, Foreword to the internal document Producer Choice in the BBC', Op.Cit..

121. Ibid., p.1.

122. See Andrew Culf, 'Unions claim 6, 000 BBC jobs at risk from Birt plans', The Guardian, 6.3.93, p.3.


124. Interview with Towyn Mason, 28.7.92.

125. Georgina Henry, 'Soccer Chief says no to ITV rematch' in The Guardian, 22.5.92, p.3.

126. This trend has been prevalent within football clubs throughout Britain and Europe. For example, the Italian television entrepreneur Silvio Berlusconi owns AC Milan as the club can both satisfy his sporting and financial ambitions through market diversification and the sale of television rights. For more on this new breed of football owner, see John Williams and Stephen Wagg (ed), British football and social change: getting into Europe, Leicester University Press, 1991. In particular chapter thirteen, written by Adrian Goldberg and Stephen Wagg, notes that corporate financial power is leading to an increase in meaningless exhibition matches which are played between international club sides simply due to their ability to increase television sales. This power has led to what Goldberg and Wagg dub, on p.242, as: "... a slow 'Packerisation' of ... sport --- a reference to the Australian media entrepreneur Kerry Packer. When Packer failed in 1977 to secure broadcasting rights of the forthcoming Australia v. England test series for his Channel 9 TV station, he simply signed up most of the world's leading cricketers and held his own tournament. This demonstrates plainly the power of the new elites of impression management to dictate sport's administrators."
127. Alan Sugar built his company Amstrad through a mixture of corporate endeavour and the ability to manufacturer imitation products with cheap components. Sugar, in many ways, represents a convergence which is evolving between corporate development and ownership within professional spectator sport.


129. Lisa O’Carroll, ‘Pay-TV key to ITV challenge’ in Broadcast, 29.5.92, p.3.

130. This has had an unexpected effect as a number of games have attracted audiences in clubs and pubs, most especially games involving the national team.


132. Ibid, , p.23.

133. For instance, in 1989 a wide number of people watched the top ten sports programmes:

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>CHANNEL</th>
<th>AUDIENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Boxing: Tyson v. Bruno (recorded)</td>
<td>BBC1</td>
<td>14.3m</td>
</tr>
<tr>
<td>2. Horse racing: The Grand National</td>
<td>BBC1</td>
<td>11.9m</td>
</tr>
<tr>
<td>3. Tennis: Wimbledon Men’s Final</td>
<td>BBC1</td>
<td>11.7m</td>
</tr>
<tr>
<td>4. Soccer: The Match (Liverpool v. Arsenal)</td>
<td>ITV</td>
<td>10.3m</td>
</tr>
<tr>
<td>5. Soccer: The FA Cup Final</td>
<td>BBC1</td>
<td>10.3m</td>
</tr>
<tr>
<td>6. Soccer: The Match (Everton v. Liverpool)</td>
<td>ITV</td>
<td>9.8m</td>
</tr>
<tr>
<td>7. Boxing: McGuigan v. McDonnell</td>
<td>ITV</td>
<td>9.6m</td>
</tr>
<tr>
<td>8. Tennis: Wimbledon’s Women’s Final</td>
<td>BBC1</td>
<td>9.5m</td>
</tr>
<tr>
<td>9. Snooker: Mercantile Credit Classic</td>
<td>ITV</td>
<td>8.5m</td>
</tr>
<tr>
<td>10. Skating: 100 Great Sporting moments</td>
<td>BBC1</td>
<td>8.3m</td>
</tr>
</tbody>
</table>

Source: Steven Barnett, Games and Sets, BFI, 1990, p.81. These figures would appear to justify the claim that televised sport and particularly football have retained their popularity. However, in the pages of Broadcast there has been a dispute over the interpretation of the viewing figures of ITV’s ‘The Match’ between Steven Barnett and William Phillips. Writing in Broadcast, 29.5.92, p.16 Barnett commented:

"Soccer is the magic ingredient, the one sport that can still capture the British
imagination. ... Over the past four seasons, even ITV's unattractive matches between lowly first division teams have pulled in audiences of more than five million ... Average ratings over the year were close to 8 million and a match featuring two of the big five (Arsenal, Manchester United, Everton, Liverpool, Spurs) could usually guarantee between 9 million and 10 million."

This analysis was repudiated by Phillips in Broadcast, 17.7.92, p.24:

"Since 1980 there have been 1,958 broadcasts with audiences of 15 million or more viewers. How many were football matches? Nine, and four of those were in the last World Cup. In eight of the past 13 years not one football match reached the 15 million benchmark. ... BSkyB is catching it on the way down, like the old Hollywood shows and British repeats it regurgitates elsewhere. But why should ITV bosses offer £352 million a season to keep football don't they know their audience? Thus musing, I dug out a chart that shows ITV audience share. It was 80% in 1957 and 43% in 1991. And a voice spoke in my ear: "It's a funny old game"."

134. Previously, these events had been deemed of public value and had remained, at minimal costs, upon the terrestrial channels thereby being universally available. The government, pressurised by amongst others the sporting lobby, determined that greater competition was required and that such occasions should be subject to competitive tendering.

135. Lisa O'Carroll, 'Chisholm's gamble nets the big prize' in Broadcast, 29.5.92, p.13.


137. See for instance, Greg Dyke, 'Dyke tells indies who's boss' in Broadcast, 3.7.92, p.10 reporting his speech made at the Royal Television Society:

"Has ITV really been through a golden age? As an ex-programme maker you could fool me.

"Until recent years ITV was an overmanned, overpaid institution in which pathetically weak managements conspired with shop stewards to make programme-making difficult and to waste money which should have either been spent on programme service or given to shareholders. This wasn't a golden age, it was a self-indulgent age and I, for one, don't mourn its passing.

"In ITV none of us liked the auction process - of course some liked it less than others - it was messy but it had some advantages.

"It forced ITV to take on its appalling industrial relations; begin to really examine its cost structure - in particular its overheads; separate its broadcasting role from its programme production role; prepare itself for the coming commercial competition."


139. Mick Dennis 'BBC in £304 million TV soccer deal' in Evening Standard, 18.5.92, p.1.

141. Ibid., p.15.

142. Steven Barnett 'Controlling the Ball' in Broadcast, 29.5.92, p.16.


144. See Steven Barnett 'Controlling the Ball', Broadcast, 29.5.92, pp.16-17. These accusations were also inferred by Michael Grade in his attack upon the BBC management at the 1992 Edinburgh Television Festival.

145. Interview with Jonathan Rooper, 5.8.92.


147. Interview with Jonathan Rooper, 5.8.92.


149. Greg Dyke, Broadcast, 3.7.92, p.10.


151. Ibid., p.16.

152. Interview with Colin Shaw, 25.4.91.


154. Interview with Steven Barnett, 27.7.92.
CHAPTER SEVEN: CHANGE OR CONTINUITY ? THE EARLY OPERATIONAL EXPERIENCE OF BROADCASTING'S REGULATORS

In this chapter I intend to consider how British broadcasting's regulatory bodies have been affected by the legislation. In one of a series of ironies surrounding the 1990 Act's attempt to deregulate the system, a greater number of regulatory bodies have been established. These comprise; the BBC Board of Governors, the Independent Television Commission (ITC), the Broadcasting Standards Council (BSC), the Broadcasting Complaints Commission (BCC) and the Radio Authority. Although the BCC had been created under the 1981 Broadcasting Act and the BSC had been established as a non-statutory body pending the ratification of the 1990 Act, this arrangement of regulatory actors contrasted with a situation in which the BBC Governors and the IBA acted as broadcasting's major supervisors.

In response to this regulatory development a degree of consensus exists between commentators, regulators and broadcasters: the deregulatory theories related to broadcasting throughout the post-Peacock policy cycle have not been directly realised through the policy process. Moreover, it has also been suggested that throughout the early operational phase more hidden imperatives (for instance, the reliance upon normative procedures and practices or the indecision and confusion instigated by structural, constitutional or institutional ambiguity) may become apparent.
Therefore, in order to test the veracity of this analysis, it will be necessary to outline the responsibilities of these traditional, altered and new regulatory bodies. Further, I shall discuss the balance of power between the bodies which has begun to emerge in the wake of the act. In order to pursue these aims this chapter will both consider regulation in a macro sense by defining the role and position of the actors and in a micro sense by providing a case study of the reformed commercial regulatory authority the Independent Television Commission (ITC), which from the 1st January 1991 replaced its predecessor the Independent Broadcasting Authority (IBA) and the Cable Authority.¹

There are several reasons to focus attention upon the commission. First, the ITC has been the regulatory body which has been most affected by the 1990 Broadcasting Act. As the Act attempted to commercialize the Independent Television system, it subsequently altered the position of the commercial sector's regulatory supervision and institutions.² Second, as the ITC has become an omni-competent authority, the scope of its regulatory supervision has been substantially widened from terrestrial services to all non-public television broadcasts including Oracle teletext, cable and domestic satellite services.³ Third, the ITC during the first year of its operations had to supervise the most controversial legislative provision --- the franchise auction for the ITV regions --- and thus stood at the centre of a high-profile and problematic debate.⁴

Therefore, this chapter will consider the early operational phase of broadcast regulation to determine the extent to which continuity or change has characterized this
period. It is my intention to analyze the constitutional position of these regulatory actors, their functions, composition, working practices and the criticisms they have received. In particular, I will focus upon the ITC by considering how it has been legally reformed by the 1990 Broadcasting Act and how it has interpreted its role during the first two years of its operations. I will therefore provide an institutional and behavioral analysis of the ITC. Further, I shall detail the ITC's role and actions throughout the 1991 round of franchise auctions. I will then determine whether the regulation of the commercial sector has been dominated by coherence or contradiction. Inevitably my conclusions will have, to some extent, be speculative as I will be looking at a period of transition. Consequently this chapter is designed to analyze how broadcasting policy has been realised throughout this embryonic period for 'light-touch' regulation and it will attempt to account for the distortions that any form of analysis will make conspicuous during this transitory period.
One of the central themes of the Peacock report was the deregulation of the broadcasting system. The report argued that the regulatory bodies had been subject to regulatory capture, operating in the interest of the broadcasters rather than the public. This had occurred in three main areas; regulation and control of entry, regulation and control of pricing and regulation over output. Controls over entry and pricing had stymied competition by making it almost impossible for independent programme-makers to gain access to the airwaves. Essentially, these measures had preserved the vertically-integrated, broadcasting duopoly.

Moreover, it was contended that interventionist regulatory bodies had acted as pre-publication censors who qualified the individual's choice over programming in a high-handed manner. In turn, programme regulations meant that the full range of political views were qualified. The regulatory bodies have also been subject to covert political control as they were composed by the 'great and the good', who were appointed directly by the government, and manned by bureaucrats whose values were governed by the status quo. Although, the report recommended that some protection to the public service system could be afforded by the introduction of a Public Service Broadcasting Council (PSBC), it ultimately proposed the removal of the traditional regulatory actors and commented that broadcasting should only be subject to the general laws of the land governing taste, decency, libel and obscenity.
In contrast to the report’s libertarianism, the political phase of this broadcasting policy-cycle also evidenced Thatcherite authoritarianism. Most overtly, Margaret Thatcher and her supporters were concerned with the representation of sex and violence on television. Their fears were provoked by the Hungerford massacre and they called for greater intervention over programming output. This dynamic expressed itself in a tangible sense with the creation of the Broadcasting Standards Council (BSC) in 1988. The functions of this council were muddied by a process of political and media exaggeration. Moreover, the threat of the BSC, during a period of extreme political tension between the government and the IBA, led to reports of the demise of IBA and its replacement by the BSC. This leads to a more covert explanation for the government’s desire to retain interventionist regulation over programming as the Peacock report’s libertarianism stood in marked contrast to the Thatcherites’ will to increase their powers over political programmes. As Anthony Smith has commented:

"What we saw during the post-Peacock legislative round was the slow collapse of Thatcherism as a reforming force. It was eroded not because it had run out of steam but because it simply does not fit the requirements of broadcasting - and by requirements I mean the things which society requires of broadcasting. The fact is that we all want radio and television to be regulated, including, at the end of the day, the deregulators themselves; we all want to have some kind of stake or say in the great machinery of influence over our time and our lives."\(^{11}\)

Consequently, the resulting recommendations of the 1990 Act were reflective of this contradiction between libertarianism and authoritarianism. The IBA was to be replaced by the Independent Television Commission (ITC), which was principally a licensing body in 1988 White Paper, although throughout the bargaining process from
Bill to Act its powers over programme output were increased. Alongside the ITC stood the Radio Authority which was similarly ‘light-touch’ in intent. Against this, the BSC’s interventionist functions, codes and working practices were legitimized and the powers of the consumer body, the Broadcasting Complaints Commission (BCC) were re-iterated in the Act.

With regard to the Broadcasting Complaints Commission, the 1990 Act retained its state funding and its status as a corporate body composed of members, including a chairman and deputy, appointed by the Home Secretary. Its functions were limited to the consideration and adjudication of an individual’s complaints concerning unfair treatment and unwarranted infringements on privacy. To make a complaint either the affected person or someone acting on his/her behalf could contact the BCC who would decide whether it would investigate the case. If the claim was upheld, the broadcasters would be required to publicly acknowledge the commission’s decision. Essentially, the BCC was legally defined as a post-hoc regulator which was concerned with the representation of private individuals by the broadcasters in order to provide redress if abuses occurred.

Further, although it did not bear any mention in the Act, the other established regulatory actor --- BBC Board of Governors has emerged out of this period of the policy cycle unscathed. The governors have retained their position as public trustees, formally responsible for ensuring that the corporation remains accountable to the public. Throughout the BBC’s successive charters their official powers have been incrementally defined as details over renumeration, regional governorships and
patterns of meetings were made conspicuous. 

Therefore, ironically a policy-cycle pitched upon the principles of deregulation has resulted in a larger number of regulatory players by retaining the BCC and the BBC Governors, by introducing the BSC and by dividing the IBA into the ITC and the Radio Authority. In this section, it is my purpose to outline the formal powers and constitutional position of the BSC and the ITC.

7:1.1 THE NEW BROADCASTING REGULATOR: THE FUNCTIONS OF THE BROADCASTING STANDARDS COUNCIL

The authoritarian, short-term and reactive nature of the Thatcher government's broadcasting policy may be seen to have been exemplified by the creation of the Broadcasting Standards Council (BSC). It emerged to deal with a perceived need to provide stronger regulatory intervention over programme output, most especially with regard to representations of sex and violence. However, in spite of popular reports and the first chairman William Rees Mogg's professed desire to have pre-viewing powers, the BSC surfaced as a non-statutory body, and later as a statutory body in the Act, with the responsibility to define a code, few real powers and a rather ill-defined role.

Institutionally, the BSC was a corporate body composed of a chairman, deputy and board members. For day-to-day affairs, the BSC was to be serviced by a small managerial department led by a Director. The body was to be funded directly
through taxation and was therefore responsible for providing an annual report and statement of its accounts.\textsuperscript{18} The major legislative function for the BSC, in fact carried out by 1989, was the preparation of a code of practice.\textsuperscript{19} This was to be drawn up in consultation with the broadcasters, other regulatory bodies and appropriate members of the public.\textsuperscript{20} Once the code has been set out, the BSC would meet in order to report on the portrayal of sex and violence and to establish standards of taste and decency.\textsuperscript{21} Consequently, the BSC was not only responsible for sanctioning programmes but had a prescriptive role in providing analysis by researching of the audiences' responses to such programming.\textsuperscript{22}

However, its main task was to determine whether it should uphold complaints made about representations of sex and violence. In order to make a complaint, a member of the public or a representative body was required to detail the name, date and time of the broadcast within two months of the programme's transmission.\textsuperscript{23} If the complaint was being raised about an advertisement then the time period was cut to three weeks. The Council was required to consider the complaint unless: it was outside of its remit, dealt with matters taking place in court, was part of a legal action or was deemed to be frivolous and inappropriate. If the complaint was to be considered then the BSC would review a copy of the programme and possibly provide a hearing with the complainant and broadcaster. In order to make its findings known, it would either enforce the broadcaster to carry an announcement of its ruling or disseminate the information through the press.\textsuperscript{24}
Therefore, the legislation confirmed that the BSC would be a *post-hoc* body which could determine the merits or deficiencies of a programme *once it had been transmitted*. This contrasted with the original argument for an interventionist sex and violence council and demonstrated how the BSC had been increasingly marginalized during the policy process. In reality, the 1990 Act created a body which actually had few real powers to sanction broadcasters over their output and left those responsible for its running to find it a role to play. Moreover, with the general internationalization of broadcasting through both domestic and non-domestic satellite broadcast transmissions and reception equipment, the national regulation provided by the BSC was to be increasingly anachronistic as foreign channels transmitting violent material or pornographic programming could beamed into Britain. However, the BSC could not properly review or sanction the production of this material due its foreign legal status. Consequently, the Home Office’s non-statutory directives and the 1990 Act which ensured that maintenance of the BSC ended up pleasing neither those who advocated greater censorship such as Mary Whitehouse, the leader of the National Viewers and Listener’s Organization, or the other broadcasting regulators and broadcasters who saw it as an unnecessary addition.

7:1.2 THE REVISED BROADCASTING REGULATOR: THE FUNCTIONS OF THE ITC AS DEFINED BY THE 1990 BROADCASTING ACT

The 1990 Act divorced the regulation of commercial radio with television by creating the Independent Television Commission (ITC) and Radio Authority. The latter was made responsible for licensing the local commercial radio stations, for
supervising a national music commercial radio station and to review these arrangements through administering a reallocation of local franchises. To delineate the commission’s legal functions a comparative analysis between the ITC and the IBA’s legal remit (as defined by the first Thatcherite broadcasting legislation --- the 1981 Broadcasting Act) may be employed. To this end, it would appear that several criteria may be used to emphasize both similarities and differences:

The first criterion refers to the ITC’s institutional status and legal definition. In the 1981 Act the IBA was defined as a corporate body consisting of a Chairman, Deputy Chairman and Board of Governors. The members of the board were to be appointed by the Home Secretary and internal issues were largely left to the discretion of the board and management. Schedule I of the 1990 Act continued this tradition by recommending that the ITC should operate as a corporate authority and set out the guidelines for the appointment, scale and tenure of the board which continued to be selected by the Home Secretary. It has also required the commission to provide an annual report and set of accounts, whilst allowing financial and employee appointments to be left to the judgement of the ITC.

Whilst a formal, institutional continuity has remained the ITC’s supervisory focus and legal status differs from its predecessor. In contrast to the IBA which was responsible for all of terrestrial, commercial programming on television and radio, the ITC is only required to supervise television. However, the ITC’s focus was broadened as it became responsible for licensing all cable and domestic satellite broadcasts as it
replaced the Cable Authority.31 The 1981 Act defined the IBA as national provider for television and radio broadcasts both in relation to transmission (for example, the installation of transmitters in outlying or poorly populated areas) and programming.32 In the latter respect, the IBA was to act as interventionist regulator to ensure that the public service tenets of ‘educating, informing and entertaining’ were adhered to by the ITV companies.33 Conversely, the 1990 Act merely empowered the ITC to enact both positive and negative regulations in respect to the ITV companies’ ownership, programming and advertising/sponsorship as a licensor.34 In subsection 2.2 (a) the Commission’s responsibility to licence services was defined accordingly:

"(i) to ensure a wider range of such services are available throughout the United Kingdom, and
(ii) to ensure fair and effective competition in the provision of such services connected with them."35

Sections three to six of the Act detailed the terms and provisions of the licences and the ITC’s role in granting them.36 In order to grant a licence the commission has to be convinced of the candidate’s financial, legal and programming/scheduling suitability.37 Moreover, the licencesee has to act in accordance to the directives laid out in renewable codes written by the commission and if the contractor fails to do so the licence may be subject to sanctions or in the last resort revoked.38

In subsection 2.2 (b) programme standards were to be maintained " in a manner which they (the ITC) consider it best calculated to ensure the provision of such services which (taken as a whole) are of high quality and offer a wide range of
programmes calculated to appeal to a variety of tastes and interests". Sections six to seven of the act include provisions which allow the commission to supervise transmitted programmes in order to ensure taste and decency, accurate and impartial news coverage, care in the presentation of religious subjects and most controversially that 'due impartiality' is seen to have occurred. This last clause stood as an anachronism, in terms of 'light-touch' regulation, as it required the ITC to intervene in order to make certain that perceived political bias should be offset by another programme to redress the balance from the opposite political perspective. To monitor programmes and provide the criterion for broadcasters the commission was required to draw up a programme code, which would be regularly reviewed, to make certain that these imperatives were realised and most especially to define a practical interpretation for 'due impartiality'. Moreover, provision 6(4) provided the ITC with a negative programming role:

"Without prejudice to the generality of subsection (1), the Commission shall do all they can to secure that there are excluded from programmes included in a licensed service all expression of the views and opinions of the person providing services on matters (other than the provision of programme services) which are political or industrial controversy or relate to current public policy."

Clare Mulholland, ITC Director of Programmes, has termed sections six and seven consumer protection requirements. She argues that the Act also enables the commission to ensure that the licensees conform to positive and programme-related guidelines. The former derive from section sixteen of the act and are also covered in the recommendations covering the Channel 3 licence, particularly in the Act's annex. They comprise high quality and diversity; specific allocation of time to non-regional and regional broadcasts; and minimum percentages upon original or
commissioned programming. The latter category includes networking arrangements, training, equal opportunities, provision for the disabled, a national television archive, regional facilities and staff, audience research, Party Political Broadcasts, Government directions and complaints procedures.

However, as the ITC became a licensor the implications of what it could not do were as important as its formal powers. For instance, the post-1993 ITC has no formal remit in the process of network scheduling and will not be able demand that the network provides peak-time educational or information programming. Instead of these distinct public services directives, its responsibilities were replaced by a vague clause which recommends that it should make sure that a wide range of services are provided on a national level.

The legal change from broadcasting authority to licensing commission meant that the body was to become a post-hoc regulator which might only defend or impose sanctions upon broadcasters after a programme has been transmitted. As provision 11(3) illustrated the ITC has no previewing powers:

"Nothing in this part shall be construed as requiring the Commission, in the discharge of their duties under this Part as respects licensed services and the programmes included in them, to view such programmes in advance of their being included in such services."

As the companies will no longer have to submit their programmes to the regulators before they are aired, a tier of regulation is to be effectively dispensed with. In this respect the legislation appears to intend to dismantle an informal brokerage of power.

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between the regulators and broadcasters that previously existed during the preview stage. This transformation in editorial control may also demonstrate a broader shift in the ITC's interventionist role in programming. Instead of assessing the impact of a programme in the wider context of channel's output, the ITC will judge the programme's merits or deficiencies (for instance, aesthetic or ideological) in isolation.

Second, this legal change in institutional emphasis between the IBA and the ITC has been exacerbated by several other factors. The 1990 Act privatised ITV's transmission services. Previously, the IBA had been responsible for the transmission of programmes. On January 1st 1991, a private company, the 'National Transcommunications Ltd', was founded from the fall-out of the IBA Engineering Department. Thus, at one stroke, the ITC's staffing levels were vastly reduced. Whilst the IBA was responsible for two television channels, the ITC is an omnicompetent authority which is responsible for supervising a far wider range of delivery systems. The ITC has subsumed the Cable Authority and also monitors domestic satellite services. Additionally it has been required to regulate the proposed new terrestrial channel --- Channel Five --- and has legal duties to supervise local services delivered via cable or 'micro-wave' technology. The ITC's position as a regulator has become more problematic due to the Act's legitimization of several competing authorities. Moreover as Cento Veljanovski has commented:

"... the ITC will have the Office of Fair Trading breathing down its neck. The Broadcasting Act gives the OFT the 'whip hand' in satisfying itself that the proposed network and the way it operates permit competition in the supply of network programmes."
Finally, and most revealingly, the Act's terminology may be understood as being indicative of a determined attempt to alter the commercial regulator's focus and institutional development when compared to the 1981 Act. Whilst abstract terms such as 'high quality' and 'diversity' remained, other common phrases associated with broadcasting legislation are absent. For example, the Act makes no reference to the public service tenets of 'educating, informing and entertaining'.

A superficial glance of the Act, in relation to the ITC, might appear to vindicate the argument that impact of deregulation was severely qualified throughout the policy-making process and that any formal change has been negligible. The ITC remained a public body with interventionist regulatory power over the companies licenses and, to some extent, over programming. The ITC, whilst being a licensor, may appear to be far more than that in certain respects. For example, it is still responsible for measuring the franchisee's performance in relation to finance and programming. This means that a degree of intervention is inevitable as it has the power to either sanction or revoke a franchise-holder if the ownership conditions are abused or programme standards decline.

Further, there is some credence in the belief that the ITC may continue as a public service regulator, most especially in its legal remit to maintain and oversee a wide variety of high quality programmes. Indeed, in having to determine 'due impartiality' it may be argued that a far more overt form of state control could be mediated through the authority than had been apparent within the previous system. Clare Mulholland has gone as far to state:
The Broadcasting Act as it emerged is however, very far from a recipe for deregulation, at least as far as programme content is concerned. There are more specific agreements in certain areas than in any previous legislation. What is more, the ITC is required to impose sanctions on any licensee who breaches the codes.61

However such a reading of the legislation can be criticised as being myopic as it is only partially correct in its analysis and tends to neglect other implications within the legislation or ignore particular legislative provisions altogether. The ITC has remained a public body with a number of hands-on regulatory powers which may demonstrate that its jurisdiction extends beyond an organization that is commonly understood as being merely a licensing body. Yet, the 1990 Broadcasting Act intended to re-orientate the ITC's supervisory focus by making it perform regulatory functions in accordance with a revised set of objectives which appear to emphasize a less interventionist and a more detached role for the body. In turn, this might appear to be an attempt to reform the commercial regulator's institutional characteristics.

Throughout the sections of the Act which dealt with the ITC there was an attempt to fuse together the two dominant strands of thought that have defined the political phase of the policy-making cycle --- deregulatory ideologies with more traditional public service precepts. This means that the scope and focus of the ITC has become subtly, but substantially, reconceived. Whilst it became a public body which retains regulatory powers as a licensor, it was also a far more detached body that has fewer interventionary powers. Consequently this has created a compromised and paradoxical legal situation where a supposedly light-touch licensing commission has been defined by a far more prescriptive set of rules (for example, the 1990 Broadcasting Act contains seventy-one rulings concerning the ITC compared to the
forty-five rules which governed the IBA in the 1981 Act[62]). This means that the Act has developed the formal guidelines for a far more mechanistic commission in an increasingly ‘transparent’ regulatory order whilst simultaneously leaving a substantial number of the clauses open to doubt and ambiguity. As David Glencross, the ITC’s Chief Executive, has noted:

"What we have is a curious combination of a lighter-touch regime and the imposition of more specific regulations on broadcasting than the old legislation."[63]

7:2. THE CRITICISMS OF THE POST-1990 REGULATORY SYSTEM: A CONSTITUTIONAL CRISIS

Therefore, the legislation has created a more complicated regulatory environment containing a larger number of competing authorities. Although, the Act legally defined each of these bodies, it may be suggested that their constitutional position has become more ambiguous. Principally, a number of regulators may be seen to have duplicate functions and confusion has arisen from the public, broadcasters and regulators themselves concerning who has jurisdiction over the content of programme output. In particular, these criticisms have been directed at the Broadcasting Standards Council.

First, the public’s understanding of BSC and the BCC has been problematic. Their awareness of both authorities has remained minimal in spite of the legal requirement for these bodies to advertise their activities. In part, this has been due to their failure to properly publicize themselves. Consequently, the public has been at a
loss to distinguish between the BCC and the BSC. This problem may be identified by figures released by the BSC itself:

Breakdown of 262 Complaints:

<table>
<thead>
<tr>
<th>No. of complaints</th>
<th>Published Findings of Complaints</th>
<th>48 (22 programmes/advertise ments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints under consideration</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Inappropriate to pursue</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Outside BSC remit or Complaints of a General Nature</td>
<td>149</td>
<td></td>
</tr>
</tbody>
</table>

However it may also be suggested that the distinction between one body which attempts to provide legal redress for the individual and one which outlines controls over sex and decency has not been effectively made. Moreover, a number of broadcasters and regulators have called for the merger of the two bodies which they see as effectively covering similar ground. As John Willis comments:

"In this Alice in Wonderland world of regulation, the Broadcasting Standards Council is the Mad Hatter to the BCC's March Hare. ... The increased efficiency created by reducing the number of quangos by one could be used to create a properly funded independent Ombudsman body which, unlike the BCC, would offer enough credibility for both broadcaster and complainant."
The second major confusion has occurred within the broadcasting environment itself. The broadcasters have complained that the BSC has created a number of general problems for programme makers. They have argued that the balance between protecting individual viewers and wider public right to know has been overwhelmed in favour of the former as the BSC must consider an individual complaint even if millions of viewers have enjoyed the programme. However, broadcasters' criticisms have been particularly aimed at the regulatory confusion that the BSC has inspired between itself, the BBC Board of Governors and the ITC in relation to programming. They are principally unclear on the jurisdiction of each authority. As Caroline Thomson has commented:

"There is the possibility of regulator chasing regulator. For example, Channel Four may accord to all the codes of the ITC and the licence but not fulfil the criteria of the BSC. There is the possibility of chaos and it is a problem for the ITC as much as ours. They may set out a prescriptive code of customs and practices only to be second-guessed by someone else. Additionally, who should we obey? It is very difficult to know which rules operate under some circumstances."67

Further, the procedural relationship between the BSC upholding a complaint and its effect on the thinking of the BBC Board of Governors and the ITC has proved to be far from clear. Essentially, broadcasting remains subject to the possibility of clashes between these different bodies who have different remits and are responsive to different constituencies. Therefore, the future for the regulation of broadcasting appears to be increasingly problematic. As Sue Elliott comments:

"It is a confusing situation and the body (BSC) is dealing with complaints, at a cost of £1 million per annum from the Home Office, which the IBA previously dealt with at a low level of staff. It has a narrow remit and Colin Shaw (the Director) is
searching around for it to have a role to play. "... I don't think that a coherent, regulatory environment can exist when there are five separate regulators."68

7:2.1 A CRITIQUE OF THE TRADITIONAL, NEW AND REFORMED REGULATORY ACTORS

This confusion in the balance of forces has been both reflective of and influential to the changes which have occurred at a micro level within broadcast regulation. Clearly, as these alterations have started to affect the inter-relationships between the regulators, subsequent internal reforms have occurred within their organizational development and supervisory focus. Further, as different factors have altered the broadcast economy, the regulators have had to adapt to the new conditions and demands. Finally, as I have shown the regulatory bodies, most especially the ITC, have been reorganized through the legislation.

In this respect, the regulatory authorities have been subject to criticisms at institutional, organizational or ideological levels. Increasingly, the BBC Board of Governors has been criticized due to the political complexion of its composition, its patronage from the Home Office, the interventionist nature of its stance over the BBC management, the power located in the chair and its lack of accountability to the public. In regard to the Board's accountability, many have argued that the governors, in spite of their formal commitment for greater openness, have continued to engage in a secretive form of decision-making which suits their own purposes rather than operating as public trustees.
To a lesser extent, these criticisms have also been levelled at the Broadcasting Standards Council and Broadcasting Complaints Commission. These bodies have similarly been composed of the 'great and the good', have been accused of pursuing secretive working practices and making arbitrary decisions. In particular, the BSC attracted criticisms due to the appointment of William Rees Mogg as its first chairman, although the introduction of the experienced broadcasting regulator Colin Shaw as Director was seen to have offset this decision. However, the hostility toward the BSC has remained as it has been argued that it is largely self-serving, responsible for the expenditure of £1 million per annum and has failed to be truly representative of the public. This has led to Colin Shaw himself proposing a new regulatory structure for governing broadcasting:

"The appointment of the governors for the BBC and the IBA, most especially the BBC, has been highly politicized. What is needed is an alternative body that acts within the public interest and is against government involvement. This would possibly be an independent body dealing with the philosophical issues of broadcasting. Annan suggested a Broadcasting Foundation to represent the viewer or 'consumer', although I dislike that term, who's voice has not been previously heard. This audience has not previously had a fair crack of the whip. Whilst there have been advisory committees, these do not acknowledge the mass (the Cs, Ds, Es) but were composed of the middle class. There have been four bodies of worthy citizens, but no common understanding. Effectively the mass has been disenfranchised."69

However, whilst these actors have been challenged over their composition and the representative nature and also find themselves in a broadcasting environment with different imperatives and rules, they have not been subject to the focus of the legislation in the same manner as the ITC. Further, throughout the transitional period between 1990 to 1992 the ITC engaged in a voluminous amount of work in order to adapt to the new legislation, streamline its bureaucracy and to develop its activities as a licensor rather than broadcaster. Principally, it was responsible for supervising the
1991 ITV franchise auction. Therefore the ITC, throughout this period, has acted as a key case study which may provide a number of clues over the future direction of broadcast regulation in the 1990s.

7:3. THE EVOLVING CHARACTERISTICS OF THE EMBRYONIC ITC

In respect to the ITC, a number of arguments have either claimed that the ITC will become an IBA mark-two or that significant shifts in the institution’s emphasis had fundamentally altered its position. In this respect, it has been possible to detect several shades of opinion. For example Anthony Smith has commented:

"What has emerged is not the free-wheeling public body imposing a number of requirements on each supplying company, if necessary through the courts, but a public institution, the ITC, watched over by the Broadcasting Standards Council with the help of the Complaints Commission. The ITC still looks to many people the spitten image of its progenitor, the IBA."

In Smith’s more benevolent vision (for the regulator at least) the old and new regulatory actors have been engaged in evolving a framework for a revised, but not thoroughly reformed regulatory order. From this perspective, institutional reform has been qualified by the legislation itself. Instead of setting the foundations for a number of authorities which were designed to enact more commercial principles, the compromises which have characterised the post-Peacock debate have meant that "the supporters of high public service requirements in commercial television (have) gradually won back the ground inch by inch and (have) left the new Independent Television Commission with a much higher level of regulatory authority than the doctrinaire deregulators had desired or envisaged". Moreover, inspite of any formal
legal, constitutional or institutional reforms, however mitigated or complete, it was posited that the public service traditions would be maintained as the regulators would continue to follow the traditional ideologies and working practices.

Others, including broadcasting actors such as former London Weekend Television (LWT) Chief Executive Greg Dyke and Channel Four's Head of Corporate Affairs Caroline Thomson⁷², have emphasised that these structural, constitutional and institutional issues will foment a more deep-seated alteration of the evolving regulatory regime. It is argued that by changing the general and specific day-to-day functions of the regulators and by transforming the IBA, the legal broadcaster of ITV programmes, into the ITC, a licensing body, that different values, conceptions and working practices will become manifest.⁷³ As the system has been designed to become more transparent, regulators may be governed through an increasingly prescriptive set of legal rules. If its functions become more tightly defined, the ITC's scope could be limited and its attention may be directed toward commercial considerations rather than attempting to adhere to the traditional public service commitments.⁷⁴

Thus, to determine the veracity of these arguments and to fully appreciate the developing nature of the reformed commission it will be necessary to consider how the ITC began to operate during a major transitional period between 1990-1992. Throughout this rather confusing phase, the commission was subject to both the 1981 and 1990 Broadcasting Act. From January 1st 1993 onwards, the ITC was required to conform to the 1990 Act in full. Consequently, in this section I will consider how the
ITC started to implement the legislation in respect to its institutional organization and to determine the behavioral characteristics which became apparent as it started to interpret its revised supervisory focus. Following its inception, John Howkins predicted that two options existed for the ITC as it defined its role:

"One is to supervise the contract procedures and then to become a sort of 'referee' of the contractors waving flags if they break the rules. The other is to push forward the job of public service and continue to shape and guide the industry."

7.3.1 AN INSTITUTIONAL ANALYSIS OF THE ITC

In applying an institutional/managerial analysis on the ITC it would ostensibly appear that throughout its first year of existence that very little change occurred. Undoubtedly the shedding of radio and transmission services has meant that there has been a certain number of structural alterations. This was not lost upon the broadcasting union BETA (later BECTU) who had to renegotiate its membership's working conditions as they became subject to private sector arrangements.

However, one principal theme during the early stages of transition was continuity. As John Dugdale commented:

"The name has changed but many aspects of the old organisation remain intact. The ITC has the same telephone number as the IBA, and occupies the same Brompton Road building in SW3 opposite Harrods."

Such a verdict may be substantiated when certain factors are taken into consideration:
First, the commission continued to be funded through the same method. The IBA’s income was composed from a levy paid by all the Independent contractors. This meant that it was a statutory authority which, in principle, was indirectly financed through advertising revenues. This method of payment, whilst being superficially transformed, remains in existence and the ITV companies contribute fees which have been calculated on a sliding scale from the smallest contractor to the largest franchise-holder. Moreover, due to the increased workload inaugurated by the franchise auction the ITC’s costs have increased rather than declined. For instance, in 1991 it was estimated that the ITC will absorb some £19 million of its £21 million income upon broadcast regulation. However, this was followed in 1992 with a decrease in the ITC’s required income with the reduction of duties and the streamlining of the organization.

Secondly, the ITC Board remained intact from the IBA. Indeed the first board was formulated as a Shadow ITC for that very purpose. The board continued to be composed from a standard assortment of the ‘great and good’ who have traditionally occupied such positions. Invariably the Home Office has selected individuals from the following backgrounds; business, public service or academia. All these individuals have been usually drawn from the upper to upper middle-classes and have usually been educated at the ‘Oxbridge’ colleges. Therefore the board not only includes the Chairman George Russell from business, but also comprises of Eton educated Jocelyn Stevens as his deputy and the Earl of Dalkeith as a board member.

Thirdly, the appointment of George Russell was seen to be significant as it
demonstrated that a figure who was respected both in the business and broadcasting communities would be in charge of running the commission. In his capacity as chairman, he continued to employ and appoint key personnel with a strong background in broadcasting regulation. Throughout the first year of its operations, the ITC retained nearly all the IBA's bureaucratic staff. There were four hundred and thirty people placed in regulatory, administrative and support positions, with an additional number of research and development staff. The ITC was divided into several divisions comprising; programming, advertising and sponsorship, cable and satellite, engineering, finance, secretariat, licensing, public affairs, administration and national and regional offices. As Raymond Snoddy commented that this had been a deliberate and conscious policy:

"There had been fears of significant redundancies at the IBA when it is to be replaced with the new body ... Mr. George Russell, the Chairman of the IBA who will also chair the ITC, has been arguing the need for continuity."

Thus, the ITC's senior management has included Claire Mulholland, the former IBA deputy director of programming, who was promoted to the post of Director of Programming and Donald Horn (the Administrative Controller) who had been with the authority since 1965. Most importantly, David Glencross, who had been with the IBA since 1970 and was the former Director of Programming, was appointed ITC Chief Executive. His selection was of particular significance as it indicated that there was an acceptance within the ITC's governing circles that an 'in house' regulator, rather than a businessman, was required to manage the supervision of commercial broadcasting. As Richard Brooks comments:
Up to six months ago the odds were on bringing in an outsider, possibly a businessman. After all, if the IBA was going to be killed off and replaced by a non-interventionist body, the ITC, surely it needed a newcomer, someone who unsullied by the bureaucratic trappings of the IBA? ... The reality is that, so far at least, the leopard has shown it can change its spots, with the IBA coping better in the real world of television deregulation than most thought.86

Therefore, throughout this formative period, at least, the ITC retained its predecessor's hierarchical and managerial structure. It continued to be governed by a part-time board and run on a day-to-day level by a professional regulatory staff. Moreover, until the summer of 1993 (past the cut-off date for this thesis) the commission was based in the same national and regional headquarters.87 The national base in Brompton Road had been dubbed by critics and industry wags as 'Brompton Towers' to emphasize the IBA's impenetrable bureaucracy which had been seen as largely autonomous and oblivious to outside requirements.88 Consequently, this physical manifestation of the regime may also be seen to have played a contributory role in the evolution of the reformed body. This maintenance of institutional funding, personnel and structure has been understood by some to show that the IBA's organizational framework and prevailing ideologies will be perpetuated in the reformed ITC. As Michael Kavanagh has observed internal appointees will have a vital role " ... in determining (if) any radical departure (will occur) from the existing IBA 'culture' ...(and) opponents of the (old) IBA broadcasting regime fear that the new lighter ITC ... will emerge merely as an IBA Mark II" 89. Brenda Maddox concurred arguing that the appointment process "links the old ITV with the new --- the very bridge the Government was trying to blow up."90

Whilst this evidence would have appeared to stress that continuity could define
the ITC's institutional characteristics, this assessment is problematic due to a number of distortions during the ITC's first year. As the ITC remained a proto-IBA until 1993 and was subjected to both the 1981 and 1990 Broadcasting Acts, it retained its status and role as the legal broadcaster. Further, the commission needed to retain its staff to supervise the franchise auction. After that period the ITC's duties may be seen to have been cut by a third (with the divorcing of radio and transmission services) as it moved to fulfil its licensing role.\(^9\) In 1991, Caroline Thomson predicted that:

"The ITC will change. It is currently in a hybrid stage, the personnel has remained the same as it is supervising the franchise auction. I think change will become more apparent afterwards when quite a lot of the functions will drop off and the staff will be thinned out."\(^9\)\(^2\)

This analysis was borne out by subsequent events. In 1992, the ITC announced that it was moving one hundred of its staff to smaller premises at 33 Foley Street, London and a number of its London based staff would be re-located to a new base at Kings Worthy near Winchester by June 1993.\(^9\)\(^3\) Throughout, the second half of 1991, the management board started its investigation into the ITC's staffing and structuring for the post-1992 era.\(^9\)\(^4\)

Change may also be inaugurated by the *politicization* of the board members. Whilst, Russell's pragmatism has been admired, it should be noted that the deputy-chair Jocelyn Steven's had a reputation of being a close Thatcherite ally.\(^9\)\(^5\) His ideology may well contribute to the ITC's outlook. Further, in his capacity as chairman at Marleys, Russell was responsible for approving £10,000 into Conservative Party funds.\(^9\)\(^6\) As John Dugdale commented:
"Superficially, the quango's composition is consistent with standard practice. But if data not disclosed in the officially supplied biographies is teased out, it is clear that the commission breaks with the convention in having a definite political complexion. Although the imbalance has been reduced by the resignation of Lord Chalfont, no attempt has been made to offset the bias in the usual tokenistic way of appointing a safe trade unionist. The ITC conforms not to the familiar pattern of Butskellite committee chemistry, but to that of the Thatcher era."

Therefore any discussion of how the reformed ITC will carry out both general and specific day-to-day operations needs to take into account these factors. Clearly, an institutional analysis reflects both elements of continuity in the choice of key personnel, management hierarchy and to a lesser degree, a publicly articulated commitment to the public service. To some extent, institutional reform was also hidden by the workload of the franchise auction. However, the ITC has been forced to slim down, has developed different working practices and has been subjected to Thatcherite patronage in the choice of the board, inspite of Russell's undeniable pragmatism. An institutional analysis, however, needs to be supplemented by a discussion of how the ITC has begun to interpret its role in the wider context of the broadcasting environment through its behaviour responses and self perceptions.

7:3.2 HOW HAS THE COMMISSION INTERPRETED ITS RESPONSIBILITIES DURING THE TRANSITIONAL PHASE?

The 1990 Act forced the ITC to interpret its role both within the general (for example, how does it perceive itself within the political and broadcasting environment?) and specific realm (for example, what ideas have determined its relationship with the ITV companies?).
Throughout the debate that marked its demise, the IBA continually stressed that it played a vital and pro-active interventionist role in supervising the commercial sector. This interpretation of its responsibilities was heavily influenced by the precedents of public service broadcasting and working practices to justify the supposed advantages of continuity with adaptability. Essentially the IBA remained fixed within a mind-set that dismissed 'change-for-change's sake' and emphasised the success of the system. This can be summed up by the chairman of the IBA Lord Thomson:

"The risk this time is that the non-BBC side of broadcasting might be left to a simple licensing framework on the lines of the American FCC rather than a framework that is concerned about standards, or even that the ITV should be deliberately relieved of its obligations to produce the rich variety of programmes which goes by the name of public service broadcasting."

As it has previously been shown, this defensive posture demonstrated that there were a number of misconceptions about the dominant characteristics of the contemporary political elite and served to undermine the Authority's credibility rather than enhance it.

When George Russell succeeded Lord Thomson as Chairman of the IBA/Shadow ITC Chairman he preferred to make more conciliatory gestures that would produce a convergence of aims amongst broadcasters and politicians. In taking such an approach Russell was able to place the emphasis upon merging the concept of public service regulation with a series of more pragmatic business-style notions. He did not castigate the White Paper, Bill and Act as being an irrelevance, but decided that it was necessary to incorporate a number of the policy's market-led recommendations into his overall vision of the public service:
"At the IBA, Russell has never made the mistake of criticising the Government’s plans wholesale. He has not joined those who say that the Bill is unnecessary."\textsuperscript{101}

Instead of attempting to forestall the impact of the legislation through a critique of the principles involved, Russell took a practical stance which resulted in the ITC trying to realise a more achievable set of objectives. Therefore he has demonstrated a preference for concentrating upon what he and the commission’s management believed to be realistic goals by focusing upon the key prescriptions within the White Paper and Broadcasting Bill. This would change the role of the regulator as Georgina Henry commented:

"As the shape of the new ITC becomes clearly defined, Russell disputes the suggestion that it will end up looking like the old IBA. No one wants that. The crucial difference is the shift of publishing responsibilities from the Authority on to the companies, the ITC will be a post-transmission regulator not a pre-transmission censor."\textsuperscript{102}

Throughout the broadcasting debate, Russell remained firm upon the key principles and flexible upon the need for change. In his first press statement, he announced he would resign if the government did not acquiesce over the quality hurdle for the ITV regional franchises.\textsuperscript{103} At a formal level, it would appear that the ITC has conformed to the general principles of the 1989 Coopers and Lybrand consultancy report entitled the \textit{Regulatory Functions of an Independent Television Commission}.\textsuperscript{104} This examined a number of the proposals in the White Paper and considered how arrangements could be conducted over: appeals against ITC decisions, the economic regulation of advertising and the enforcement of fair competition.\textsuperscript{105} It analyzed the role of the regulator and argued that (italics added):
"A pro-active strategy requires the regulator to develop his own priorities in the allocation of limited regulatory resources, rather than be complaints-driven. This involves consideration of the agency's scope to determine policy and develop a comprehensive enforcement strategy rather than to proceed in a case by case incremental manner." 106

Moreover, it was argued that a flexible approach would be required to ensure that there should be a maintenance of quality, diversity and information. Such an interpretation refers more to normative daily practices than to any set of formal guidelines:

"Firstly, the ITC will need to be pro-active in enforcing positive programme requirements, since the absence of complaints will not necessarily mean that all is well. In other words, the ITC will have to decide on the priorities for regulation ... and not develop policy in a piece-meal fashion ... Secondly, there needs to be a flexibility in the interpretation of the positive programming requirements to allow licences to adapt to changing market conditions. Thirdly, the enforcement of positive programme will not relate to "one-off" events. Instead it will depend on performance over a period of time and over a range of programmes." 107

Consequently, Russell has tried to evolve an institutional and ideological framework through which the ITC's managerial staff could interpret the commission's role in terms of what was possible in the contemporary context instead of being reliant on old arguments that recycled the benefits of the previous regime. This idea has permeated through the commission to define the ITC's formal interpretation of its near-future modus operandi, most especially in relation to its supervisory functions relating to programme-makers. The commission's board and management has argued that quality productions can only be provided if the correct structure is established and directed by the ITC. This will be required to create the right balance between public service and market-led influences. In order to maintain the resulting equation the ITC will have to continue to be vigilant. This has also had a political purpose by enabling
the ITC, in turn, to negotiate from a position of comparative strength with the
Government to reform or revise specific measures rather than general principles:

"Russell believes the Government will, in the end, be content to settle the broad
principles and leave him to get on with the definition." 108

These principles may be seen to have underpinned the ITC’s approach to its
renewable programme, advertising and sponsorship codes. These were legally required
by the Broadcasting Act 1990. 109 The programme code was prescriptive in a
negative sense as it determined that the ITC should monitor the licensee’s compliance
to the rulings and to investigate complaints once programmes had been transmitted.
Therefore, the licensee was responsible for upholding a number of
responsibilities. 110 If these measures were ignored the license could be sanctioned
through fines or ultimately revoked. 111 The code was divided into twelve sections,
which reflected specific sections of the Act, comprising: taste and decency, privacy,
impartiality, political broadcasting, terrorism and crime, legal matters, images of very
brief duration, game shows, charities, religion, other programme matters and public
communication. 112 It was, if anything, more elaborate than any of the previous IBA
guidelines. For instance, the taste and decency rules formalized the common
understandings over the nine o’clock threshold in respect to representations of sex and
violence and bad language. 113 Additionally, the ITC’s philosophy has been to make
a comparative weakness into a comparative strength. This may be detected in an
interview with George Russell:

"Despite the ITC being designed as a fully regulatory body Russell believes it can
still influence the broadcasting environment of the future by being a ‘progressive
regulator’. Settling contracts by which a holder has to agree to provide ‘x’ amount of
hours of a particular type of programming represents for Russell, a "progressive situation" where we can soon say 'you're not doing it, what are you going to do about it?'

In January 1991 the ITC introduced new advertising and sponsorship codes. These not only referred to the Broadcasting Act 1990, but also to the European Directive on Television. The ITC's interpretation of the law again to was to promote an arms-length relationship between it and the advertisers and sponsors. In contrast to the IBA, the ITC would not routinely prevent advertising proposal and scripts. Its role was to ensure that ITV companies kept to their obligation to provide material which complied to the code, although it would respond to request over how the code should be interpreted. The ITC would continue to monitor, where necessary intervene and sanction if the code was not adhered to. The sponsorship codes were designed to give greater scope for programme sponsors. Previously, this had been restricted by statutory provision. The code allowed all programmes, barring news and current affairs, to take on sponsorship unless conflicts of interest might exist between the sponsor and programme over editorial needs (for instance, consumer advice programmes). Further, the code forbid product placement, any sponsor influence over content and scheduling, and on terrestrial channels, the duration of the sponsor credits.

However, whilst it might appear that Russell has attempted to mould the ITC in his own image (for example pragmatic, business-like, less ideological and adaptable to an ever-changing political and broadcasting environment) there are certain difficulties in becoming too reliant upon this perception. It must be asked whether the
confident predictions made by Russell in public statements and speeches are matched by such confidence in the commission itself? Here the picture has proved to be far more ambiguous as a number of problems are perceived to remain.

First, there has been a feeling that the ITC, as it has a far wider number of services under its jurisdiction, cannot be anything more than a shallow regulator as it does not have sufficient staff to cope with all the terrestrial, cable and satellite services under its control. Second, the alterations in regulatory focus and structure are perceived as having detrimental implications for the future of the ITC as a public body upholding the values of 'educating, informing and entertaining'. The removal of the forum for negotiation between regulators and broadcasters, which has accompanied the commission's change in status from broadcaster to regulator, has similarly been understood to be retrogressive. As Sue Elliott has commented in conversation:

"In the future the ITC will have no pre-transmission role as it will no longer be the broadcaster but the regulator. It may apply sanctions after a programme is shown. This post-hoc way of regulation, I believe is ineffectual and boring. "I am pessimistic both in a personal and professional sense. In the IBA my role was to preview programmes and negotiate with makers ... This will be dispensed with due to our non-involvement in previewing. This will mean that if mistakes are made the broadcasters will be legally responsible."

Third, inspite of the aim to create a system of regulation that can take into account a wider set of imperatives, ITC programming staff believe that legal and institutional changes will result " in (a) new regime (which) is far more 'mechanistic' ... (where) issues (will be) judged in isolation and this will allow for far less flexibility."
These perceptions are indicative of a maintenance of the institutional self-doubt that characterised operations within the IBA throughout the late-eighties and further demonstrate that a significant amount of the ‘cultural baggage’ drawn from its predecessor has governed thinking in the commission. Although there has been a formal attempt to incorporate market prescriptions within the new definition of public service, traditional concepts have remained influential. As Sue Elliott further reveals:

"I prefer to think of the viewer as viewer rather than consumer. In a purely economic and crude sense the competitive situation may produce a more direct relationship between consumer and producer. This is a narrow economic relationship rather than a political relationship. I am pessimistic in a professional, personal and wider sense of viewer accountability. This is, after all, a cultural product --- not a can of beans --- which can play a significant part in the cultural life and in order to do so requires a central procedure and established structure. In the future, as the funding becomes more segmented the proper functions of broadcasting will be more complicated and difficult to fulfil." 129

Consequently, as with the institutional analysis of the ITC, any discussion of the commission’s behaviour is circumscribed by the vagaries of speculation. It is correct to state that throughout the first two years of its operations, that the ITC retained control over the specifics and minutiae of commercial broadcasting by continuing to operate under the 1981 Act’s provisions. Therefore, positive programme requirements remained a realistic objective and it is possible to conclude that even with the changes apparent in the 1990 Act that this precedent will result in the ITC occupying a more interventionist position.

However, as Sue Elliott has suggested more fundamental changes may occur once the ITC is transformed from being a broadcaster into a regulator at the end of 1992. At this stage, an institutional and behavioural analysis can only reveal a limited
amount of information and may direct attention at certain evolving characteristics. It is apparent from this material that a synthesis has started to occur between the legislation and those who have to interpret it resulting in a series of traditional, revised and reformed imperatives. Yet, it is difficult from this evidence to determine with any precision where the emphasis will lie as internal and external factors (for example, governmental changes and the collapse of dominant ideologies) may pressurize policy-makers and regulators to reconceive their interpretations.

However, it may be argued that a number of cases have shown the possible qualifications for the ITC which may exist over the following years. These problems have, to an extent, made themselves apparent during the first two years of the ITC’s existence most especially with regard to the commission’s inability to regulate the satellite broadcasting sector and to intervene within the ITV schedule.

7:3.3 EARLY EXAMPLES OF THE LIMITATIONS OF THE ITC’S ROLE

Throughout the following decade, it has been predicted by many broadcaster commentators that the ITC’s position will become more untenable as its power has been diminished through the legislation and the nature of the commercial broadcasting market will alter. In respect to this argument, it may be suggested that the ITC will have problems licensing an ITV system which is governed by increasingly major players such as Carlton and Granada. These actors have diversified their economic
power from the manufacture of communications hardware and catering respectively and are looking to accumulate monopolistic ownership throughout the ITV system. Moreover, with the re-structuring of the ITV regional franchises and the overbidding which occurred, alongside the possible relaxation of ownership rules, it may also be seen that the ITV environment will force complicated mergers to take-place. Further, it has been intimated that the ITC's broadening regulatory focus, comprising not only of all terrestrial but all domestic satellite and cable broadcasts, may also demonstrate the inadequate powers of a national regulator over an international market. Finally, whilst the ITC has the negative power to sanction broadcasters over the schedules, it has been argued that these controls will be legally problematic and difficult to administer. Throughout the first two years of its operations, a number of these concerns have begun to make themselves conspicuous.

The IBA/Shadow ITC faced an early test concerning its ability to intervene over satellite broadcasting when it was announced that national satellite broadcaster, BSB, had merged with Rupert Murdoch's Sky Television in November 1990. George Russell and David Glencross's anger had been raised as the IBA/ITC was not contacted by the BSB shareholders to be informed of the negotiation that was occurring between them and Murdoch.\textsuperscript{130} Subsequently, the regulatory body argued that its contract with BSB had been breached as the BSB shareholders had no rights to effectively dispose of the IBA regulated DBS channels. Glencross commented:

"It is one thing for the BSB shareholders to conclude that they can no longer support the losses that are being incurred. It is quite another for them to imagine they can transfer or share the contract with whoever they choose. The DBS contract is not theirs to dispose of. It is the IBA's decision."\textsuperscript{131}
Moreover, the tough stance was enhanced by the decision to give careful consideration of any application from B-Sky-B for a non-domestic satellite licence. However, in the long-term the IBA/ITC was powerless to intervene as it had no legal jurisdiction over the merged companies or the Astra Telecommunication satellite airwaves that were employed by the new organization. As Peter Goodwin commented:

"The problem with the IBA's decision to terminate the DBS contract only after a transitional period is that after that period B-Sky-B does not have any reason to be interested in the DBS franchise. B-Sky-B has made it clear from the start its intention to concentrate solely on Astra."\(^{32}\)

In the event, the IBA/ITC retracted by allowing B-Sky-B to transmit its programmes on the licensed non-domestic satellite airwaves, thereby deciding that the practicalities of the 'merger' outweighed the protection of its regulatory status over broadcasting.\(^{133}\) Therefore, despite the initial show of strength by the Authority/Commission, in reality, due to its limitations to intervene, pragmatism and the general lack of political will exhibited by the government, it found itself to be largely impotent and being forced to ratify a decision made between Murdoch and the BSB shareholders.

Further restrictions have become apparent over the ITC's regulation of ITV scheduling practices. Whilst George Russell has declared that the ITC may be able to take an interventionist role in programme scheduling, in reality its position has proved to be qualified. Essentially, the Broadcasting Act 1990 placed scheduling power into the hands of the ITV companies through the establishment of the ITV Network Centre. This body is responsible for both commissioning and scheduling programmes. Further, due to the financial changes which have affected the companies and the fewer
public service commitments, they are keen to increase advertising revenue by scheduling more popular programmes. In this respect, the ITC's role has proven to be reactive rather than pro-active. Clare Mulholland has summed up the 'arms-length' relationship between the licensor and licensees which has emerged from the legislation:

* To a considerable extent the system will be one of self-regulation by the licensees within a clear framework of obligations and codes of practice. The ITC will need to have an effective information system to allow it to take prompt action when problems arise. For their part the licensees will have their own internal procedures to ensure that they meet the requirements and standards of their licence. It will be for the licensees, for example, to make proper arrangements for the handling of complaints from the public about programmes, scheduling, advertising and technical operations standards."

Although the ITC has argued that it can remain a 'progressive regulator' which will be able to intervene within the schedule by settling franchisee's contracts and demanding certain types of 'quality' programmes, the ITV companies have taken a very different approach. They contend that the ITC has no pre-viewing powers and may find that its legal power will prove to be circumscribed. The battle-lines are beginning to be drawn between the older conceptions of the regulator and the new commercial imperatives that are governing managerial tiers within the companies. As Greg Dyke has commented:

* They (the ITC) are trying to be the old IBA by another name. They won't sustain that because they will bust up with one of us and we will take them to court. There will be terrible bust ups. They keep saying things like they can influence where pieces are scheduled tonight, we send them legal advice and say we can schedule where we like. They think they have a 'quality' schedule list and they have some influence in it; they haven't at all and I've got the legal advice to prove it to them.
* They will become like an American regulator. They'll add up columns and they'll add up numbers."
One example of this development has been the concern over religious broadcasting. For many years, the ITV companies had been obliged by the IBA’s regulations to schedule religious programmes early on a Sunday evening. This undoubtedly has an impact upon advertising revenue, but had previously been mandatory. During 1992, the ITC received 1,460 letters concerning ITV’s intention to move the religious programme, *Highway*, from this slot.\(^{136}\) However as David Glencross admitted:

"As a result of the Broadcasting Act 1990, the ITC no longer has powers to mandate that a particular religious programme is shown at a specific time, so the matters one between viewers and the ITV companies."\(^{137}\)

Therefore, throughout this transitional period the ITC has faced several challenges to institutional status and its jurisdiction over broadcasting. Inspite, of the formal declarations and policies pursued by George Russell which stress continuity, incremental change and a pro-active role for the ITC, the commission has been plagued by self-doubt and has faced several challenges to its authority. Although, the ITC is officially a light-touch regulator, its role has become increasingly problematic as it has been forced to interpret the legislation and to respond to a disparate broadcasting environment in which new actors from other areas of the media economy have become dominant, most especially Rupert Murdoch, and ITV, due to the franchise auction, has become more commercially motivated. Clearly, from this evidence the ITC’s response has been shaped as much from its own predecessor as from the legislation. However, this material still fails to fully demonstrate the practices the ITC will engage after 1992.
7:4. AN ANALYSIS OF THE ITC'S EVOLVING WORKING OPERATIONS: THE COMMISSION'S ROLE DURING THE CHANNEL 3 FRANCHISE AUCTION

The most instructive method which has remained open to the reviewer in determining possible patterns for the future is to consider how the ITC coped with the supervision of the controversial ITV Franchise Auction. This dominated its attention during the first year of its operations. Consequently, such an analysis will define the ITC's principal working practices and may suggest how the commission will continue to make its decisions. There is a further advantage in detailing these practices as a direct comparison can be made between the ITC and its predecessor the IBA, as the latter was similarly responsible (albeit under substantially different circumstances) for the re-allocation of ITV franchises in 1981.

7:4.1 THE 1981 FRANCHISE ROUND: HOW DID THE IBA CONDUCT ITS AFFAIRS?

In order to understand the IBA's motivations in 1981, it is first necessary to consider the evolution of the legal and industrial context in which the Authority was situated. As I have previously argued in my historical chapter, the British broadcasting system whilst outwardly exhibiting the features of a dual system based upon a mixed economy of public and private finance, developed in an incremental fashion in which the public and private sectors represented two sides of the same order. The system had been contained by the state as statutory regulatory bodies required governmental backing both in institutional and ideological terms in order to attain legitimacy. This
form of governmental support has neither been formerly achieved through legislation or by heavy-handed state intervention. Instead it has been subtly realised through concepts such as ‘impartiality’ and ‘public service’ which have combined to create of a culture of shared aims and mutual understandings between broadcasters and politicians. Within this space, the broadcasting regulators have had a fair degree of autonomy which was, in turn, defined by an understanding of what could or could not be achieved. This has created a specific set of working arrangements in which de-facto or informal practices were covertly pursued as the norm.

Kenneth Dyson has argued that as a consequence British broadcasting regulation has enabled certain key players to attain privileges as they were seen to be representative of sectional interests, whilst simultaneously being consonant with a particular perception of the ‘public interest’.

He maintains that two tendencies have typified the regulatory process: that regulatory capture has occurred as those who were to be regulated have determined how regulators have conducted their affairs and there has been an orchestration of interests structured in a neo-corporatist manner. He has defined this as Private Interest Government and states that five key features have become conspicuous:

1. Regulation was based on ‘minimalist’ legislation, with governments displaying reticence about the very idea of ‘broadcasting policy’.
2. In their relations with broadcasting governments showed a preference for invisible or indirect action.
3. The regulatory process involved a pronounced secretiveness, privacy, informality and exclusiveness, with a narrow range of privileged participants and little concern about public accountability.
4. The regulators represented ‘establishment politics’ (or) ‘the great and the good’. Regulation depended on trust in them to define and safeguard the ‘national interest’ in broadcasting and took on a strong component of moral suasion.
5. The regulations exercised self-restraint, so that in practice the reality of regulation was shaped by broadcasting professionals.\textsuperscript{140}

The 1981 round of ITV franchise re-negotiations and the IBA's role throughout this process would appear to vindicate Dyson's arguments. The 1980 Broadcasting Act was ratified during the Thatcher government's first term and belonged to the traditions of consensual broadcasting policy where minimal governmental requirements remained the norm. Although the 1980 Act demonstrated a degree of tightening the system up in relation to public accountability and by increasing the number of rules, as Dyson has noted the "law provided a framework, rather than a blueprint."\textsuperscript{141} The legislation was minimalistic and empowered the IBA to act in an unilateral manner as it could decide on the ITV company franchises for a maximum of eight years.

The IBA's interpretation of the Act led it to review the ITV franchises throughout 1980 to 1981. The IBA Chairman Lady Plowden, along with the board, was largely responsible for setting out the procedure and determining the decisions which were made. In many respect, both the IBA's review of the franchises and the conclusions it came to were subjected to extensive disapproval. Asa Briggs and Joanne Spicer have outlined seven major criticisms.

First, the ITV companies felt that the process had a detrimental effect on their programming as management was forced to focus on the franchise round and the companies diverted resources away from their output. This the companies, and to a lesser extent the new IBA chairman Lord Thomson, had argued led to a decline in
programme standards. The second criticism concerned the inequity of a process in which a number of companies faced no competition whatsoever, whilst others which were vulnerable from all sides ended up losing their franchise despite the relative merits of their programming. As Briggs and Spicer comment:

"There seems to be something inherently unjust about a system where there was no evening out of bids, particularly since, during the franchise-allotting processes, 'weaknesses of incumbent companies' which were challenged might have been exposed by contenders in whom the Authority itself was soon to show no confidence."  

The IBA was also accused of thinking about their decisions as a 'package' concerning the economics and politics of the whole of the ITV system, rather than thinking about the effect on the individual programme contractors. This led to many arguing that the system was unjust as strategic sacrifices were made to preserve the overall order. In particular, the replacement of Southern Television with Television South (TVS) was cited as evidence of this form of thinking. Further, this was little or no unanimity over whether the system was actually any better or worse off after these changes.

Another issue concerned the role of the Authority and its inability to relate programming with finance either in consideration with individual companies or the overall structure of the system. Essentially, the IBA was perceived as being composed of amateurs, of being out of touch whilst still attempting to be interventionist. The ITV professionals understandably felt that the IBA, a lay body, did not have a consistent understanding of the system. Moreover, the legislation had allowed these individuals to make judgements which affected the companies' profits.
The fifth criticism concerned the Act itself. The legislation had been too vague on the relationship between the IBA's monitoring functions and its allocating function. This had led to confusions and a spectacular volte-face by the Authority. For instance, in 1974 the IBA had written to the chairman of Southern Television praising the company's programming and technical output. In 1980 to 1981, Southern Television had lost its franchise. For all practical purposes, Southern Television's performance had improved in these five years. Therefore, whilst the IBA claimed to find the company programme output as 'bland, it appeared that the IBA had not used the monitoring reports that it was meant to keep.

A sixth criticism referred to the failure of any form of actual public debate. The public had little or no chance to comment on the process whilst it was occurring or once the decisions had been made. Public meetings seldom focused on key issues concerning ownership, holding companies, diversification or regional share-ownership. Financial issues were either treated naively or were ignored. Finally, the procedure was seen to be inappropriate and poorly organized. The companies losing their franchises were not given appropriate warning and anomalies existed as some companies were either required to give detailed explanations in their interviews with the IBA, whilst others were barely questioned. Most especially, decisions were seen to have been made in a high-handed manner. Lady Plowden's response to these criticisms also did not help when she stated that "it would be destructive to have hearings in public because you can ask in private questions you can't ask in public." As Briggs and Spicer have commented the lasting impression was that:
"No changes were made (and) ... the general discussion ... was less comprehensive and probing --- than the previous dialogue between the companies and the Authority or public discussion outside Parliament."152

In performing its legal duties, the IBA may be seen to have employed normative practices which were founded upon the characteristics of secrecy and invisibility. There was little room for public control or accountability as the Authority preferred to negotiate with a limited number of participants who were deemed to be influential due to their professional status. Moreover, establishment politics came to the fore as the IBA decided to incrementally alter the commercial system so that public service prescriptions would remain fundamental. An elaborate and complex process was used so that the wider systematic benefits were encouraged and that any change in one area needed to take into account the overall balance of the system.

Finally the patronage of the major Independent Companies can be perceived as being influential. It is a truism to note that the more important large companies (Thames, London Weekend, Granada) remained unaffected and retained monopolistic control in organizing the network and smaller companies such as Southern Television lost their contracts. Dyson has identified this latter tendency as being neo-corporatist153 and this led to many criticisms:

"The Times ... spoke of the Authority as a 'lay body' (which was) allowed "to choose the companies permitted to operate an absolute monopoly in a field which has in the past made fortunes for some of those who coin the IBA's approval". The professionalism of independent television lay in the companies, not at Brompton Road."154
7:4.2. THE ITC'S SUPERVISION OF THE 1991 FRANCHISE AUCTION

In contrast to the 1981 Franchise round which had been widely condemned, the government had intended that the 1990 Act would make the system more transparent and accountable by opening it up to the market-place through an auction, inspite of the quality guarantees, and effectively dispensing with a level of complacent bureaucracy.

However, through the policy process and the bargaining which had occurred, it has also been suggested that the legislation was inappropriate and forced the ITC's hand in its decision-making. Many within the industry felt that the ITC, led by Chairman George Russell, had managed to act as effectively as possible. It was argued that the commission had skilfully stemmed the flow of revenue going directly to the Exchequer's coffers by employing the 'quality threshold' and by penalising companies who drastically overbid such as TVS and TSW. Peter Goodwin has suggested that the ITC document Invitation to Apply for Regional Channel 3 Licences by defining programming strands and sub strands (for instance, news, religion, and childrens) and the threat of the 'Exceptional Circumstances' clause enabled the commission to ensure that programme-quality was to some extent maintained. Conversely, it may also be stated that it let through too many high bidders who may face increasing problems associated with the current recession within advertising and the potential growth of subscription in the following years.
Whilst, several points of view have been expressed in respect to how the ITC's decisions affected the industry, less has been said about whether the commission's interpretation of the franchise auction rules was any better or worse than what occurred in 1981. However, a number of clear features were detectable within its approach to the competitive tender. These factors hardly conformed with the Government's stated aim of making the ITV sector more accountable to the public by employing commercial measures to free the system. Instead, they demonstrate the persistence of Dyson's analysis claiming that the broadcast regulation has been fixed within the *Private Interest Government* approach.

The first and most obvious factor was the lack of any *actual public debate*. The ITC made no attempt to hold any public meetings during the franchise auction process. This was left to the British Film Institute (BFI) who staged a number of regional public meetings to provide the forum for debate. These debates were predominantly populated by interested parties and received little or no publicity. This meant that the most drastic upheaval to the commercial system since its invention was largely ignored by the public who remained ill-informed about the potential changes that were being discussed. George Russell's comments sound suspiciously similar to those made by Lady Plowden ten years earlier:

"The methodology of trying to see who is good, bad, indifferent; the financial analysis, no public meetings, no beauty parades, the formal requests for further information in writing and getting a considered reply back - this is a process I would stand by totally."\(^{158}\)
Second, far from being the straightforward auction that the government had originally envisaged, the process became a **massively complicated and bureaucratic undertaking** which involved several hundred man hours and took nearly ten months to complete. In interpreting the rules, the ITC produced the *Invitation to Apply for Regional Channel 3 Licences*. This seventy-five page document was sent out on the 15th February 1991 and contained over two hundred sections outlining how a bid should be made.\(^{159}\) These comprised licensing requirements, the franchise procedure, the quality threshold and the general arrangements of the future network.\(^{160}\) As George Russell has commented:

"The Government did not lay down the mechanism of the methodology, we did."\(^{161}\)

This meant that the workload was divided amongst a number of working parties who first looked at the programming 'quality' of the application and then were drawn together to consider Section C - the business plan. These teams had no prior knowledge of the size of the bids and consequently employed the *normative* criteria associated with the traditions of ITV rather than respond to the commercial imperative of the competitive tender. Thus, in spite of the ITC's altered legal remit in granting franchises under the terms of the Act as a licensor, the commission still retained its predecessor's institutional and ideological outlook in assessing the applicant's merits or deficiencies. The ITC remained strongly interventionist as programme content, regional appropriateness and business plans were all considered in detail. In particular, this analysis may be seen to have underpinned the commission's notion of 'quality' broadcasting when it dealt with the first part of the application. As Sue Elliott
"There is no definition of quality. ... However, the only workable way of dealing with the issue is to equate it, to some extent, with diversity and range which are parts of the conception. Therefore, the ‘quality threshold’ was based in relation to the existing ITV service. Using the present service as a benchmark, licensees may at least (be judged) on a package which concurs to eighty percent of such output."\textsuperscript{162}

Fourthly, the ITC did not \textit{even out} the results of the bidding process. The contradictions within the system were legion as Central and Scottish Television found themselves freed from competition, whilst the London weekday contractor Thames, in spite of its status as a largest contributor to the network, lost its franchise to Carlton. In this respect, it could be argued that the ITC’s approach contrasted with the IBA’s attempt to provide a ‘package’ for the overall system in 1981. The process forced the ITC to consider each region in isolation. As George Russell has commented:

"It is also wise for you to remember, because I kept telling people at the time, that it was genuinely 15 or 16 different races, the threshold for each and the size of Becher’s Brook for each being different."\textsuperscript{163}

However, whilst the government had envisaged this would increase competitiveness only areas of potential profitability received a significant challenge from the new companies. Moreover, it may be argued that the ITC’s decision to remove Thames was governed by political realities and it was \textit{sacrificed for the general good of the ITV system}. In this respect, the major players, such as Granada, remained secure and \textit{a degree of regulatory capture} still characterized the relationship between the ITC and ITV companies. Further, this decision may be also be seen to demonstrate the persistence of \textit{establishment politics} within broadcast regulation.
Finally, the decision-making process remained resolutely secretive both to the companies who won or lost the auction and to the public. It was a clandestine affair. Its outcome did not have to be publicly defended by the commission and certainly a number of the decisions appeared somewhat arbitrary, most especially it should be noted with the removal of TV-AM. In this respect, the ITC remained fixed in the tradition of its predecessor, the IBA, which was heavily criticised for its arbitrary approach during the 1981 Franchise round when companies such as Southern Television were dropped for no publicly stated reason. The former Chairman of the IBA, Lord Thomson of Montieth, famously remarked about the IBA’s 1981 decisions that ‘There must be a better way’.

However, the 1991 franchise auction certainly did not prove to be an any more open or democratic procedure as neither the public or the losing franchisees were provided with a full explanation of the commission’s decisions. George Russell has argued that the losing companies (Thames, TV AM, TVS, TSW) were all informed under the 1990 Act rules why they had been removed. However, Russell admits this explanation was only partial:

"All they got on 16 October was a simple faxed letter saying that you failed quality or in some cases failed on finance. In the meetings later we were able to say, you failed quality under section 2a, but passed under c, d, e, f or whatever. We formally told them the bits they had failed under. That was not what they all wanted but that was what we were prepared to give, because that was what we felt proper under the Act." 

The ITC’s refusal to explain its reasoning led to one of the losing companies TSW, chaired by Harry Turner, taking the commission to the courts to overturn the
decision. The company claimed that its business plan had been unfairly assessed and it unanimously rejected the notion that the commission had been mislead by a staff assessment paper. In the event, the Court of Appeal, in a decision of two to one, decided to reject TSW's claim that the ITC had acted inappropriately. The process of judicial review proved to be long, costly (over £500,000 in court costs) and ultimately fruitless for the deposed company, however the ITC was forced to provide information declaring the reasons which had governed the judgements it had made.

Therefore, a comparative analysis between the IBA's actions during the 1981 franchise round and the ITC's decisions in 1991 demonstrate a continuity in its use of the methodology and the outcome. Whilst, the rules and circumstances had greatly altered throughout the decade, the ITC still exhibited the features, outlook and ideology of its predecessor.
CONCLUSION

This chapter has demonstrated that the regulatory arrangements within British broadcasting have become increasingly complicated. The legislation set in place reformed and new bodies alongside traditional regulators. This has meant that regulatory organizations have started to clash over jurisdiction and that incoherence has characterized their operations. This incoherence has appeared on several levels. First, the public’s perceptions of these authorities has been unclear as evidenced by the general inability to distinguish between the BSC and the BCC. Secondly, the regulatory authorities and the broadcasters have largely failed to reach agreement on accepted areas of jurisdiction and procedure. Therefore, rather than deregulation, a process of re-regulation has occurred throughout the post-1990 period. This has been marked by a painful and contradictory transition period which will apparently take a number of years to resolve.

A concurrent development has been the change in the broadcasting environment and the need of the regulatory bodies to adapt to this reformed milieu. In particular, the 1990 Act has commercialized the ITV system and has promoted alternative constituencies of power. In turn, the ideologies expressed by ITV companies’ management have challenged the traditional arrangements. Further, the increasing penetration of the subscription based satellite broadcaster, B-Sky-B, has exposed the shortcomings of legislative process which identified broadcasting as a national, rather than international, phenomenon. This has meant that the legislation governing broadcast regulation may be seen to be inappropriate and short-sighted.
Ultimately, national regulators have proved powerless in attempting to control the efforts of diversified, international conglomerates such as Murdoch's News International.

The case study of the ITC has demonstrated how the one, major broadcasting regulator has attempted to cope in this reformed. Throughout this study it has been possible to identify three main trends --- continuity, adaptation and change:

First, in terms of the ITC's legal framework a complex situation has emerged that reflects the incredible (even for British legislation) swings and balances that have influenced broadcasting policy-making. The minimalistic broadcasting policy that had previously provided a framework for regulation has been replaced by a far more detailed form of law which in attempting to propagate deregulation has resulted in a compromise between a number of competing theories and pressures. Consequently, the ITC has retained some of the interventionist powers of its predecessor, the IBA, most especially over the licensing of the franchisees. However, in respect to the ITV companies' programme output the ITC can only ensure that a degree of balance and quality occurs across the schedule. To this end, I believe, the legislation has proved to be deeply flawed as it has tried to please all interests whilst eventually satisfying none.

Second, it is far from clear, from an institutional or behavioral analysis, if the ITC can or will deliberately circumvent the legislation or will be enforced to follow provisions to the letter of the law. It is possible to argue that continuity will occur as the ITC has used traditional organizational and working practices. However,
the adaptability that George Russell has tried to incorporate into the commission's principles cannot be underestimated. Within the ITC itself the realisation has emerged that things can never be quite the same. The professional staff have been streamlined, the commission was re-locating and the functions of the regulators have been altered. Moreover, they understand that technological and market alterations will force new philosophies to come into play. However, the institutional self-perceptions would seem to imply that throughout the institution's embryonic period the ITC's philosophies remain muddled and unclear. Further, the ITC has appeared to feel that it still may retain a positive control over the ITV system through its ability to sanction or revoke licences. This interpretation of its role has been challenged by the broadcasters who claim that the ITC no longer has the legal power or institutional might to intervene over the schedule. As Steven Barnett comments:

"The ITC will be retrospective and it will be almost impossible for certain commitments to be maintained. It won't be the filter through which programmes are appreciated. It is much more difficult to regulate retrospectively. The procedure is much more slow. It is difficult to tell how effective or ineffective the new system will be, but experience appears to indicate that the ITC will have its work cut out and will be stretched to the limit."

Throughout the 1991 franchise auction the problems of maintaining the traditions of the system, alongside the ITC's attempts to adapt to the new commercial realities became conspicuous. In the event, the ITC understood that its role was to act in the interest of the overall system by stemming the flow of money to the treasury, enforcing a procedure which stressed the quality of the bid and making a number of tactical sacrifices to please its political masters. The ITC's actions also served to expose the argument that the legislation had opened up the decision-making processes
and had made the system more transparent. A comparative analysis between the IBA reallocation of franchises in 1981 and the 1991 demonstrates the similarities rather than the differences in both bodies procedures and their allocation of licences.

As I have previously mentioned, several shades of opinion exist on the future development of British broadcasting regulation. Anthony Smith has argued that the system has essentially remained intact although a number of superficial alterations have occurred. In regard to the ITC, this argument may be substantiated if the institution, the personnel and the commission’s formal interpretation of role are taken into account. These would seem to indicate that the ITC will not become a light-touch regulator. From this perspective, Smith argues that integration and coherence will be achieved as normative ideologies and working practices will be pursued.

An alternative perspective may be drawn from conversations with broadcasting professionals such as Caroline Thomson and Greg Dyke or regulators such as Sue Elliott. They argue that whilst the specifics of the 1990 Broadcasting Act would appear to stress the perpetuation of public service conceptions, in a wider sense different philosophies located around market-led prescriptions are apparent. In turn, they argue that the legislation in attempting to create a situation for deregulation has produced a far more formalised order which will result in an incremental change in the manner in which regulators will function. As Thomson has commented:

"It is a case study of how a traditional old system based on consensus and the ability to muddle through has been replaced by a transparent (market-led) system where everything has to be done by the rules. The rules have to be more detailed as they are related to legal obligations."70
Both of these arguments are conditioned by the values of Public Service Broadcasting to a greater or lesser degree. In the former, the advocates of public service have won and these conceptions have proved to be impervious to the intrusion of deregulatory concepts. In the latter, the scenario is less clear-cut as the traditional concepts have been seen to have been undermined by new or different imperatives. These judgements are based upon subjective criteria and should be understood as such. In attempting to apply a more objective assessment upon the material it is clear that factors supporting either case have become apparent and thus tend to simultaneously support and contradict these perceptions. The reality has proved to be far more complicated than there simply being a situation of continuity or change.

2. Ibid., pp.1-12.

3. Ibid., pp.1-12.

4. Ibid., pp.1-12.


7. Ibid., p.39.

8. Ibid., p.126 and p.150 (paragraph 696): "696. The end of all censorship arrangements would be a sign that broadcasting has come of age, like publishing three centuries ago. Prepublication censorship, whether of printed material, plays, films, broadcasting or other creative activities or expressions of opinion, has no place in a free society and we want to advise Government and Parliament to embark forthwith on a phased programme for ending it."

   For further details see one of Samuel Brittan's numerous articles, most especially, 'The Fight for Freedom in Broadcasting', The Political Quarterly, January 1987, pp.3-20.

9. Whilst the report relies on implications, see for instance ibid., p.126., Samuel Brittan's essays have made this issue explicitly see 'The Case for the Consumer Market' in Cento Veljanovski (ed.), Freedom in Broadcasting, IEA, 1989, p.27: "Cries of censorship are usually confined to particular programmes which displease the Government. But the whole process of the IBA, both its continuing vetting of schedules and programmes and its long-term power to withdraw franchises from contractors who displease, has amounted to censorship."

10. Ibid., p.133.


13. Ibid., p.123.


15. Ibid., pp.126-127.

457


18. Ibid., p.132.

19. Ibid., p.129.

20. Ibid., p.129.

21. Ibid., p.130.

22. Ibid., p.133.

23. Ibid, p.131. For further details, see the Broadcasting Standards Council Leaflet *Making Complaints*.


25. Ibid., 130. Section 153 (4) states: "The Council shall have further duty of monitoring, so far as reasonably practicable, all television and sound programmes which are transmitted or sent from outside the United Kingdom but are capable of being received there."

26. Ibid., HMSO, pp.76-79.


28. Ibid., p.2.


30. Ibid., p.173.

31. Ibid., p.43.


33. Ibid., p.2.


35. Ibid., p.2.

36. Ibid., pp.3-7.

37. Ibid., p.3.

38. Ibid., p.5.
39. Ibid., p.2.

40. Ibid., pp.6-8.

41. This clause appears to have been added due to the constant suspicion which has characterized relations between the political elite and the broadcasting institutions. It demonstrates at a micro level the constant ambiguity which has existed throughout this policy cycle between libertarianism and authoritarianism.


43. Ibid., p.7.


45. Ibid., p.4.


48. Ibid., p.4.


50. Ibid., p.11.

51. Ibid., p.11.

52. Interview with Sue Elliott, Senior Programme Officer, The Independent Television Commission, 70 Brompton Road, 23.4.91.

53. Ibid..

54. The company was chaired by John Forrest, the former chief of the IBA Engineering Department and was based at the IBA's former engineering base at Crawley Court in Winchester. For further details see the National Transcommunications Information Pack, 1991. This comments:
"Following the Broadcasting Act 1990, National Transcommunications has emerged from the IBA Engineering as a commercial transmission company. ... National Transcommunications (NTL) will be market-led and customer-orientated, employing staff drawn largely from the base of expertise previously in the IBA. The company is initially vested in Home Secretary, who plans to privatise it in 1991."


56. Ibid., pp.29-31.
57. This point was made by George Russell in his Fleming Memorial Lecture, *ITC News Release, 23/92, 2.5.92, pp.9-10:*
"The alphabet soup grows by the month - the ITC, the BCC, the BSC, OFTEL, the DTI, the OFT and the MMC. All that's missing is OFGAS to regulate the amount of hot air that's being spoken! Squabbles among this kennel full of rival watchdogs could lead to a major shambles in our industry, with doubt in the minds of the broadcasters about which of the watchdogs bite and which ones bark. There's no sense in a system with so many competing - and often conflicting - regulators and pseudo-regulators."


60. Standing Committee F. Papers, *(House of Commons) Hansard*, HMSO, 18.1.90, Col.158.


63. David Glencross quoted from Jeremy Coopman, 'Is it de-reg or re-reg? The ITC tackles UK's new tube law', *Variety*, 4.2.91, p.13.


67. Interview with Caroline Thomson, Head of Corporate Affairs, Channel Four, 13.5.91.

68. Interview with Sue Elliott, 23.4.91.

69. Interview with Colin Shaw, 25.4.91.


71. Anthony Smith, 'Crossed Channels', *The Times Higher Educational Supplement*, 3.5.91, p.16.

72. Interviews with Greg Dyke, Chief Executive, London Weekend Television, South Bank Television Centre 9.11.92 and Caroline Thomson, Head of Corporate Affairs, Channel Four, 13.5.91.
73. Ibid..

74. Ibid..


78. For further details see *ITC 1991 Report & Accounts*, ITC, 1991, p.54. The ITC’s income for 1991 was accounted for as follows:

### 1. Income

The principle sources of income to the ITC are rentals receivable from the ITC’s programme and teletext contractors, and fees receivable from satellite television service and local delivery service licensees.

<table>
<thead>
<tr>
<th>Source</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.1 Rental and licence fees</strong></td>
<td></td>
</tr>
<tr>
<td>ITV programme contractors</td>
<td>19,542</td>
</tr>
<tr>
<td>Teletext contractors</td>
<td>8</td>
</tr>
<tr>
<td>DBS programme contractor</td>
<td>700</td>
</tr>
<tr>
<td>Non-domestic satellite licensees</td>
<td>66</td>
</tr>
<tr>
<td>Licensable programme service licensees</td>
<td>33</td>
</tr>
<tr>
<td>Cable and local delivery</td>
<td>579</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,928</td>
</tr>
<tr>
<td><strong>1.2 Other income</strong></td>
<td></td>
</tr>
<tr>
<td>Application fees for licences:</td>
<td></td>
</tr>
<tr>
<td>Channel 3</td>
<td>1,855</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
</tr>
<tr>
<td>Rents and service charges to sub-tenants</td>
<td>572</td>
</tr>
<tr>
<td>Service charges to other bodies</td>
<td>104</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,575</td>
</tr>
</tbody>
</table>

2 Expenditure
2.1 Employee Statistics

The average number of persons employed by the ITC, not including Members of the Commission, was:

<table>
<thead>
<tr>
<th>Department</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive and Secretariat</td>
<td>18</td>
</tr>
<tr>
<td>Programme contract and licence regulation</td>
<td>56</td>
</tr>
<tr>
<td>Advertising and sponsorship regulation</td>
<td>13</td>
</tr>
<tr>
<td>Engineering</td>
<td>19</td>
</tr>
<tr>
<td>Public affairs and information</td>
<td>33</td>
</tr>
<tr>
<td>Regional offices</td>
<td>38</td>
</tr>
<tr>
<td>Finance</td>
<td>25</td>
</tr>
<tr>
<td>General administration</td>
<td>52</td>
</tr>
</tbody>
</table>

80. *ITC Financial Reports and Accounts*, ITC, 1992, p.56:

1.1 Rentals and licence fees

<table>
<thead>
<tr>
<th>Service</th>
<th>1992 £000</th>
<th>1991 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITV programme contractors</td>
<td>16,265</td>
<td>19,542</td>
</tr>
<tr>
<td>Teletext contractors</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>DBS programme contractor</td>
<td>418</td>
<td>700</td>
</tr>
<tr>
<td>Non-domestic satellite licensees</td>
<td>185</td>
<td>66</td>
</tr>
<tr>
<td>Licensable programme service licensees</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Cable and local delivery licensees</td>
<td>473</td>
<td>579</td>
</tr>
</tbody>
</table>

| Total                            | 17,380    | 20,928    |


83. Raymond Snoddy, 'IBA regulatory staff likely to keep jobs', The Financial Times, 12.4.89, p.10.


86. Richard Brooks, 'Rise and rise of a memo master', The Observer, 28.1.90, p.79.


91. Interview with ITC spokesman, 19.3.93.

92. Interview with Caroline Thomson, 13.5.91.


95. John Dugdale, The Guardian, 13.5.91, p.21. Jocelyn Stevens is a flamboyant figure. He was editor of Queen Magazine and a senior executive with Express Newspapers before becoming rector of the Royal College of Art in 1984. As Chairman of English Heritage Stevens was heavily criticised when he attempted to shed responsibility for running up to 200 historic sites. The Shadow national heritage secretary, Ann Clwyd, said: 'While he may consider it macho to foster his image as an asset-stripper and an axeman, it is not an image that fits in well with being custodian of our national heritage.' For further details see 'The Day in Politics: The Day in Brief' The Guardian, 10.11.92.

96. Ibid., p.21.

97. Ibid., p.21. The other members of the ITC board in 1991-1992 were: the Earl of Dalkeith, the son of the Britain’s largest private landowner and a former Conservative councillor; Professor Sean Fulton, Pro-vice chancellor of Queens University; Eleri Wynne Jones, Practitioner and Teacher of psychotherapy and counselling at the University of Wales, Aberystwyth; Roy Goddard, Business consultant; Pauline Mathias, retired Headmistress; Lady Poppelwell, former Conservative councillor, JP and governor of several schools; Professor James Ring, Astronomer at Manchester
University; Pranial Seth, former Director of Abbey Life and Director at Reed International.


99. Ibid., p.2.

100. See for instance Brenda Maddox, 'The Man who minds the Quality', *Sunday Telegraph*, 11.3.90, pp.25-26. George Russell was appointed the IBA/Shadow ITC Chairman in November 1988, a week after the publication of the White Paper.


105. Ibid., p.1.

106. Ibid., p.3.

107. Ibid., p.13.


111. Ibid., p.3.

112. Ibid., p.1.

113. Ibid., pp.5-13.


116. The EC Directive called for a total ban on cigar and pipe tobacco advertising.


118. Ibid., p.33.

119. Ibid., p.33.
120. Ibid., p.35
121. Ibid., p.35.
122. Ibid., p.35.

123. Ibid., p.35. According to the legislation, the code could make different provisions for different licensed services. For further details see Robin Duval, 'The Regulatory Environment', AdMap, October 1990, pp.9-13.

124. Interview with Sue Elliott, 23.4.91.
125. Ibid., 23.4.91.
126. Ibid., 23.4.91.
127. Ibid., 23.4.91.
128. Ibid., 23.4.91.
129. Ibid., 23.4.91.

"The reason (Ian) Irvine had been unable to get hold of George Russell, the IBA chairman, was that he was at his secluded country retreat in Northumberland, relishing one of his periodic returns to his Geordie roots well away from both telephones and television. The IBA has still not succeeded in getting him by Saturday night and he had been continuing to enjoy his weekend until he arrived at a local bonfire night party. There, over the toffee apples and the parkin, he fell into conversation with a neighbour who asked him what he thought of the news. Russell’s weekend never recovered."

Glencross had been particularly galled as his friend John Gau, BSB Director of Programmes, had told him nothing and the BSB shareholder Granada had been the longest serving franchisee in the ITV system.

131. Sean Moncrieff and Lisa O’Carroll, ‘IBA may seek damages’, Broadcast, 9.11.90, p.3.


133. Ibid., p.16.

134. Clare Mulholland, ‘Voice of the Listener and Viewer’ Spring Conference proceedings, VLV, 6.5.92, p.3.

135. Interview with Greg Dyke, 9.11.92.

137. Ibid., p. 7.


139. Ibid., pp. 233-4.

140. Ibid., pp. 255-6.

141. Ibid., p. 257.


143. Ibid., p. 187.

144. Ibid., p. 188.

145. Ibid., pp. 188-189.

146. Ibid., p. 189.

147. Ibid., p. 190.

148. Ibid., p. 189-190.

149. Ibid., p. 190.

150. Ibid., p. 190.

151. Lady Plowden quoted from Ibid., p. 193.

152. Ibid., p. 80.


157. Interview with Greg Dyke, 9.11.92.


159. See *Invitation to Apply for Regional Channel 3 Licences*, ITC, February 15th 1991.

160. Ibid., p. 11-37.
Over the next few days Turner’s expression hardened into steely resolution. He had 300 staff to answer to for his misjudgement, not to mention the company shareholders. He wanted reasons why TSW had failed. At a meeting with George Russell, David Glencross and Michael Redley in the ITC boardroom on 31 October he pressed them.

‘On what basis, George, do you say we can’t sustain this level of bid?’

‘I’m not obliged to tell you.’

‘Oh come on, give us a clue. I’ve got three hundred people in Plymouth who need to know.’

‘I’m not obliged to tell you.’ Russell, it was clear, was under instructions. The ITC team admitted that TSW had ‘played by the rules’ in making its application, but the decision to block the bid was ‘a matter of judgement’ for which no further explanation could be given. Turner was livid. It was, he said later, the most pointless meeting he had ever been invited to in his life.”
CONCLUSION

The aim of this thesis has been to assess, analyze and explain the evolution of British broadcasting policy throughout the mid-to-late eighties and to consider the early developments within British policy outputs in relation to the commercialization of broadcasting finance and regulation. It was my purpose to carry out an investigation which would test, through a number of criteria, the nature and extent of deregulation within broadcasting. In this respect, I have analyzed the historical development and organization of the British broadcasting system, the development of deregulatory theories as articulated by the Peacock Report, the political will and culture in which the policy was developed, the nature, scope and orientation of the legislation itself and the implementation of this policy.

To this end, the central conclusion of my work has been that broadcasting has evidenced an on-going transition between a regulated public duopoly founded upon the tenets of 'Public Service Broadcasting' (PSB) into a system in which public and private funding has been channelled into increasingly commercial practices. This is an incremental process in which certain characteristics are starting to become apparent as the British broadcasting system currently exhibits elements of continuity, revision and outright reform.

The broadcasting institutions continue to exist in a modified form and formally the system remains committed to the public service ideal, although this has been pitched as being predominantly the concern of the BBC and Channel Four. Through
the franchise auction and the considerable sums of money that have left the companies to go directly to the Exchequer, the ITV sector is becoming increasingly commercial in terms of its organizational structure, constituent power blocs, labour practices and programme output. The ITC, inspite of retaining semi-interventionist powers within the role of broadcasting, appears to be more and more involved in thorny licensing issues in respect to the regional franchises.

A significant alteration has begun to show itself at an ideological level within the broadcasting elite as the terms of the debate have been set by the market, as commercial practices are being more consciously pursued. Further, a new generation of broadcasting managers, as signified by individuals such as BBC Director-General John Birt, Carlton chairman Michael Green and former London Weekend Television (LWT) Chief Executive Greg Dyke, have ascended into the major positions of power and influence. In many ways, these changes have been imperceptible and were afforded through the legislation, institutional practices and reformed ideologies. Therefore, the effect of the Peacock Report within this context has been crucial in certain areas, incremental in others and marginal elsewhere.

In this respect, the deregulation of broadcasting which was advocated by Peacock and intellectuals such as Samuel Brittan and Peter Jay, has been subsumed by a process that may be best described as re-regulation. The Peacock Report and Brittan, in particular, throughout his writings on broadcasting, made the link between economic reform and political liberty.¹ The argument was drawn from an innate belief of the self-regulating capacity of the market and a critique of the duopoly which
contravened consumer welfare. Further, the citizen’s rights had been ameliorated by the traditional monopolistic system which was covertly subjected to state intervention through regulation. Brittan saw ‘regulation-as-censorship’ and the report made several references to MacCaulay’s history of a free press, liberated by the Star Chamber repeals and the economic emancipation of advertising. This aspect of Peacock’s critique remained unique, but was quickly dismissed by Douglas Hurd who reasserted the government’s wish to retain interventionary supervision over programme output.²

However, the subsequent course of the legislative process was marked by a precarious balancing act between state intervention and the Thatcher government’s well-articulated belief that it stood in the vanguard for opening up the market for competition through free-market practices such as deregulation. The government’s response was influenced by the strain of repressive controls over the broadcast media that it had virulently practised throughout the early-to-mid-eighties culminating the ‘Real Lives’ and ‘Death on the Rock’ debacles and the multi-farious forces, such as the advertising lobby, who lined up on either side of the debate.

The Peacock Report’s political libertarianism was undermined throughout the policy-making process and the subsequent implementation of the legislation. Ironically, the economic reform of the system and the increased access for Independent producers has given rise to a significantly stronger set of state controls. This was due to the government’s mixed motivations as its attempt to dismantle the broadcasting system was strongly directed by its desire to quell what it perceived as a dangerous political foe. As a consequence, an invidious pattern of de facto state power

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has started to emerge as broadcasting finds itself governed by the volatility of the market. This has become apparent in a number of ways either through the legal changes affecting ITV as the ITC is no longer the official broadcaster and cannot protect the companies by representing them in court, through the politicization of the senior appointment process, thereby inducing a greater complicity between the political and the broadcasting elite, and finally through the implementation of broadcasting policies determined in relation to the immediate political environment.

However, in one noticeable respect, Peacock’s aim for public service broadcasting has become manifest. This has been the concern with the public service being endemic in the programming ends rather than in the institutional values and organization. To some extent, Peacock’s notion of public service being provided by the market-place has been borne out, albeit not necessarily in the form outlined in the report.

This has been overtly apparent in the commercial changes instigated by the 1990 Act which have affected ITV, as the companies have been subject to a franchise auction (in which significant revenues were taken out of the system) and have had to dramatically rationalise their operations. In the ITV sector many of the normative understanding, rules and indeed regulations have been dismantled.

Similarly, the BBC’s internal market reform of ‘Producer Choice’ is intended to employ market strategies in order to increase creativity at the programming ends whilst simultaneously demonstrating the efficient use of public resources. The sea-
change in the BBC’s management’s attitudes has been promoted through the patronage appointment system indulged in by the corporation, the twenty-five percent quota and the institution’s attempts to second guess the government.

It should be noted that these developments have, in many respects, occurred through incremental re-conceptions, inspired (or not, depending on your political persuasion) by the constant legislative, political and financial pressures which have faced broadcasting, rather than following any type of prescribed pattern laid down by the Peacock Report. The legislative cycle (in common with many others) resulting in the 1990 Act has been messy, contradictory and incoherent. Issues have been raised, only to be rejected and the whole policy has been subject to many false dawns. In particular, the pace of the new technological developments have tended to outstrip policy-making and forecasters. Ironically, these caveats and possible cul-de-sacs appear to be the one consistency in the whole process under investigation within my thesis. This also appears to be one of the trends that has marked the early and continuing implementation of this policy. Therefore, this development sheds light upon the following issues:

Firstly, the imperatives and dynamics which have shaped the policy-making process. Throughout the immediate post-Peacock policy-making period there was a battle for supremacy between the Home Office and the Department of Trade and Industry (DTI) over the control of broadcasting. Both departments held different interests in regard to broadcasting and were responding to alternative policy and ideological agendas. The Home Office preferred to perceive broadcasting in the
normative terms arguing for the maintenance of public service as a public good for a limited resource (although broadcasting was increasingly being subjected to technological reform allowing for an expansion of the airwaves) and was further motivated by the issues of social and political control. The Home Office ministers, Secretary of State Douglas Hurd and Timothy Renton, were also drawn from the more traditional echelons of the Conservative party and were consummate professional politicians.

Alternatively, the DTI perceived itself at the vanguard of the Thatcher reform movement and was responsible for the technological licensing of broadcasting. The Department had been actively involved in the mass privatization and de-nationalization of industries in the name of competition. As technology provided more competitive opportunities, the DTI argued that broadcasting should be seen as an economic activity and was keen to consider radical solutions such as privatizing the airwaves, BBC2 and Channel Four in order to provide the appropriate conditions for increased independent access to the broadcasting market. Moreover, the DTI acted in a predatory manner during the mid-eighties as it was led by the extremely ambitious Lord Young throughout 1987-1990. Young was a strong political ally of the Prime Minister and owed his appointment to his business background. Therefore, the department devoted a significant amount of attention and time to an issue which had previously been marginal.

This fight for control within the political organization of policy marked the stage between Report to White Paper. In several respects the 1988 White Paper is
indicative of a compromise between the backtracking Home Office, who were fighting a half-hearted rear-guard action, and the DTI which desired greater liberalization, privatization and competition. The compromise over Channel Four, which remains a legally innovative broadcaster, whilst having to sell its advertising in direct competition to a more commercial ITV sector was reached due to the different departmental initiatives. It appears, however, that both departments, along with the then Chancellor of the Exchequer Nigel Lawson, were keen to initiate Peacock's majority decision of the franchise auction.⁵

A second, related issue was the strength of political will over formal economic theories such as deregulation. A tension existed between radical think-tanks, the Peacock Committee, politicians, policy-makers and broadcasters between regarding broadcasting as simply an economic practice and understanding it as a socio-political practice which had wider implications for society. At the most extreme end of market reform stood think-tanks such as 'the Adam Smith Institute' or 'The Institute of Economic Affairs'.⁶ Peacock provided a market-liberal blue-print which retained a minimal form of regulatory practice such as a 'Public Service Broadcasting Council'.⁷ Against this, the government was motivated by a desire to introduce commercial practices and privatization within the industry, but distrusted the full implications of economic deregulation as it desired to retain forms of covert control over broadcasting which had been manufactured through regulatory actors such as the BBC Governors, the IBA and financial practices such as the licence fee and the levy system.⁸

The government's political will was significantly influenced by the efforts of
the advertising lobby and the monopolism which pervaded the industry. The advertisers, who had the ear of the Prime Minister through agencies such as Saatchi and Saatchi (who had organized the Conservative Election campaigns in 1979, 1983 and 1987), felt that their interests had been undercut due to ITV’s monopoly over advertising slots. Effectively, they argued ITV could charge exorbitant prices and its schedule did not account for advertising interests.9

ITV’s monopoly raised government contempt elsewhere. In particular, the Thatcher government disliked the extensive profits which were being made by the ITV companies, through their monopoly of advertising revenues and the Treasury’s inability to effectively tax them through the levy system. The levy was essentially a taxation on profits which could be circumvented by re-investing surplus capital back into the companies through costly productions and labour agreements. It also felt that a form of cartelism had emerged in which there were industry insiders and outsiders. This was most famously evidenced by the IBA’s vetoing of Carlton’s attempt to buy Thames in 1986.10

Thirdly, the government’s ability to actually alter the system was afforded by the communications revolution and the ability to manufacture cheap domestic cable and satellite receivers. The government’s concern, within this area of broadcasting, appeared to be exclusively located around the ability to direct it as a political threat against the established broadcasting organizations and their practices.11 Therefore, the policy-making was cursory as there was no attempt to analyze its supra-national implications. Further, it demonstrated a form of political clientelism in its dealings
with Rupert Murdoch’s ‘News International’ group who held a considerable interest in satellite broadcasting. The government’s refusal to intervene and allow the market to regulate the new media served to lay the foundations for the monopolistic control which currently exists after the ‘merger’ between Sky and BSB.

Finally, any attempt to dismantle the broadcasting system clearly demonstrates the nature and pressures of state-broadcasting relations within the British polity. The deregulatory agenda set by Peacock not only exhibited confusion at the level of political organization and will, but illustrated the dichotomy between the proposed liberalization and the political control which had underpinned the system from its birth in the early twenties.

Effectively, the development of British broadcasting had been conditional upon the ideological, if not overt political support, of the political elite. Public service broadcasting was more than a technical or resource issue, but referred to an ethic of broadcasting and a commitment to apparent political independence, fomented through the broadcasting institutions constitutional and financial organization. The relationship between broadcaster and state has always been more complicated as outright independence has been lessened by the imperatives of legislation, reports, regulation, finance and covert intervention.

The early eighties proved to be a particular tense period for these relations as the broadcasting and political elites fell out and failed to find any common ground in
terms of background, outlook or experience. Margaret Thatcher's ascendancy was accompanied by a number of ideologues situated in very different locales, who had previously been marginal in the political scene. The market-liberals of the Institute of Economic Affairs or the Adam Smith Institute provided the movement with its intellectual base, whilst politicians such as Keith Joseph built up links with the followers of Hayek and Friedman. These changes within the composition of the political elite were not actively followed by broadcasters, who found themselves to be increasingly anachronistic within this environment.\textsuperscript{13}

This dissolution was hastened by the broadcaster's approaches to sensitive political issues such as Northern Ireland or the Falklands, and cumulative series of disputes confirmed the ever-widening gulf. These demonstrated a diverging approach, between broadcasters and the government, over what constituted the \textit{national interest} and what constituted \textit{political independence}. Further, the Thatcher government's aggressive political style added to their all or nothing reading of the relations with the broadcasters. Whilst, poor relations had marked the Wilson government's relationship with the BBC, culminating with the appointment of Charles Hill as the Chairman of the Governors, the retiring of Hugh Green and 'Yesterday Men', his press secretary Joe Haines had accused the BBC of political bias for the Conservatives.\textsuperscript{14} In marked contrast, the leading Thatcherite Norman Tebbit accused the corporation, after the Falklands War, of being governed by a 'unctuous impartiality'.\textsuperscript{15} Moreover, whilst political disputes had marked the terrain previously, significant sections of the political elite supported the concept of public service broadcasting and impartiality. During the Thatcher period, this basic support eroded and the broadcasters found themselves in
an isolated position.\textsuperscript{16}

This misreading of British state-broadcasting relations by both sides produced a situation in which short-term solutions were sought. This led to an incoherent form of legislation which was reflective of a policy-making process riddled with contradictions, partly of the government’s own making which demonstrated the more hidden-hand of political control. The policy-making may be seen to be ‘stop-start’. Initially, the BBC was the object governmental reforms due the poor relations between the Corporation and Thatcherites which had reached a nadir with the ‘Real Lives’ controversy. However, the government’s focus shifted toward the commercial sector as the companies made excessive profits which they had re-directed back into production as they were levied, operated in a highly monopolistic fashion in which competition was stemmed as market entry was limited, were subject to extreme unionization through restrictive union agreements and were regulated by the IBA which may have appeared to have been ‘captured’ by the interests it was supposed to protect the public from.

Whilst ITV clearly went against the apparent aims of Thatcher’s beliefs of competition and efficiency, the principal motivation was political. After ‘Real Lives’ the BBC had ‘put its house in order’ with the appointment of a Conservative ally Marmaduke Hussey as Chairman of the Board of Governors and the dismissal of Alasdair Milne as Director-General.\textsuperscript{17} The BBC also made overt noises about becoming more efficient, whilst simultaneously seeking to limit the amount of political controversy.\textsuperscript{18} ITV, however, found itself at the centre of a high-level political storm
with the airing of Thames TV documentary ‘Death on the Rock’. The government’s approach was deliberately heavy-handed and oppressive. The IBA’s reluctance to bow to political pressure clearly contributed to its own demise and channelled the government’s desire to reform a clearly monopolistic system. The period was also characterized by a complicated development within the legislative process. For instance, extensive lobbying occurred between those who wished to enter the system and had been previously constrained, notably Michael Green’s ‘Carlton’, and ITV backed lobbies such as the ‘Campaign for Quality in Broadcasting’ which received a high-profile due the figures involved within them, who notably also proved to be successful in winning a franchise (‘Meridian’).

As a consequence, the policy-making process is indicative of a central contradiction between market freedoms, often referring more to short-term political will than to any attempt to actually convert economic theories into concrete policies, and a strain of repressive political control which Margaret Thatcher’s government actively engaged in vis-a-vis broadcasting. This manufactured itself on a number of occasions — the ‘Real Lives’ affair, ‘Death on the Rock’, Special Branch’s seizure of the ‘Zircon Spy Satellite tapes’ and the Douglas Hurd’s blanket broadcasting ban on Sinn Fein. Further, as the government considered the market-liberals ideas of Peacock, Brittan, Jay or Veljanovski, it made conspicuous the control mechanisms which had been established throughout broadcasting’s history through incremental understandings, self-censorship, institutional development, governing ideologies and regulatory practice.
In effect, the government, whilst being publicly accused by broadcasters as perceiving it as 'no more than a can of beans' discovered that broadcasting was indeed a socio-economic-political practice which had been conditioned by political, national and cultural understandings.\textsuperscript{20} Previously, clearly identified parameters had been established in which broadcasting could exert its formal independence. This was not a conscious practice, but had been aided by common assumptions, backgrounds and interpretations of political liberty between the political and broadcasting elites.

However, with the rather crude, overt methods employed by the government and a political style augmented by vocal attacks and aggression, these normative processes came increasingly under pressure. In turn, the Thatcher government found itself in a rather more complicated position than it had anticipated as it desired market reform but feared the political consequences of opening up the airwaves to a form a riotous pluralism. The publicly available policy documents --- the White Paper and the Act --- signify a attempt to streamline these issues, however the joins are conspicuous. The Independent Television Commission (ITC), for instance, is meant to be a ‘light-touch’ regulator with licensing responsibilities, however, inspite of the removal of pre-viewing powers, the ITC has a number of interventionary powers within programming as licences can be withdrawn in this respect.\textsuperscript{21}

In many ways, the attempted reform of broadcasting stands at the cusp of Thatcherite reforms to the general British economy. It provides a micro-cosmic example of the political orientation of Margaret Thatcher’s government both in terms of the mechanisms of hands-on policy-making and ideology. Broadcasting, like many
other industries, was seen by Thatcherites to exhibit the tendencies of monopolization; bureaucracy, favouritism, regulatory capture, closed entry to alternative providers, closed shop unionization, inefficiency and a wasteful allocation of resources. In turn, these criticisms were exacerbated by the break-down of relations between the government and broadcaster as, akin with other sectors of the economy, old conceptions clashed with the new ideologies being expressed by the government. However, the broadcasting industry, unlike a public utility like Gas or Water, could not be simply sold off or be perceived as merely as an economic entity. This was due to the state’s interests in protecting the flow of information in the prescribed manner. The more the government attempted to alter broadcasting, the more apparent it became the government interests could actually be undermined.

The full ramifications of the policy implementation process are only beginning to make themselves clear. This period has exhibited patterns of normative thinking (for example, the issue of quality) against the new value judgements of commercialization and the market.

The new media has allowed for the speculation of media conglomerates across Europe (Bertelsmann, Hachette etc) and Britain has proved to be no exception. The failure of British Satellite Broadcasting and the ascendancy of Rupert Murdoch’s Sky Television, later B-Sky-B (which was a merger only at board level), has produced a situation in which a broadcasting monopoly dominates the satellite channels.22
This strongly contrasts with Peacock and the market-liberals assertion that "Electronic Publishing" could provide the foundation for a pluralistic pattern of independent productions in terms of access and programming. Further, BSB was not only a financial calamity in the soft-ware end of the market, but undermined the efforts of manufacturers like Phillips to market High Definition Television (HDTV) through the expensive Mac system that the broadcasters was legally required to employ. Murdoch, preferred to employ the cheaper Astra Telecommunications PAL based system which did not require any change within television receivers.

The merger of Sky and BSB was also a conspicuous policy failure. Whilst, BSB had been assured of a monopolistic position for three years on the British DBS frequencies, along with the protection from the DTI, the government miscalculated the developments within technology and did not take into account the 1986 European Broadcasting Commission decision distinguishing between telecommunications and television satellites. This meant that domestically marketable satellite dishes could be manufactured by Alan Sugar's Amstrad company at low prices. It also demonstrated the extent to which satellite broadcasting had acted a convenient metaphor upon which to reform terrestrial broadcasting. Ultimately, the technological revolution enabled the government to question the validity of the BBC's monopoly of the licence fee and the ITV network's monopoly over advertising revenue.

Moreover, the merger illustrates the clientelism which existed between the Thatcher government and Rupert Murdoch's 'News International'. This close political alliance meant that there was no attempt to take Murdoch to the Monopolies and
Merger Board, inspite of his significant stake within the British Press.\textsuperscript{27} Alongside this clientelism, it must be also asked what could any national government or regulatory body (then the IBA) actually do about an international media conglomerate who had by-passed national ownership, regulatory and programming rulings by broadcasting out of Britain to a satellite which beamed back to Luxembourg and then back to Britain. Whilst, the 1990 Act mentions the regulation of non-domestic satellite services, there are few formal powers that can actually be invoked.\textsuperscript{28} Therefore, the B-Sky-B situation demonstrates the extent to which this legislation was conceived in nation state terms and its inability to actually cope with the internationalization of the broadcasting market as global broadcasting empires increasingly dominate and organize the industry.

Presently, B-Sky-B remains a relatively marginal broadcaster in terms of audience penetration, although with the film channels and the 1992 deal to televise the FA Premier League subscription could increase. The take-up of subscription may prove to be conditional upon the recession and whether exclusive rights, in particular to sports events, can be established. The Football deal for £304 million over the next five years was highly visible, but neither audiences, dish sales nor the more likely strategy of creating critical mass of subscription appear to be gaining a secure foothold.\textsuperscript{29} However, with greater cable penetration in urban areas (where satellite channels are broadcast upon local cable stations) and alternative, cheaper receivers this situation may significantly alter. The advent of subscription based services throws into relief some of very principles on which broadcasting has been developed in Britain. Clearly, with audiences having to pay for new reception equipment and
channels, above and beyond the mandatory licence fee, it may be suggested that future may be more accurately be seen as being representative of narrow rather broadcasting.

Terrestrial broadcasting has evidenced gradual, but substantial, reforms in broadcasting organizational structures, ideology, ethos and outlook. The ITC is legally a regulatory body and is no longer required to pre-view programmes as a broadcaster. This has led to the ITV companies increasingly taking on the scheduling power through a new Network centre which has significantly different aims. As these companies are no longer legally bound by public service rules and after the franchise auction need to maximise their profits, commercial factors will determine the schedule more directly such as high audiences in order to attract advertising. Further, this strategy is conditioned by the projection of increased subscription revenues and company executives are keen to secure profits as they believe this will give them an advantage in the multi-channel future. As a consequence, the ITV sector is demonstrating a shift away from a regulated private monopolistic system into a commercially driven monopoly. As a result, the vertically integrated broadcasting-producers are being replaced by new types of broadcasting-carriers such as ‘Carlton’ who commission from other regional franchisees or independents in order to save money and reduce staffing figures.

These developments may be hastened after 1994, as the ITV sector may become subject to possible takeover bids from European media tycoons such as Silvio Berlusconi. The ITV sector has argued that this is unfair as foreign take-over bids are
allowed in Britain, whilst other European nations have tighter regulations over national broadcasting systems. As with satellite broadcasting, the Act demonstrates a lack of foresight in actually attempting to legislate for an international broadcasting system.

The situation remains remarkably fluid and I would qualify any conclusion with the inevitable rider that it may be superseded by the ever unfolding series of events. Clearly, the Thatcher government, and the then Home Office Ministers Timothy Renton and David Mellor, did not foresee how rapidly the industry might alter and the crisis in profitability that the franchise auction would create within the ITV sector. For instance, the North-East contractor Tyne Tees has been taken over by Yorkshire after my cut-off date in November 1992. Indeed, the criticisms of the dissenting minority within the Peacock Report over this recommendation appears to be more pertinent than ever. First, it has proved to be difficult for the ITC to choose between a high cash bid and a bid which offered less money but a better chance of high quality public service broadcasting. Whilst, the 1981 system of allocating franchises was understood arbitrary and unpredictable, the 1991 franchise round served to reinforce these criticisms rather than eradicate them. Second, the public service undertakings given by the bidders have proved to be problematic as the companies have been forced to chase advertising revenues. The imprecision of the system has been obvious in the ITC's attempts to make decisions whilst the companies claim they control programming. Third, the competitive tendering system has reduced profits. It has made it more likely that companies, through bad luck or bad management, will make losses or poor profits. The examples of Yorkshire and Tyne
Tees has shown how difficult it is has proved to enforce standards in these circumstances.32

Throughout 1993, the ITC and the ITV companies lobbied for an extension to the moratorium on takeover bids and had the high-level support of establishment figures such as Lord Whitelaw.33 In the event, the National Heritage Secretary Peter Brooke did not extend the moratorium, but swayed by the arguments of the larger ITV companies, led by Michael Green of Carlton and Gerry Robinson of the Granada Group, succumbed to a relaxation of the ownership rules.34 Therefore it was clear that the power struggle which occurred between the major companies and the smaller regional franchisees, who wished to preserve their status, was won by the larger franchise-holders. Through Brooke's recommendations the large companies were able to take-over one other company.35 However, in order retain the ITV network's regional flavour and stem outright monopolization Brooke decided that the London franchise would still remain divided between a weekday and weekend supplier.36

To this end, Brooke may be understood as attempting to re-concile two irreconcilable trends: encroaching commercialism and the networks' regional traditions. In this respect he has been accused of either tinkering around with the system to encourage greater monopolization or not been radical enough by constraining the larger companies. The Labour Heritage spokesperson Mo Mowlan commented:

"(The move is) the worst of all possible worlds. ... We wanted the moratorium to continue for at least another year so we could conduct a proper review of cross-media ownership. ... There will be chaos in the system with a threat to regional programmes and a huge waste of money."37

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Alternatively, the move did not please those who wanted a greater liberalization of the ITV network. It was predicted that by stemming cross-ownership the larger ITV companies would still be subject to acquisition by international media conglomerates:

"At present, the UK media sector is hampered by a criss-cross of regulations, of which the restriction on ITV takeovers is just one. ... if Britain's full broadcasting potential is to be unlocked, a strategic review rather than a piecemeal approach will be needed."

Brooke’s announcement left newspapers, broadcasters and City analysts to speculate over who would attempt to take-over who. Throughout the following months, a number of ‘mergers’ have occurred in which the largest companies have sought to increase their power by taking control of the most profitable regional franchises. For instance, only days after Brooke announced the changes Carlton (which already had a twenty-percent stake in Central) bought out Central. Further, after a protracted board-room battle Granada eventually won its hostile take-over of LWT with the resulting resignation of the LWT’s chairman Christopher Bland and Chief Executive Greg Dyke.

Therefore, the process of transforming the ITV sector from a privately owned public service monopoly into a monopoly based on a concentration of ownership appears to be well under way. Further, the ITC, in its capacity of being a licensing body, may discover that it has to remain busier and more interventionist to simply negotiate the possible problems that may arise from such take-overs.
The changes within ITV have had an effect upon the broadcasting ecology. In response, the BBC has focused its attention on the continued aim to receive the licence fee, although it already predicts that it will have substantially reduced audience by the end of the decade. The chief actor within the BBC’s plans for its future has been the current Director-General John Birt. Birt has formally pitched the BBC’s future upon; i) an internal market to promote transparent efficiency within the BBC entitled ‘Producer Choice’; ii) a programming schedule pitched around a specialised form of ‘Public Service’ broadcasting which defines itself against the market in order to provide innovation which could not exist elsewhere, and iii) greater accountability to the licence fee payer.

‘Producer Choice’ is designed to make the corporation more efficient and to demonstrate to the public, which is synonymous with the political elite according to the BBC, that the licence fee is being effectively employed. The full implications of this method of resource allocation remains unclear. The reform of ‘Producer Choice’ marks a significant alteration in the BBC’s understanding of its public service function as these values are seen to exist within the programming ends rather than in the institution itself. In many respects, this notion conforms to the Peacock Committee’s description of public service and perhaps is indicative of how some of the report’s ideas have entered broadcasting through the back-door rather than through the overt legislation.

Formally, the BBC has argued that ‘Producer Choice’ has been designed to create greater public accountability by transparently demonstrating that the licence fee
is being efficiently utilised. Accountability has become the BBC's buzz word and appears within both their public and internal documentation. This also leads into the second part of Birt's approach which argues for a public broadcaster who, in response to the market context of broadcasting, should pursue a specialised form of public service broadcasting. Whilst, Birt has been at pains to argue that the high-ground (innovative, British-made, informative programming) does not preclude the 'Himalayan' option, many commentators have argued that this form of programming strategy may exacerbate the BBC's decreasing audience-share and marginalise its status as the national broadcaster. Such a development may eventually foment the collapse of the licence fee as a legitimate method through which to collect revenue.

These developments, cloaked in the shroud of accountability, have effectively precluded any real public debate about the corporation and the BBC still appears to remain impervious to any criticism from outside of the political elite. This was made apparent during the debate which emerged after the revelations of John Birt's tax arrangements. In the wake of this storm both Birt and the Chairman of the Board of Governors Marmaduke Hussey faced dismissal. However, in the end, the senior members of the BBC closed ranks. During this debate the role of the Governors, the official public trustees, came under investigation and it appeared within the BBC's power structure that the other official sources of accountability, the General and Regional Advisory Councils, were impotent in making decisions and intervening within the centre.

Further, this debate was reflective of a significant cultural change in the
higher echelons of the BBC’s management. John Birt and others were all recruited from outside of the corporation. The extent of Birt’s outsider status was made apparent when it was revealed that he had been formally contracted as a consultant to the BBC whilst serving as Deputy DG and DG. He had been paid as ‘John Birt Ltd’, registered at Companies House, in order to avoid paying taxes under the usual PAYE scheme. This practice had been initiated during Birt’s period at LWT, and it indicated the extent to which Birt was rooted in the commercial sector’s conventions. Birt revealing commented:

"... frankly (it was) a surprise to see the degree of reaction inside and outside the BBC. I have to accept the view of the BBC staff and those outside who have commented that it is not appropriate for those who lead the BBC, not to be employed by it. I, in turn, have been asking our staff to understand I come from another world ... [laughter from the audience] a more commercial world."45

At this moment, the BBC is poised to carry out significant reforms both within its organizational structure and in programme output. The BBC management appear to be publicly confident that these strategies will be effective and will secure the BBC’s future. In contrast, many employees and commentators have doubted the wisdom of these plans and suggest that the BBC will no longer be able to perform in its traditional role as these strategies are implemented.46 The debate upon the BBC will centre on the 1996 Charter, however the decisions, in effect, have already been taken. It remains to be seen whether these will prove to be accurate judgements for an institution which faces a series of pressures upon political, economic and social fronts.

Finally, within the area of commercial broadcasting regulation similar trends of continuity, revision and outright changes are becoming manifest. The deregulation,
anticipated by the Peacock report has not occurred. There is no ‘Public Service Broadcasting Council’ or ‘Arts Council of the Air’. Instead, there are more regulatory bodies than existed before. The constitutional position and the jurisdiction of these authorities appears to be highly problematic and unclear at present.47

In the event, the IBA was replaced by the more light-touch ITC.48 Legally, the ITC is a regulator rather than a broadcaster and therefore has no pre-viewing powers. Its legal focus is primarily defined in the supervision of licence arrangements. However, the Act provides the ITC with a number of negative programming rights as licences can be withdrawn if the franchisees fail to conform to regional demands or provide ‘quality’ productions. Moreover, the ITC continues to be populated by IBA regulators and shares a number of institutional characteristics, although these may diminish with the arrival of new appointees and the commission’s eventual re-location.49 Its role as a licensor may increasingly occupy its time and efforts as the regional franchises face financial crises and could be subjected to foreign take-over bids.

Throughout, the franchise auction the ITC attempted to pursue normative procedures in new circumstances. Its approach was governed by its interpretation of the legislation which had required the regulator to employ a two-stage process of a ‘quality hurdle’, based upon programming and financial plans, and then a competitive tender. In the event, it did not simply award franchises to the highest bidders, although the Act had significantly bolstered up the ‘quality hurdle’ after the initial notion of a competitive tender. Further, the mooted openness of the procedure was
replaced by internecine bureaucratic practices and an unwillingness to explain the
decisions. The losing bidders, such as TSW, were forced to go through the costly
process of judicial review before the ITC would make any public announcement over
its judgements.  

The ITC demonstrates that re-regulation has actually occurred. The ITC has signifcantly altered in its legal remit, increasingly within its institutional status and to some degree within its ideology. However, it still purports to have a role over the supervision of programming. In this respect, the ITC's legal position may prove to be increasingly problematic as the more aggressive commercial companies, for instance LWT until recently led by Chief Executive Greg Dyke, undoubtedly will attempt to promote advertising-led programming. If the ITC tries to intervene, it may find that its legal powers are more constrained in practice, than in theory.

The changes occurring within broadcasting are on-going, complex and still embryonic. The ITC and ITV companies have argued that the system needs time to settle, and originally hoped to extend the moratorium on take-over bids. However, the government did not allow the ITV network to enjoy such a breathing space and for all intents it appears that the sector will be subject to a commercial ravaging. The BBC has started to pursue the strategies made in its policy document 'Extending Choice'. As a consequence, there will be a constant need for research determining how these developments are becoming manifest. Therefore a number of relevant future research concerns are becoming apparent:
First, an analysis of future British policy-making, announced by the 1992 Green-Paper and the BBC response ‘Extending Choice’, and the institutional reforms concerning the BBC and rest of broadcasting throughout the nineties. The post-Peacock policy-cycle will only reach completion once the 1996 BBC Charter has been settled. The debate surrounding the Charter will continue to maintain a high degree of interest due to the political controversy which surrounds the media and its visibility as a policy issue. The fluidity of the broadcasting environment is being hastened by new technological developments, financial collapses, arguments over accountability and the reformed regimes which have been put in place by the legislation. The BBC will have to face up to difficult questions about its role and status as a public service broadcaster in this new environment. To this end, as the case study upon ‘Producer Choice’ indicates, the BBC has attempted to pre-empt the debate and gain governmental approval by pursuing strategies which are designed to promote a transparent efficiency.

The BBC’s willingness to promote strategies which its believes will please the government, whilst being cloaked in the veneer of public accountability, leads into problematic questions over the political liberty of the national broadcasting regimes within an increasingly market-dominated environment. As the policy cycle under investigation in this thesis has demonstrated the mooted independence of the marketplace, advocated by market-liberals and made concrete within the Peacock report, has become unstuck as political imperatives governed the subsequent legislative process. In the event, the system has become more commercial but remains highly susceptible to state intervention through the volatility of broadcasting finance, commissioning,
self-censorship, reformed regulatory practices and the omnipresent threat of constant legislative changes. Therefore, in relation to my study research formulated to consider the legal, constitutional and democratic issues, within a more complicated broadcasting environment, suggests itself to be increasingly relevant.52

Secondly, a concern with ‘manifest content’ changes to scheduling throughout this period remains important. Previously, the cultural homogeneity in programming, advocated by John Reith, was replaced by the introduction of ITV, the BBC’s response and finally Channel Four to reflect a greater concern over the cosmopolitan nature of British society. The extent of the broadcasters’ success has been debatable as the white, male ethno-centrism endemic in the broadcasting institutions and their output was extensively criticised. In turn, this multi-channel future, could be benevolently seen to provide the opportunity for greater access for women, ethnic or minority groups. Alternatively, with the dominance of major media moguls, a rather bland international cultural dominance may be constructed as programming becomes dominated by imports and cheap productions.

Such a study would clearly open itself up for cultural and political as well as sociological or political economic forms of research methodology. It may be questioned whether the viewer is being perceived by broadcasters more as a consumer of private goods than as a citizen enjoying his/her’s rights to a public good and freedom of information. This difference in approach could also underpin our understanding of how the audience actually uses television in a multi-channel future and the extent to which the traditional patterns of viewing remain stable or change.
Will, for instance, audience loyalty be retained by the terrestrial broadcasting channels as a new generation is brought up to use remote controls and has access to a multi-channel future? The new technology may also contribute to fragmentation of the national audience as international media conglomerates begin to dominate the market through satellite stations or by their ability to buy into the ITV system after the lifting of the moratorium on take-over bids. This not only has clear ramifications for programming, but also on whether a national broadcaster is actually required in this new commercial and international environment.\footnote{53}

This leads onto a third possible area of research. This is an assessment of industrial and organizational change not only in national broadcasting, but in international broadcasting throughout the period. The international dimension of the new media will expand partly due to national reforms such as deregulation and due to the commercially driven practices of the global media conglomerates. These events may be also be seen as being dramatically 'pushed' by the new forms of 'digital compression', in which the current terrestrial band of airwaves, could be extended to over seventy channels. However, what remains unclear is whether the broadcasting industry has the capacity of resources, in terms of production bases or profitable programming, to actually fill this expansion of airwaves.

Therefore, these developments could lead to a variety of academic analysis; the legalistic implications of a European or supra-national set of broadcasting laws, the need to use some form of supranational organization; the increasing cross-media/industrial convergence; whether the entity of national broadcasting system
remains relevant both in industrial, legalistic terms and cultural practices. Ultimately it may be asked if we are entering into a world in which world-wide communication could be realised and if the previously held assumptions, notions and structures are actually relevant (for instance, some form of enforced industrial post-modernism) or whether national forms of broadcasting controlled by nation state governments, regulators, media institutions and personnel still remain intact? It will be necessary to research the interface which will exist between national and supernational actors and analyze how this tension may be resolved.

A study of this cycle of British broadcasting policy is relevant to political, social, economic and industrial issues. The changes affecting British broadcasting, such as new technologies and the pursuit of deregulatory policies, have similarly effected other national broadcasting systems throughout advanced western economies. The British solution to this international force is therefore significant of a particular set of conditions, ideologies and approaches towards the industry. As a consequence, this study indicates how national identity, political cultures, deregulatory theories and broadcasting’s status as an industry have all contributed to changes within this area of activity. Moreover, it demonstrates how broadcasting policy-making is becoming increasingly complex as new or alternative trends are making themselves manifest. This thesis has thus attempted to be modest contribution to the debate surrounding broadcasting and therefore had been written with the desire to widen knowledge and understanding upon this topic.


4. Interview with Steven Barnett, 27.7.92.

5. Interview with DTI Spokesman, 25.3.93.


10. Interview with Colin Shaw, 25.4.91.


12. Interview with Greg Dyke, 9.11.92.

13. Interview with Colin Shaw, 25.4.91.


16. Interview with Colin Shaw, 25.4.91.


19. See Andrew Davidson, Op.Cit..

20. Interview with Sue Elliott, 23.4.91.


26. Interview with DTI Spokesman, 25.3.93.

27. Interview with Greg Dyke, 9.11.92.

28. This has made itself acutely apparent in the government’s attempt to stem the hard-core pornographic channel ‘Red, Hot and Dutch’. The Major government has outlawed receives but cannot stop the channel being beamed in from a European Community nation in which more liberal ruling apply to the representations of sex.

29. Interview with Steven Barnett, 27.7.92.

30. Maggie Brown, ‘Programmes to be more ‘commercial”’, The Independent, 17.10.91.

31. See Broadcast, 26.6.92, p.16.


34. Ibid., p.25.


36. Ibid., p.1.


39. Ibid., p.25.


42. Ibid, Section 1.

43. ‘BBC’s secret plans for survival revealed’, Broadcast, 4.9.92, p.1.

44. Interview with Steven Barnett, 27.7.92.
45. For further details see ‘Independent on Sunday’, 7.3.93, p.1, 16-17, 22. In response, Birt revealing admitted to Jeremy Isaacs at a public lecture, see Maggie Brown, ‘Birt admits pay row ‘damage’, Independent, 10.3.93, p.3.

46. See for instance, John Naughton, ‘Only fit to run a bath’, The Observer, 13.3.94., p. 28:
* One of the reasons BBC staff - among whom I number some of the most gifted and creative people I know - are demoralised is because they resent being patronised by the linguistically-challenged nerds now set in authority over them. They resent being obliged to attend the one-day ideological sheep-dip which explains why Birt’s Way is the Only True Path to Broadcasting Salvation. They bridle at being led by a man who once likened working in the BBC to being a US marine in Vietnam. And they cannot understand why their bosses continue to suck up to a government that couldn’t run a bath, let alone dismember the BBC.*

47. Interview with Caroline Thomson, 13.5.91.


50. Andrew Davidson, Op.Cit..

51. Interview with Greg Dyke, 9.11.92.

52. For a useful guide to these concerns, see John Keane, Media and Democracy, Polity Press, 1990.

53. This fact is noted in Extending Choice but is not actually commented upon, as the BBC prefers to predict that it must remain a national broadcaster, rather than an international player in an ever-expanding market-place.

54. See Kenneth Dyson and Peter Humphreys, Broadcasting and New Media Policies in western Europe, Routledge, 1988.
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APPENDIX I
ITC INVITES APPLICATIONS FOR NATIONAL AND REGIONAL
CHANNEL 3 LICENCES

The Independent Television Commission (ITC) today (15 February) invites applications for a national Channel 3 breakfast-time licence and for 15 regional Channel 3 licences under powers granted by the Broadcasting Act 1990. The closing date for applications is 15 May and the ITC intends to award the licences by the end of October 1991. Each ten-year licence will come into force on 1 January 1993, following the end of the current ITV contracts on 31 December 1992. Advertisements for applications appear today in a range of national and regional newspapers, and next week in certain trade papers.

Channel 3 licences will be awarded by competitive tender. Tender payments for each licence consist of a percentage, set by the ITC, of annual "qualifying" revenue (advertising, subscription and sponsorship income) and a cash bid representing an annual sum payable which will be submitted in a sealed envelope with the application. The cash bid will be index-linked and both parts of the tender will be collected by the ITC on behalf of the Treasury.

The documents relevant to Channel 3 licences, in particular the Invitations to Apply, reflect points arising from the ITC's consultation exercise introduced in October 1990. About 300 copies of each of the draft documents were sent on request to interested parties. Many detailed comments were received and the exercise was useful in revising and clarifying the documents.

The main changes include additional guidance on networking following discussion and agreement with the Office of Fair Trading (OFT) as required by the Broadcasting Act; and clarification of various programme requirements including a revision of the requirement for material of European origin. More detailed financial information is given on licence fees and tender payments, and further clarification of the circumstances in which licences may be varied.
The minimum required regional programme output for viewers in Wales has been increased from 7 hours 30 minutes to 8 hours per week and applicants for the East of England licence must provide some split news provision for separate parts of the region. The Channel Islands and Borders and Isle of Man licences will take account of the extension of the Broadcasting Act to the Channel Islands and the Isle of Man. The format of information required from applicants has also been clarified to distinguish "core" and "supplementary" information.

In setting the standards which applicants must attain to satisfy the requirements for diversity, high quality, regional programmes etc., the ITC has taken the current ITV service as its benchmark and endeavoured to balance the expectations of viewers for a Channel 3 programme service of quality across many different programme strands with the likelihood of increased competition for advertising and sponsorship revenues through the 1990s.

After the closing date for applications, the ITC will publish a list of all applicants and the licences for which they have applied. Applications will be submitted in a form enabling the ITC to publish the programme proposals, structure and ownership. Copies of these published sections will be made available for scrutiny in ITC offices and selected libraries in the UK and the Channel Islands. Applicants will each provide a summary of their published proposals which the ITC will make available on request. The public will be invited to submit written comments to the ITC by 26 June. The Members of the Commission will take these comments into account in assessing whether applicants have passed the quality threshold.

In addition to assessing whether applicants have satisfied, for example, the requirements on ownership and for programme quality and diversity, the ITC will also appraise their ability to maintain their services over the licence period and the credibility of the business plans. Qualified applicants will then have their cash bids considered and, unless there are exceptional circumstances, the ITC will award the licence to the highest bidder.

Channel 3 areas have been defined by Government as being 'large' or 'small'. Separate applications may, in line with ownership rules, be submitted for more than one Channel 3 licence, but no single group or company can own two large licences or be awarded two contiguous or neighbouring licences. Neither can an applicant own a national and a regional Channel 3 licence.

From the date of the award of the licences until the end of 1993, the Act gives the ITC discretion to refuse to approve a change in control of a licensee if the change appears to the Commission prejudicial to the provision of the proposed service in that licence area or to Channel 3 services nationwide. In the case of contiguous licensees takeovers are not permitted under any circumstances before the beginning of 1992. From 1994 onwards the ITC must continue to satisfy itself that any company taking over a licensee is a fit and proper person and is in a position to comply with all the conditions in the licence. Otherwise the licence would be revoked.
The ITC is required to draw up rules on multiple bidding. These require the approval of the Secretary of State and will be published shortly. These rules will indicate how licences will be awarded if an applicant is the highest bidder for more licences than he can own. Those submitting multiple applications will be required to identify their order of preference for the licences for which they have applied.

When the licences have been awarded, the ITC will publish the names of successful applicants together with the amount of the cash bid; the names of those who passed the quality threshold, the reasons where the award has been made to a lower bidder on the basis of exceptional circumstances; and any other information the ITC considers appropriate.

The Invitation to Apply document explains the application arrangements, and provides background information on a wide range of matters arising from the Broadcasting Act 1990. Guidance is given on the information and financial projections which the ITC requires in order to consider an application and on the way in which the information should be presented. There is also a standard form of the relevant licence which will be issued to licensees substantially in this form but which will reflect the proposals each winning applicant puts forward.

Note to Editors

The ITC is the public body, responsible under the Broadcasting Act 1990 for licensing and regulating all non-BBC television services. These include Channels 3 and 4, the proposed Channel 5, cable and other local delivery services, and domestic and non-domestic satellite services available to UK viewers.

The ITC licences and the process for awarding ITC licences stem directly from statutory requirements in the Broadcasting Act 1990. The licence conditions are basically derived from the wording of the Act. Discretionary powers have been granted to the ITC in some areas, such as the drawing of the Channel 3 map. The Invitation to Apply is intended to give helpful background information and interpretation on these statutory duties and to clarify the administrative procedures to be used.

The 14 geographical areas for the Channel 3 regional licences correspond with the current ITV regions. They include dual regions in South and South-East England, and for Wales and the West of England, and a triple region for East, West and South Midlands. There are also specific requirements for opt-outs in Yorkshire and the North-East. The new regional licences will provide for a seven day a week service in all regions except London which will continue to be split for weekdays and weekends. The Channel 3 national breakfast time licence will operate daily from 6 am to 9.25 am.
FOREWORD

by John Birt, Deputy Director-General and Chairman of the Producer Choice Steering Group

Producer Choice will create a BBC in which programme-makers and resource departments are empowered to take greater responsibility for managing their own activities.

The BBC’s core underlying values – its commitment to high quality programmes; to craft excellence; to training and to other good employer practice – remain unchanged.

Producer Choice will create increased opportunities for initiative, matched by greater responsibilities; and it will reduce administrative costs and structures.

As a result, a higher proportion of the licence fee will be spent on programmes. There will be an all-round benefit – for our viewers and listeners as well as for our programme-makers.

This folder comes in two parts. First, the short booklet outlines the main principles underlying Producer Choice and the reasons for its introduction in the domestic services from April 1993.

Second, the reference section lays out the policy guidelines and how the system will work. The guidelines set out the considerations which should apply to decision making by managers and programme-makers. Local managers will set the Guidance and Guidelines in the local context. Corporate advice may be sought where appropriate.

The Guidelines are still in draft form. They represent the initial decisions which the Producer Choice Steering Group has taken on policy issues in designing the system. In the next months, the Group wants to hear from programme makers, resource managers and other staff who have any comments or suggestions on the text.

We are introducing new ways of working – and striving for a more streamlined BBC, offering increased value for money. The period up to April 1993 – and probably the year beyond – will be a challenge for us all. I am confident that we can make a success of it – that the outcome will be a leaner, more devolved and vital BBC.

May 1992
APPENDIX 3
**Organisationally,** the BBC is developing a more decentralised structure – with units which trade with one another, trade with the outside world, and are linked together by formal agreements.

**Financially,** the BBC is becoming transparent with the costs of each of its main activities – programme-making, production resources, support services, and transmission – open to comparison with external equivalents.

**Operationally,** the BBC is increasingly functioning as a mixed economy, with both in-house and external activities contributing to, and supporting, its public service purposes.

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**Figure 1.** Above illustrates the proposed flow of funds within, and outside, the organisation in future, and it also shows the shape of the new contractual relationships which are emerging.
Summary of Proposals

- Take part in the development of commercially funded specialist television services on satellite and cable. Examples include:
  - A continuous news service.
  - Channels which draw on the BBC’s archives - like the collaboration with Thames Television to launch U.K. Gold.

- In its overseas operations, the BBC should:
  - Support, extend and enhance World Service Radio.
  - Develop World Service Television.
  - Intensify the BBC’s participation in the international market for programme sales and co-productions.

Harnessing Technology

- At least three major new technological initiatives are under way:
  - High definition/widescreen television which can offer enhanced quality pictures.
  - Digital television which could dramatically increase the number of services available to viewers.
  - Digital audio broadcasting which could dramatically increase the number, quality and convenience of radio services.

- It is not clear how quickly these improvements will become available to the mass market.

- The BBC’s future approach to technology should continue to be driven by the objective of providing high quality, cost effective programmes and services to viewers and listeners.

The BBC’s Funding

- The BBC has examined a number of options for its future funding. The review has concluded that:
  - Commercial funding methods such as subscription, sponsorship and advertising affect the types of programmes which are made and broadcast.
  - There will not be sufficient advertising or similar forms of revenue to sustain the wide range of television and radio services that the public will wish to enjoy in the future.
  - Therefore, the licence fee remains the best available mechanism for preserving the BBC’s independence from political or commercial pressure, guaranteeing universal access and maintaining a wide range of broadcasting in the U.K.
However, the BBC also believes that licence payers will benefit if it generates further income from secondary services. This income is likely to be modest compared to the overall funding needs of the BBC’s services. But it can be an important supplement to the licence fee.

DELIVERING VALUE FOR MONEY

- The BBC must demonstrate that it is managed and structured in the most efficient manner and therefore offers outstanding value for money to licence payers.
- It has already reduced its staffing, studio and outside broadcast capacity and property portfolio, and continues to do so. These reductions have increased its productivity, releasing funds for new programme developments.
- But the principal new initiative is the introduction of the Producer Choice scheme across the BBC. Producer Choice will allow programme makers to choose whether to use internal BBC resources or those of outside providers. It will reduce administrative costs, release more funds for programmes and make the BBC more financially transparent.
- In the future, the BBC will commission the best programming ideas whether they are offered internally or by independents.
- But the BBC will remain a substantial production house at the heart of the British television and radio industries.
- The BBC will set the highest standards of employment working practices. It will offer its staff:
  - High quality training.
  - A strong commitment to equal opportunities and fair recruitment.
  - High standards of care for health and safety.
  - Appropriate rewards for the contribution they make to achieving the BBC’s goals.

ACCOUNTABILITY

- Public funding brings with it the duty to be properly accountable both to Parliament and to the public.
- This review proposes a number of initiatives to modernise the BBC’s system of accountability.
They include clearly separate roles for:

- **The Board of Governors**: regulating the BBC in the public interest; ensuring the independence of the BBC from political interference; and holding the Board of Management accountable for the performance of its executive task.

- **The Board of Management**: charged with the executive tasks of providing leadership and direction for the BBC; translating the BBC's mission into an overall strategy; and meeting an agreed set of quality and performance objectives.

The BBC's performance will be assessed by the Board of Governors against qualitative judgements and quantitative performance indicators. The results will be published annually.

In addition, the BBC will develop a new, more open system of direct accountability to licence payers through the following initiatives:

- The publication of a framework document which will set out:
  - The BBC's governance and management structure.
  - Its aims, objectives and accountability systems.
  - The arrangements for performance monitoring and reporting.

- A new system of complaint and redress.

- A new modernised system for licence fee payment.

- A transparent system of access to the BBC.

These proposals are the BBC's first contribution to the public debate about its future. They build on the BBC's heritage and achievements; they respond to a new and changing environment; and they demonstrate the valuable contribution the BBC can make in the U.K. and around the world in the 1990s and beyond. We look forward to the dialogue ahead.
COMPLAINTS BULLETIN NO: 2
14 March 1991

THE BROADCASTING STANDARDS COUNCIL monitors the portrayal of violence, of sex and matters of taste and decency (such as bad language or the treatment of disasters), in television or radio programmes or broadcast advertisements. The Council deals with complaints about these matters and may make complaints of its own. The BSC became a statutory body under the Broadcasting Act 1990, with effect from 1 January 1991.

COMPLAINTS SUMMARY FOR FEBRUARY 1991

Complaints received
31 January - 28 February 1991 236

Complaints carried forward from period 1-30 January 1991 26

Total 262

Total for the year to date 320

Breakdown of 262 Complaints:

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Complaints</th>
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<tbody>
<tr>
<td>Published Findings of Complaints</td>
<td>48 (22 programmes/ advertisements)</td>
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<tr>
<td>Complaints Under Consideration</td>
<td>43</td>
</tr>
<tr>
<td>Inappropriate to Pursue</td>
<td>22</td>
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<tr>
<td>Outside BSC Remit or Complaints of a General Nature</td>
<td>149</td>
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