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an der Universität zu Köln**

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**Financing and Sustaining Political Will
to Support Public Service Broadcasting**

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to Support Public Service Broadcasting***

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1. The Idea of Public Service Broadcasting

1.1. Public Service Broadcasting as Nongovernmental Public Broadcasting

Radio and television programmes are media that generate high benefits for citizens, as they fulfil their broad and intensive demands for information, education and entertainment. Broadcasting programmes, especially television programmes, therefore, are highly important with regard to the citizens' allocation of time and money and to the media's political and cultural influence. For these reasons broadcasting is a most influential and controversial political matter both in developed and developing countries.

Because of its character not only as a medium but also as a factor of the political and cultural opinions and consciousness, broadcasting programmes cannot be provided in a way that is common and adequate for commercial goods nor can they be provided by the usual (governmental) public institutions. Instead, specific forms of provision are necessary that take into account the special properties of broadcasting programmes and that reduce the high risks an inadequate provision bears for society's political and cultural systems:

Public service broadcasting should, first of all, be *nongovernmental* public broadcasting, i. e. the decisions about its tasks, contents, organisation and financing should be made publicly, yet should not be made by the existing political (governmental) public institutions but by separate nongovernmental public institutions. To ensure that public service broadcasting is not abused by incumbent governments in its attempts to preserve or enforce the present proportions of political power, these institutions should neither directly nor indirectly be controlled by ongoing governments but by politically independent boards. These boards should be controlled by the citizens, but not in the citizens' role as political voters, but in their role as viewers and listeners, who feel responsible for the political, social and cultural effects of broadcasting programmes and who should thus be able to directly influence these programmes. These boards, therefore, along similar lines to governments, should be founded democratically and pluralistically, but not in the usual way through political elections, but through separate, nonpolitical ways of recruitment.

Such a political independence and neutrality of public service broadcasting is hard to put into practice, as here are high motivations for governments and the individual politicians of the governing political parties to control public service broadcasting. For the workability of democracy this political independence is a basic precondition, however, as the governing politicians and parties and opposition politicians and parties only then have the same opportunities to present their political views to the public. Only this independence also ensures that the governing parties and politicians maintain fair access to the media after they have lost their majorities and find themselves back in the role of the opposition.



The renunciation by governments of gaining control of public service broadcasting, therefore, can be interpreted as a long term contract, which, under the veil of ignorance (i.e. the uncertainty about the future position as government or opposition), is beneficial for both sides, and – more importantly - for the citizens who want a functioning democracy. Nonetheless it cannot be expected that governments whose decisions usually are restricted to effects they cause within the legislation period will voluntarily comply with such a contract if they can assume that they are going to lose their political majorities by not controlling the mass media. Political freedom of the mass media, as well as political freedom in general, is thus permanently threatened by governments, and it needs to be protected by explicit and binding contracts, preferably by constitutional law.¹ Only then can governments be forced to keep their hands off the mass media, and off public service broadcasting. The German constitution, for instance, thus contains a paragraph that prohibits governments from influencing the media. And based on this constitutional element specific laws, especially the “Rundfunkstaatsvertrag” between the German Federal States (“Länder”), specify the concrete obligations and restrictions of the governments with regard to decisions about the media, especially about the tasks, the ways of recruitment, and the ways of funding public service broadcasting.

1.2. Public Service Broadcasting as Noncommercial Broadcasting

Public service broadcasting should, secondly, be *noncommercial* public broadcasting. As broadcasting programmes in general or at least specific types of programmes have certain properties (nonrivalness of consumption, nonexcludability, noninspectability, negative externalities, subadditivity of costs, etc.) that cause so-called “market failures”, the decisions about its tasks, contents, organisation and financing cannot be made by the market criteria suitable and effective for commercial goods. For the same reasons the benefits of public broadcasters’ programmes cannot be evaluated by the criteria that are suitable for the evaluation of commercial broadcasting programmes. Willingness to pay and audience size are thus weak criteria for evaluating public broadcasters programmes. The social effects that are rendered by the programmes (e. g. for the stability and integration of a society, for strengthening its democracy or for achieving certain cultural and educational standards) are the more adequate – though hard to measure – criteria. They need to be measured by several social sciences that work together interdisciplinarily, like communication and media theory, political journalism, empirical sociology, broadcasting law, and broadcasting economics. And the relative importance these criteria possess for the overall evaluation of the social benefits of public service broadcasting programmes needs to be explicitly discussed and determined by the usual ways of social and political discourse.

¹ For this basic issue see for instance BUCHANAN 1975, especially chapter 9; VON HAYEK 1979, especially chapter 18; BRENNAN/BUCHANAN 1985.



Commercial influence on public service broadcasting should be restricted for two reasons. Firstly, public service broadcasting should articulate a wide, pluralistic spectrum of issues and attitudes that exceeds the range that is interesting from a purely commercial point of view. For instance, it should include cultural and religious issues that are of fundamental importance for the citizens and for society at whole, but that – as non-market goods – are of no interest for and are not provided by the commercial sector. Secondly, commercial influence on public service broadcasting involves the risk that commercial and political interests merge, and that the commercial power will be used to steer political power in a nontransparent and antidemocratic way. The case of Berlusconi in Italy is an illustrative example for this: As he owns three of the six private broadcasting stations in Italy, he possesses nontransparent but effective ways to use his commercial power for political purposes. As his political opponents do not have these opportunities, the political competition is biased and an equal and fair representation of competing political views in the media under these circumstances cannot be expected

1.3. The Increasing Value of Public Service Broadcasting in a Globalising World Economy

Independent of the relative size of public service broadcasting in comparison to commercial broadcasting² the value of public service broadcasting seems to increase over time. As with the globalisation of the world economy market processes and market criteria dominate all spheres of society,³ also spheres that cannot adequately be shaped by the market mechanism, social and cultural achievements are jeopardised (like cultural heritages, traditional social values, political awareness and participation, and systems of a nonmarket provision of goods and services). Public service broadcasting can create a public consciousness for these achievements and thus can contribute to sustaining and promoting them. It is needed as a counterpart to the growing and globalising commercial broadcasters, whose programme contents are restricted to privately demanded issues and whose programme politics is restricted to private profit

² The importance and size of publicly provided (public service) broadcasting in relation to privately provided commercial broadcasting depends on the degree of the broadcasting programmes' market failures. For some types of programmes (sports events, fictitious movies) market failures seem to be absent or at least small enough to allow private provision. Other types of programmes (programmes with cultural, educational, informational and political content) will not at all be provided by commercial broadcasters or at least will suffer from severe market failures; here a complementary or substitutionary public provision is necessary. The relative size of this public programme supply is discussed very controversial in most countries, as it depends on ideological beliefs about the abilities of decentralised (market) decision-making compared to centralised (collective) decision making. Independently from this question it remains true that (smaller or larger) public service broadcasting has to achieve non-commercial targets.

³ For the reasons and consequences of globalisation see e. g. WATERS 1995; specifically for the reasons and consequences of the globalising media markets KOPS 1999b.



making. And in the course of increasing globalisation and commercialisation this counterweight becomes more important, especially for developing countries.

With regard to the worldwide triumphant advance of capitalism it becomes more difficult to explain this necessity of the public service broadcasting's "third way" between private entrepreneurship and governmental central planning. The tendencies of deregulation that can be observed everywhere as a means to "untie the high potentials of the market" have also contributed to an intellectual mainstream that contrasts with the ideal of a strong noncommercial public service broadcasting. However, the obviously high capacity of capitalism to provide economic goods should not suggest that all kinds of goods could best be provided by the market. Instead, for a market provision goods have to fulfil specific preconditions, and only a very close look at the characteristics of broadcasting programmes can reveal that they do not or only partly fulfil these preconditions.⁴

⁴ In the European Community there is an ongoing discourse about that. Whereas the European Commission tends to consider broadcasting programmes as economic goods which should be subjected to the general rules of economic competition and antitrust rules, some member states (including Germany) emphasise the character of broadcasting programmes as cultural goods which should not be covered by the general economic rules of the European Community and that their provision and regulation should be entrusted to individual member states. See MACHET/ROBILLARD 1998.

2. Principles of Financing Public Service Broadcasting

2.1. The Interdependencies between the Socio-Political Functions of Public Service Broadcasting and the Kind of Public Service Broadcasting Revenues

The general idea of public service broadcasting has to be taken into account when the tasks, expenses and revenues of specific public service broadcasters are determined. As there are interdependencies between the different fields of determination, adequate rules for one field of determination will facilitate the adequate behaviour in related fields. Inadequate rules for one field, on the other hand, will impede an adequate behaviour in related fields and increase the probability of misbehaviour. These dependencies also exist for financing rules and the determination of financing resources of public service broadcasters: Adequate financing rules and resources have to be derived from the general idea and purpose of public service broadcasting; and inadequate finance rules and resources will have negative backward effects both on the programme contents that are actually provided and on the manner in which they are provided.⁵

2.2. Independence from Governments: Nongovernmental Public Control and Nongovernmental Public Financing

With regard to the necessary independence from governments public service broadcasting should possess its own financial resources that cannot be determined by the governments but must be determined by the nongovernmental boards mentioned above. Otherwise the governments could influence the programmes content by cutting resources for public service broadcasters who are politically independent and criticise governmental mistakes and misbehaviour and by increasing resources for public service broadcasters who are politically dependent and willing to promote the governments' positions uncritically, thus conserving the proportions of political power and increasing the governments' chances of re-election. These attempts to steer broadcasters by a "golden tie" can be observed in all countries, developed and developing, dictatorial and democratic.⁶

Tax revenues that are raised by the governments and then passed forward, therefore, are no proper kind of resource for public service broadcasters. The better kind of revenue is the receiving license fee that is yielded by the public

⁵ For these interdependencies see in general KOPS 1997; with reference to the interdependencies between the regulatory fields of broadcasting see KOPS 1995a.

⁶ In Germany, both the central government and the regional governments (of the "Länder") try to influence public service broadcasting primarily by sending members to the nongovernmental boards of the public broadcasters. Thus the political influence there is much higher than it should be with regard to the constitutional postulate of state distance ("Staatsferne") of public service broadcasting. See for details e. g. KOPS 1999a, section D. For the massive state intervention in public service broadcasting in the US see e.g. BULLERT 1997.



service broadcasters themselves and is thus independent from political good behaviour. The license fee gives public service broadcasters the financial independence from the state that is necessary to fulfil their important political functions to transport and stimulate the political discourse, to criticise and control the state, in particular the ruling politicians and political parties, and to offer programmes that cause high benefits for society but would not be provided by commercial broadcasters.

However, as there are tendencies within all bureaucracies to maximise their budgets,⁷ the amount of the license fees should not be decided by the public service broadcasters themselves but by nongovernmental public institutions, like the boards mentioned above. These institutions can either decide directly about the tasks of public service broadcasting (i.e. mainly: about the scope of programme contents and the number of programmes), or they can decide this indirectly by determining the budget of public service broadcasters, letting them decide how to allocate this budget to the different programmes.

The experiences that have been gained in countries with a long tradition of public service broadcasting show, however, that the solution of separate nongovernmental decision-making about the amount of broadcasting fees has two disadvantages. Firstly, it is more costly than the governmental decision-making (mainly: via political elections), for which institutions and procedures exist anyway. Secondly, the citizens' willingness to participate in separate, nongovernmental procedures of collective decision-making is comparatively low; only for essential and nonpermanent issues (e. g. for changes of constitutions) higher degrees of participation can be expected. When these disadvantages are high (or are considered to be high), nongovernmental decision-making about the kind and amount of revenues for public service broadcasting probably cannot be put into practice, and governmental decision-making will be considered the better solution, although it involves the severe risks mentioned above.

In that case, at least specific arrangements should be made to reduce these risks. They can start with the obligation that governments have to justify all revenue cuts for public service broadcasters more specifically than general budget cuts, or to exclude those cuts to times when specified conditions are fulfilled. More restrictive conditions could be the quantitative limitation of revenue cuts, for instance, to no more than 5 percent per year, or the indexation of the revenues, for instance, its linkage to the yearly price changes.⁸

An international comparison of the revenues of public service broadcasting and the ways these revenues are determined show that the compromise between the ideal system of financing public broadcasters and the solutions that are actually practiced with regard to the costs and the citizens' low participation in nongovernmental public opinion-making varies considerably: In countries which highly rate the advantages of independent public service broadcasting (U.K.,

⁷ See e.g. MULLER 1995 for theoretical explanations and empirical evidence.

⁸ Here either the general price index or a broadcasting specific index can be considered. See for the general pros and cons and for the details of such an indexation KOPS 1995b.



Germany, Switzerland) the scope and intensity (and costs) of those specific arrangements are high; in countries which do not rate these advantages as highly (Italy, France, many developing countries), there are only few (and non-expensive) arrangements to protect public service broadcasting against governmental influence.

2.3. Independence from the Market: Noncommercial Control and Noncommercial Financing

As an alternative solution market revenues (like advertising revenues, pay per view revenues, revenues from sponsoring and merchandising, etc.) could be considered for public service broadcasters. As these types of revenues stem from the market, they grant the desirable independence from the governments and thus seem to be suitable for public service broadcasters. If we take a closer look at the negative backward effects that market revenues have on the type and contents of the programmes, we have to correct this evaluation, however: The independence of market revenues from governments has to be paid for dearly by its high dependence on commercial expectations. This is especially true for revenues from advertising, which can only be raised when the programmes reach a high audience of people with high purchasing power – leaving aside the programme preferences of poor people, old people (whose purchasing behaviour cannot be substantially influenced by advertising any more) and minorities. The market mechanism here degenerates the contents of the provided programmes severely, although these deficiencies are in part subtle and hard to prove empirically: In order to gain attention, commercially financed programmes, for instance, are shrill and loud, affective, sensational and spectacular, they consist of short sequences, they contain a great deal of violence and sex, and they concentrate on issues that are favoured by majorities (“mainstream programmes”). On the other hand, they are less critical and rational, less integrative, care less for the problems of minorities, and exclude issues that are not favoured by majorities, although these programmes would have high social, cultural, or political benefits (so called options goods, and merit goods).⁹

For pay per view revenues these disadvantages are not as severe, as differences in the viewers’ and listeners’ preference intensity are signalled by the market (and thus can be transformed into the programme supply) and as attention and audience do not determine programming as dominantly as for broadcasters that are financed by advertising. However, as pay per view broadcasters also base their programming on the purchasing power of their viewers and listeners, they do not offer programmes for minorities or for people with low incomes, and they thus do not consider certain allocative and distributive targets, which public service broadcasters will (or at least could) care for.

⁹ See for details KOPS 1998, Chapter C; for the incentives to provide programmes with violence see also HAMILTON 1998, GROSSMAN/DEGAETANO 1999; for a contractarian explanation of publicly financing merit goods see ELSTER 1984.



Both advertising and, to a lesser extent, pay per view revenues are thus - for different reasons - inappropriate for public broadcasters. However, pragmatic arguments again may justify that these kinds of revenues to a limited extent are granted to public broadcasters. Foremost the citizens' missing willingness or missing capacity to provide public broadcasters with sufficient nonmarket revenues may make it necessary to accept market revenues as second (or with regard to second best tax revenues: as third) best revenue for public broadcasters,¹⁰ especially in developing countries, where a high share of public tasks cannot be financed at all by market revenues. Under these circumstances the benefits of publicly financing those tasks in fact may be higher than the benefits of puristically (i.e. non-commercially) financing public service broadcasters in developed countries. And in fact it is then justified that public service broadcasters in developing countries are financed by market revenues to a higher extent than in developed countries.

Here again additional arrangements should be made, however, to ensure that the risks of funding public service broadcasting by the market are limited. For instance, the number of private companies that schedule TV-spots on public service broadcasting should be as large as possible, as this reduces the chances of each company to influence the programme structures and contents (a kind of programme control via competition of the advertising private companies). Appropriate price structures for TV-commercials, like price reductions for smaller companies, could bring about such a plurality of advertisers. The risks of market revenues for public broadcasters also are reduced when there is not only one kind of market revenue (like revenues from advertising), but a bundle of different private revenues, preferably financed by different kinds of private contractors. Merchandising, for instance, is a private revenue that is financed by the private buyers of the merchandised products, who have different expectations from the public service broadcasters (here: as product sellers) than the advertising private companies (here again private competition, now between advertising companies and buying customers, reduces the risks that the programme structures and contents of public broadcasters are steered too much by commercial interests).

2.4. License Fees as the Most Appropriate Kind of Revenue for Public Service Broadcasting

With regard both to the governmental and the commercial threats the receiving license fee seems to be the most appropriate kind of revenue for public service broadcasting. It does not stem from private companies, which could try to abuse their influence for private interests, and it does not stem from direct public (tax) revenues of the governments, that could try to abuse its influence for political targets. In addition to the license fee, other, less appropriate revenues can be permitted for public service broadcasting, if – for the reasons mentioned above

¹⁰ Besides this pragmatic argument there are several other, although weaker arguments to provide public service broadcasters with advertising revenues. See, for instance, ZDF 1995.



– the yield from the fee cannot cover the financial needs of the public service broadcasters completely.

The proportion of those second and third best revenues compared to the license fee revenues again varies considerably between the different countries in the world, depending on how they rate the benefits of a puristically (i. e. non-governmentally and noncommercially) financed public service broadcast in comparison to other, conflicting targets (like the reduction of the overall public revenue burden or the allocation of public revenues to other kinds of public tasks): Whereas in Japan, the U.K., Germany or Sweden, for instance, more than 90 % of the public broadcasting revenues stem from license fees, in other countries, like Italy or Switzerland, advertising revenues have a higher proportion (of about 25 % of the total revenues) or a proportion that exceeds that from license fees (like Austria). Some countries even have no license fees at all, but only some kinds of (less abundant) nonmarket revenues, like private or public donations (such as Canada, or, to a lesser extent, the USA, for instance) or they do not even have these types of nonmarket revenues.¹¹ Public service broadcasting there is virtually non-existent, and broadcasting is either purely commercial or/and purely governmental.^{12,13}

Public service broadcasters themselves should take into account the negative backward effects that inappropriate kinds of revenues have for the incentives of the programmers and thus for the contents and quality of the provided programmes. They should, therefore, take care not to maximise their revenues, but to optimise the combination of the size *and the structure* of their revenues. A smaller budget that facilitates the fulfilment of public service broadcasting's functions because of its suitable attributes, therefore, is superior to a higher budget that offers the state or the commercial sector considerable opportunities

¹¹ See for a description of the broadcasting systems, including its financing systems, of many countries BLUMLER/NOSSITER 1991, HANS-BREDOW-INSTITUT 1997. For empirical data about the shares of the different revenues for public service broadcasting see MCKINSEY 1999.

¹² In some of these countries (like Spain and the MAGHREB-countries) the broadcaster revenues from advertisements are passed on to the governments budgets, out of which the broadcasters are then financed according to the governments decisions. This solution is most negative, as it combines the defects of commercial financing (for the programme structure and contents) and of governmental financing (for the political independence of the broadcasters).

¹³ Quantitative measures to evaluate the degree of suitability of the public service revenue structure can be elaborated both for time comparisons within one country and for international comparisons between countries. A simple measure would be the proportion of revenues from the receiving license fee compared to the total revenues, more differentiated measures would have to include the different forms of revenues and would have to weight them by a factor of appropriateness. By such an approach the revenues from receiving license fees for instance could be multiplied then by a factor of 1, less appropriate revenues, like pay per view revenues, could be multiplied by a factor of, say, 0,7; and very inappropriate revenues, like advertising revenues or government grants, could be multiplied by an even smaller factor of, say, 0,3.



for intervention and control because of its unsuitable characteristics. As these disadvantages are sometimes less obvious than the advantages of an increased budget and as these advantages also only materialise in the long run (whereas the higher budget materialises immediately) public service broadcasters themselves are often unable to resist the temptations of a higher but inappropriately structured budget, and both states and commercial companies thus often manage to buy influence and control from public service broadcasters. In this respect, not only the state and the commercial sector have to account for public service broadcastings malfunctions, but public service broadcasters themselves are responsible, as they often cannot withstand these temptations.

The appropriateness of the receiving license fee as revenue for public service broadcasters has been recently questioned. One reason for this is the diminishing equivalence between the viewers' and listeners' financial achievement (qua license fee) and the broadcasters achievement (qua provided programmes): As public service broadcasting has gradually changed from a group-specific good (which should be financed by the members of the user groups only) to a general public good, i.e. a good whose benefits exceed those for groups of viewers and listeners, since it fulfils general functions for the society as a whole (e. g. integrating minorities, stabilising the democratic political system, expanding the societies' political and cultural variety etc.), a fee (which needs to be justified by the equivalence principle) no longer seems to be very appropriate. Therefore, in the Netherlands, for instance, the license fee recently was substituted by a tax share. The advantages this substitution has with regard to its distributional effects and its justification by the equivalence argument have to be weighed up against the disadvantages involved in tax revenues compared to license fee revenues with regard to the higher risks of governmental interventions. Such substitutions, therefore, which are now under discussion in other countries, too, have to be examined carefully.

Another reason for the diminishing appropriateness of the receiving license fee is the increasing difficulty to control the usage of public service broadcasting programmes. Whereas public service broadcasters were able to control the possession of TV-receivers and the usage of them for traditional analogous broadcasting programmes, in the case of the new digitally broadcast programmes, which are distributed through digital networks, like the Internet, and which will increasingly be received by personal computers and multifunctional digital equipment, the existence of the technical basis for determining the duty to pay the license fee vanishes, or to formulate it in the language of the modern transaction cost economics: The transaction costs for determining and controlling the duty to pay the license fee become prohibitively high. This will also in the longer run weaken the appropriateness of the license fee and will intensify the discussion about its substitution by other kinds of revenues.

Once all broadcasting programmes can be easily encoded by digital set top boxes, pay-per-view revenues might become the best kind of revenues also for public service broadcasters. However, this kind of revenue would have to be modified for two reasons: Firstly, certain programme types, which for specific



reasons are not demanded by the viewers and listeners in the amount which would be desirable from society's point of view (e.g. the above mentioned elements of integration and pluralism of the society and of stabilisation of the democratic system), should be subsidised, in order to increase viewer and listener demand by lowering the relative prices of these types of programmes (on the contrary, programmes with negative social contents – i.e. programmes whose contents disintegrate society or destabilise the democratic order - should be taxed to decrease the programme demand of viewers and listeners). Secondly, socially inadequate distributional effects that were caused by a substitution of license fees by pay-per-view revenues should be corrected. Vouchers, for instance, which for health goods or educational goods are used to correct distributional defects, could also be granted to steer the distributional effects of broadcasting programmes. Here again special precautions are necessary, however, to prevent the decisions about the adjustment of relative prices for broadcasting programmes or about the necessary distributive corrections from being abused to influence the programmes contents and to gain control of public service broadcasting – either by private enterprises or by the state.



3. Sustaining Political Will to Support Public Service Broadcasting

3.1. High Programme Quality and Cost Effectiveness as Preconditions for the Political Will to Support Public Service Broadcasting

Independent of the obligations of public service broadcasters with regard to the contents of the provided programmes, there is the inevitable precondition for their acceptance by the citizens: The programmes must be of high quality and must be produced cost-effectively. If the citizens get the impression that the public service programmes are of minor quality, e. g. less qualified than the programmes of commercial broadcasters, or that public service broadcasters, due to administrative slack, need more resources to provide programmes that are not better than the programmes of commercial broadcasters, their will to support public service broadcasting will, for good reasons, be low.

Specific measures, therefore, should be undertaken to accomplish high programme quality and cost-effectiveness for public service broadcasters. These could be internal instruments via which the quality and cost-effectiveness is controlled by the public service broadcasters themselves, e. g. by means of specific instruments to control the quality and cost-effectiveness of internal programme production or of external (“outsourced”) programmes and services (like benchmark tests that compare the different public broadcasters with each other or even with commercial broadcasters). In addition, external monitoring and control could be used to secure high programme quality and cost-effectiveness. In Germany, for instance, all planned expenses of the public broadcasters are ex ante controlled by a (nongovernmental) commission of experts (the so-called “Kommission zur Ermittlung des Finanzbedarfs der öffentlich-rechtlichen Rundfunkanstalten”), and licence fees are only granted for those expenses this commission deems to be cost-effective.

With external control of this kind, it has to be kept in mind, however, that the specific targets of public service broadcasting in some cases forbid directly comparing their expenses with the expenses of commercial broadcasters. For programmes of the so-called “investigative journalism” type, for instance (like political TV-magazines), it is known that the costs per minute are much higher for public service programmes than for commercial programmes – although there seem to be no differences in the programme qualities, nor are there systematic differences in the audience size. A closer look can reveal, however, that a considerably high proportion of the researched or even produced programme contributions is not broadcast by public service broadcasters, whereas commercial broadcasters air a much higher share of the programme contributions which were researched and produced. The explanation is that commercial broadcasters tend to choose only subjects for their TV-magazines from which they know in advance (e. g. through the print media) that they are interesting for the audience, whereas public service broadcasters try more often to investigate new subjects (e. g. cases of political corruption or bureaucratic misbehaviour,



via which an important political function of the media is fulfilled), and if it turns out in the course of the investigation that the suspicions were not justified, they have to put the research “into the paper basket”. It becomes obvious from this example that this type of political TV-magazine, both for the audience and for the society as a whole, causes higher benefits than TV-magazines that only deal with facts that are already known through other media and that only are put into motion pictures, and it is obvious too that the former type of TV-magazine cannot be produced with the same low expenses as the latter.

Consequently, only programmes can be compared with regard to their cost efficiency that are really comparable with regard to their type and quality. On the other hand, not all programmes whose costs exceed the costs of others or the average costs can be excused by differences in quality. For sport events, comedies, or talk shows, for instance, there are no arguments that their costs should be higher when being produced by public service broadcasters. For that type of programme, as well as for nonprogramme services, comparisons between public and commercial broadcasters, therefore, are appropriate. And they are necessary in order to reduce inefficiency and slack that are generally higher in the public sector (due to the missing private incentives for cost efficiency) than in the private sector.¹⁴ Only when these inefficiencies can be reduced to an acceptable minimum will there be the necessary political will by the citizens to support public service broadcasting.

For developing countries in which public service broadcasting only recently has been established and often only possesses insufficient resources, it should be added that missing professionalism and efficiency are not caused by a lower capability of the public sector per se, but by the unequal opportunities. Because of their higher financial capacities, commercial broadcasters there are often able to attract personnel with higher qualifications and to afford superior technical equipment. Here, an increase of the financial resources for public service broadcasters is necessary, in order to allow a fair competition with regard to programme quality. And although from a static point of view this seems to be a waste of financial resources with regard to the higher performance of commercial broadcasters, from a dynamic point of view it is an investment that creates equal opportunities for public service broadcasting and that – assumed the opportunities are seized – pay back in the longer run.

¹⁴ For empirical evidence of the higher efficiency of private companies compared to public companies see, for instance, the studies referred by MUELLER 1995. Inefficiency of public service broadcasting specifically has been criticised, with regard to the US, by JARVIC 1997.

3.2. Political Independence as a Precondition for the Political Will to Support Public Service Broadcasting

The political independence of public service broadcasting is of elementary importance for the workability of democracies. On the other hand, there are enormous advantages for governments that want to maintain their political power, if they can control the mass media, especially television with its broad usage and its high suggestive power. Therefore, in all countries, dictatorships and democracies, attempts to gain control over broadcasting can be observed.

The risk is especially high as there are as many ways of gaining hidden influence on broadcasting, which are not observable by the citizens, sometimes not even by insider politicians and by politicians of the opposition parties, or which at least are hard to prove. For instance, unwritten commitments between the governing parties or specific politicians and journalists can be made to the advantage of both sides (but to the disadvantage of the citizens and the political system). They contain elements of hard-to-prove *do-ut-des* arrangements, e. g. politicians of the government are favoured with regard to the time they are presented (favourably) by the media or by the extent they are confronted with issues or decisions which would diminish their political chances. In return the journalists are gratified by these politicians by advantages which are equally hard to observe: for instance, with better opportunities to present themselves in the media (e.g. when interviewing these politicians), by prospects for attractive jobs in the political system or by hidden monetary advantages or payments.

Although such relations never can be prevented totally, public service broadcasting should do its utmost to restrict them to a minimum. One of the central remedies here is the way in which journalistic work is gratified and the way in which the positions inside the public broadcasters hierarchies are sited. If those journalists who are politically opportunistic, tentative or even corrupt are gratified by attractive positions, the media soon will lose independence. Only if it manages to recruit its journalists according to professional criteria (like political independence and fairness and thoroughness of journalistic investigation, etc.), can it immunise against permanent attempts by politicians to intervene and to control the media by channelling opportunistic journalists into central positions.

The citizens' political will to sustain public broadcasting then will diminish too, as they feel that it is not beneficial for the political system as a whole, but only for the present government and the individual politicians. And as all experiences confirm that systems no longer serve the benefits of the society as a whole, but only the vested interests of those members of society who benefit from eliminating the inherent competition, the citizens are quite right not to sustain public broadcasting of such a degenerated kind. Broadcasting can then no longer be provided as nongovernmental public service broadcasting in the general sense described in Section 1.1., but only as governmental broadcasting that *opposes* the citizens' interest for a democratic and competitive mass media system.



The diminishing political will of the citizens to sustain public service broadcasting is then likely to induce a vicious circle: As the citizens' willingness to pay a receiving license fee is strongly connected to their assessment of the benefits of public service broadcasting (and thus also: to their assessment of its political autonomy), more and more viewers and listeners will try to evade the payment of the license fee if they get the impression that public service broadcasting is primarily a servant of the incumbent governments. State control and state power then become more important to enforce fee payment, and if even the state can no longer enforce the citizens' payment of license fees, direct payments by the state become necessary to cover public service broadcasting's financial needs. As mentioned already, both the more intensive control and enforcement of fee payment by the state and – to an even greater extent – direct funds from the state budget, however, increase its chances of gaining control of public service broadcasting. Public service broadcasting, therefore, should be eager to resist any government's initial temptations to buy influence by monetary or non-monetary privileges, not only with regard to the direct (maybe small) losses in autonomy) but also with regard to the severe long-term effects that are to be expected as result of the vicious circle just mentioned.

3.3. Independence from Commercial Targets and Contents as a Precondition for the Political Will to Support Public Service Broadcasting

Public service broadcasting should present programmes for all groups of society. It especially should present programmes whose contents integrate and stabilize society. In this respect, programmes that increase the chances of socially underprivileged people (people without work, people with poor education and low income to afford private education, women, especially women who cannot gain private income due to poor education and/or traditional duties, like child raising, old people, ethical and religious minorities) are of major importance for public service broadcasting.

For commercial broadcasters these groups (and the programme subjects focusing on them) are of little interest. As commercial broadcasters must try to maximise the attention of those viewers and listeners who are capable and willing to purchase the goods being advertised on their programmes, they will concentrate on programme contents with mass appeal for an audience with a high purchasing power. Broadcasting programmes for them merely is a means of attracting broad attention for the commercials between the programmes. For these reasons, private broadcasters are regulated with regard to the proportion of advertisements as their share of their overall programme supply and with regard to the contents of the advertisements; in many countries, advertisements for special products, like cigarettes, alcoholic drinks, for instance are restricted or prohibited.¹⁵

¹⁵ The different regulations of the member states of the European Community, for instance, are described by GROOMBRIDGE/HAY 1995 and VENTURELLI 1998.



The programme policy of commercial broadcasting is legitimate, as long as there is a strong public service broadcasting that counterbalances the defects of commercial broadcasting and that supplements the overall supply with programmes that are not provided by private broadcasters. Public service broadcasting itself, therefore, must follow a different programme policy than private broadcasters. To ensure this, the major proportion of revenues of public broadcasters must be noncommercial revenues, as was already explained in Section 2.2. Only then will there be no dominating incentives for public service broadcasting to gain a higher share of commercial revenues, particularly from advertising and sponsoring, by offering the same mass popular programmes as those offered for economic reasons by commercial broadcasters. This is also a precondition to ensure the political will of the viewers and listeners to sustain public service broadcasting: A public service broadcaster that – due to financial incentives – offers the same programmes as commercial broadcasters makes no sense, and it is foreseeable and right that the citizens are not willing to support it.

High quality and the treatment of socially beneficial issues that distinguishes public service broadcasters from market-driven commercial broadcasters are thus one key factor for the citizens' political will to support public service broadcasting. On the other hand, valuable programmes can only display their high benefits if there are viewers and listeners who watch and hear them. And the benefits – *ceteris paribus* – grow with the size of the audience. For public service broadcasters too, audience size is a criterion for success. And public service broadcasters that have larger audiences – again: *ceteris paribus* – are more successful in creating programme benefits than broadcasters that have lower audiences.

However, as the overall benefit of a broadcasting programme is a product of the number of viewers or listeners times the individual benefit for each of the viewers or listeners that has watched or heard the programme, the evaluation may not be restricted to the audience size only. If a programme of popular content, say, the broadcasting of the 10th soap opera or the 100th soccer game within one month, spends one unit of benefit to one million of viewers, for instance, it has a lower overall benefit (of one million units) than a minority programme that advises diabetics how to handle their illness and that spends, say, 10 units of individual (internal) benefits to each of the 60.000 viewers that watch this programme and another 10 units of social (external) benefit, since it saves high social security expenses (10 units of internal benefit plus 10 units of external benefit = 20 units per viewer times 60.000 viewers = 1.2 million units).

As few people are aware that the benefits per viewer or listener can vary enormously and as it is difficult to measure such benefit differences empirically, the audience (as the one of the two multipliers that can be measured more easily) in political discussions about the value of broadcasting programmes and in practical programming decisions is often considered to be the only determinant of a public broadcaster's success. And the benefit per viewer or listener (as the other, hard-to-measure multiplier) is not taken into account at all or it – falsely – is assumed to be alike for all programmes. It is hardly surprising that, on the



basis of such an inappropriate one-dimensional criterion, the benefits of public service broadcasting programmes are systematically underestimated compared to commercial programmes; and that political decisions that are based on such an inappropriate criterion of the benefit of public service broadcasting are necessarily wrong.

Therefore, besides the obligations of public service broadcasters to supply high quality programmes with specific contents there is the other duty to make the concept and the specific benefits of public service broadcasting clear to the public.¹⁶ In other words: Public service broadcasters should not only do good but they also should talk about it – and they should take care that the citizens and politicians they talk to understand what they mean.

From the concept of programme benefit as product of the benefit per viewer/listener times the number of viewers/listeners reached by the programme a further piece of advice can be derived addressed to the public service broadcasters: When programming they should demonstrate that they themselves are aware of the fact that the audience is just *one* of two factors for success. Some public service broadcasters seem not to realise that as they solely concentrate on maximising the audience, leaving aside their specific obligations. Such competition for audience shares involves the same risks as the internal incentives of market revenues mentioned above: In order to maximise audience, the public service programmes tend to focus on the same persons and tend to deal with the same subjects as commercial programmes do. Convergence of contents and loss of distinctiveness would be the consequences. And this again, similarly to what was said about the effects of dominating market revenues, would diminish the citizens' willingness to sustain public service broadcasting.

Public service broadcasters themselves thus have to take care not to maximise audience but to maximise the product of audience times the (average) programme benefit for each viewer/listener. They can achieve this more easily in countries where this concept is broadly shared, also by the politicians, and it will be harder to combat the demands of citizens and politicians for high audience shares in countries where this concept cannot be made understandable. However, in the latter case too, the combat is worth it. Otherwise, public service broadcasting, for fear from dying, will in the longer run commit suicide.¹⁷

¹⁶ This also includes contributions for a profound academic research about the subject, especially about the possibilities to measure and compare the overall benefits of broadcasting programmes empirically. These efforts certainly must be interdisciplinary, with cooperation from different academic fields like communication theory and mass media theory, empirical sociology and social psychology, political journalism and mass media economics. The World Radio and Television Council recently has started an international research project of that kind that should be put forward intensively.

¹⁷ For this analogy and for its theoretical underpinning see TRACEY 1999.

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