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**The structure and functions of the
broadcasting industry
as a public forum**

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Synopsis:

Organized as a dual system, comprising public service broadcasting (governed by State-imposed structures) and commercial broadcasting (in private hands), European broadcasting has come under fierce criticism in years for failing to provide a balanced public forum for all political perspectives and viewpoints. A vital element of the European broadcasting and culture, public service broadcasting is played mainly in the hands of the political power. There are notable examples in Western Europe where public service broadcasters fulfill their mission to provide diversity and pluralism. But in the young democracies in Eastern and Central Europe, public service broadcasting is still heavily politicized. Every change in political power triggers there immediate changes in the management and governing structures of public service broadcasters. Commercial broadcasting in Central and Eastern Europe promotes to a large degree the interests of the broadcasters' owners, which often coalesce with those of political elites. In this environment, examples of objective news coverage and solid investigative reporting are marginal. Public service broadcasting is losing its distinctive voice in providing balanced information.

This paper looks into how broadcasting policies shape the independence of broadcasters. It is focused on television in Central and Eastern Europe and draws on the findings of an extensive series of research in broadcasting carried out over the past several years.

Editorial policies and news coverage are much influenced by the general regulatory frameworks, policies and legislation. Therefore, before analyzing the news coverage on public service and commercial television in the region, the paper describes the general broadcasting environment and the influence that western models have had on the broadcasting in Central and Eastern Europe. It then reviews the main trends in viewership and programming and briefly describes the general broadcasting regulatory patterns. The study reviews separately the system of management and financing of public service and commercial broadcasting, respectively, to identify the main factors shaping their editorial and programming policies. These sections are followed by an analysis of the general programming on public service and commercial television, with a focus on how much of a balanced public forum the two sectors provide and on how they fulfill the watchdog role that the media should play in a democracy. The final section maps the main challenges that digitalization and technological convergence bring about.

1. European broadcasting at a glance

The television business in Europe has seen similar, although not simultaneous, development in both Western and Eastern Europe. The sector remained largely controlled by the State for more than half a century. Unlike other systems, such as the U.S., the European broadcasting developed in the past almost three decades on the dual public-private pattern combining public service broadcasting (increasingly competing with the commercial sector and often becoming the weaker side) and the commercial broadcasting (controlled by private owners).

Television in Western Europe was originally envisaged as a national enterprise in charge of promoting culture and education and the dissemination of controlled political information. The Reithian motto “to inform, to educate and to entertain” became in the early days of broadcasting the cornerstone of broadcasting “philosophy” not only in the U.K., but in other Western European nations. The only two broadcasters on the U.K. market until 1982 were the BBC and the ITV network, which kicked off operations in 1936 and 1955, respectively. The system saw radical reforming in 1990. The BBC constituted the model for the recreation of the Western German broadcasting after 1945.

In Western Europe, the monopoly of public service broadcasting ended in the 1980s. In France, for example, the State monopoly on broadcasting saw its final days in 1982 when private players were permitted on the market. However, the State has continued all these years to play an important role in the regulation of broadcasting.

The post-communist countries in Europe saw a similar, however delayed, pattern of development. Authoritarian communist governments maintained their grip on broadcasting until the collapse of the communist system in the late 1980s. Soon after the fall of the Iron Curtain in the late 1980s, post-communist governments in Eastern Europe began the reform of their national broadcasting systems. This reform was conducted on two fronts: first, the transformation of the State broadcasters into public service broadcasters and second, the build-up of a private sector in broadcasting with the opening of the frequency spectrum to private players. By 1991, for example, Slovak Television (STV) formally became a public service broadcaster and in the early 1990s, six private TV operators were licensed. In some countries, the State would-be public service broadcaster maintained its hegemony in broadcasting until late 1990s. In Hungary, for example, the first private TV operators landed in the country only in 1997.

The 1990s were marked by a series of turbulences, including in many of the countries in the region “media wars” waged by emerging political elites against journalists who were trying to build an independent media sector. At the same time, the process was marred by confusion stemming from lack of any clear policy or legal frameworks, which led in many places to an explosion of unlicensed broadcasting outlets. In Poland, for example, by early 1993, 57 illegal television broadcasters operated and only between 1993 and 1997, the major nationwide TV broadcasters were licensed in this country.

Some experts talk about a generic “European” model that was employed in the course of the media reform in post-communist nations, which is based on two components: a private media sector complying with domestic legislation and rules imposed by national regulators; and a public service broadcasting sector, which should be independent from the State. The reform of the broadcasting sector in South-Eastern Europe and Central and Eastern Europe was therefore part of a larger process of “Europeanization”, encompassing instituting political liberties and building media structures. This process varied widely from country to

country. Although it affected all of these transitional states, each nation has developed specific broadcasting legislation.

Across Europe, television has remained heavily regulated. The rationale behind regulation was based on the “scarcity of frequencies” argument. But with the rise of new technologies in the past decade allowing for transmission of audiovisual content on a theoretically infinite number of platforms, broadcasting regulation is seeing fresh challenges at the horizon.

Public service television has enjoyed throughout the years a special place in the European broadcasting landscape, being envisaged as a vital contributor to democracy and as a constitutive part of the European cultural heritage. Its mission was also to offer an alternative to, and even to raise the standards of, commercial television.¹ However, the public service broadcast has come in the past decade under fierce criticism. The European Commission, for example, has demanded more transparency and accountability in the finances of public service broadcasting while the World Trade Organization (WTO) criticized the privileged position that public service broadcasting has been enjoying in terms of funding, which in many cases comes from license fees imposed on households, or State budget money.

On top of these structural issues, public service television broadcasters have been frequently castigated for their ties to Government and political parties and for commercializing their programming to the point where the distinction between them and the commercial stations, in terms of program content and quality, becomes increasingly blurred.

The commercial television sector has been characterized by a marked tendency of high concentration of ownership. In Western Europe, there is higher concentration of ownership than in transition countries in Eastern Europe. However, in Eastern Europe as well, the sector has seen massive mergers and acquisitions, leading to the consolidation of large media groups. Moreover, in Eastern Europe, commercial broadcasters are often controlled and owned by political circles or operate within larger holdings with interest in other sectors than the media. In such an environment, commercial television is often used as a mere instrument for pursuing political or business interests.²

The deployment of new technologies that have lately threatened the traditional patterns of consumption of broadcasting combined with the sustained expansion of the multichannel environment revived the debate on the future of the public service broadcasting, which is undergoing fundamental changes. This is prompting powerful commercial broadcasters to seek ways of reaping the benefits of this change. In Eastern Europe, governments have committed themselves to uphold public service broadcasting. However, there is widespread professional and public indifference to the role of these entities and politicians do not often show willingness to help build the independence of their flagship public service broadcasters. On the contrary, recent developments showed that public service media have become even more politicized.

But despite the deteriorating environment for the public service broadcasting, the concept still gathers support.

The argument for public service broadcasting remains compelling. Public service broadcasting is not only a bulwark against commercial trends that, left unchecked, would be likely to drive standards further down, reducing the less lucrative strands

towards invisibility. It also provides essential leverage for raising standards in all program genres.³

1.1 Audiences and programming

Television has maintained in a long time its stranglehold on media consumption, being the most influential medium. Television viewing time has increased steadily in the 1990s and early 2000s, reaching an average of more than three hours a day in 2003. However, in recent years, with young audiences moving from television to Internet, the average viewing time started to drop slightly. Average TV viewing time per individual decreased in 20 out of 32 European countries between 2004 and 2005, according to Eurodata-TV. Young viewers between 16 and 24 have shown a decline in interest in watching traditional television, according to a study carried out by the U.K. communications and broadcast regulator Ofcom. These young viewers watch one hour less than the average viewer and spend less time watching public service channels.⁴

The television markets in Europe are seeing increasing fragmentation of the audiences due to entrance of more players on the market and expansion of the distribution networks. Nationwide television networks experienced an economic downturn in 2002 to the detriment of niche players, such as thematic channels, pay-TV or teleshopping channels, which saw that year healthy economic growth. However, the bulk of nationwide audience is still concentrated in many markets on the three largest channels. In Bulgaria, Croatia and the Czech Republic, over 80 % of the audience was captured by no more than three channels in 2003. Exceptions were the German and Turkish markets where the largest three channels in the country attracted a combined audience under 50 %. But over the recent years, the mainstream TV stations have gradually lost audiences. (See table 1.1)

Table 1.1 Concentration of national audiences (2003-2006)

Ranked by aggregate audience share (2006)

Country	Top 3 channels in terms of audience share		Aggregate audience share of the top 3 channels (%) in 2006	
	2003	2006	2003	2006
Czech Republic	TV Nova, ČT 1, Prima TV	The same	86.1	83.5
Bulgaria	bTV, Kanal 1, Nova TV	The same	84.2	79.2
Slovakia	Markíza TV, STV 1, TV Joj	The same	72.9	67.7
Lithuania	LNK, TV 3, LRT	The same	63.4	61.9
Poland	TVP 1, TVP 2, Polsat	TVP 1, TVN, TVP 2	62.6	61.7
Republic of Macedonia	A1 TV, MTV 1, Sitel	The same	60.0	45.6
Italy	RAI 1, Canale 5, RAI 2	The same	59.4	56.2
Romania	TVR 1, Pro TV, Antena 1	The same	57.5	46.8
Albania	NA	NA	NA	NA

SOURCE: OSI research⁵

Public service television commanded the largest audience on news programs in most European countries. Only in countries such as the Czech Republic, Slovakia and Hungary,

private channels managed to attract more viewers for newscasts. However, in terms of consolidated audience shares, private TV stations have done better than public service stations. In 2003, public service broadcasters only in Bosnia and Herzegovina, Croatia, Italy, Poland, Romania and the U.K. managed to command higher audience shares than their private competitors. However, since then, public service broadcasters in Croatia, Romania and Poland saw their audiences down. Moreover, many public service broadcasters lost in the past three years their leading positions in the audience of newscasts. From a clutch of eight Eastern and Central European countries, only in two of them the primetime newscasts did better in ratings than their private competitors.

Table 1.2 Most watched newscasts (2006)

Country	Channel	Type of channel
Bulgaria	BTV	Private
Czech Republic	TV Nova	Private
Italy	Canale 5	Private
Lithuania	LTV	Public
The Republic of Macedonia	A1	Private
Poland	TVP1	Public
Romania	Pro TV	Private
Slovakia	TV Markíza	Private

SOURCE: OSI research⁶

1.2 Regulation

Broadcasting regulation in Europe is part of the broader political process. The main rationale behind the creation of a regulatory framework since the early days of broadcasting was the limited number of frequencies. This “scarcity rationale”⁷ called for public service broadcasters to provide generalist channels and ensure universal coverage, with due care for programming for minorities. Since the very beginning, broadcast regulators were under the influence of political institutions and their representatives who were seen as legitimate representatives of the public. However, the history of broadcasting, mainly in the post-communist countries, was a series of political pressures and interference with the work of the regulators aimed at pursuing economic and political interests.

There is no single model of broadcasting regulation. Each such system had to take into consideration national specificities, including cultural codes, the history of broadcasting, and the peculiarities of local political culture. In many transition countries in Eastern Europe, broadcasting regulation has been firmly established. However, the main problem is weak implementation of legislation that would ensure the regulators’ independence.

In the Czech Republic, for example, the appointment of the members of the Radio and Television Broadcasting Council, the national regulator, solely by one chamber of Parliament was criticized as being unhealthy for the independence of the regulator.⁸ In a separate example, in Serbia, when they appointed the first post-authoritarian broadcasting council, the Government and Parliament completely ignored the legal procedure for the nomination of these members, pushing through their cronies and allies to this body.

The main tasks of the broadcast regulators include:

- licensing of broadcasting activities (including sometimes setting of programming criteria and public service obligations in the license contracts),
- monitoring how broadcasters fulfill the requirements hammered out in legislation and license contracts,

- enforcement of legal provisions and sanctioning (ranging from warning to fines and revocation of the broadcast license).

In some countries, the broadcast regulators have also some specific tasks such as appointing management bodies of the public service broadcasters and development of media policy and proposals of laws. Nationwide broadcast regulators regulate all terrestrial broadcasters (nationwide, regional and local) and broadcasters airing via cable and satellite. For cable and satellite channels, the regulation regime is less complicated than for terrestrial operators, requiring these operators only to formally register with the regulator.

In some countries, the State is directly involved in regulating the broadcasting. In Estonia, for example, licensing of private broadcasters and monitoring of their work is carried out by the Ministry of Culture. In the Republic of Macedonia, until three years ago, the Government was licensing broadcasters, albeit in cooperation with the Broadcasting Council. With the change in legislation in 2005, the Macedonian Broadcasting Council there took over from the Government this task.

The regulatory frameworks in Europe consist also of a “technical” component, represented by a manager of the frequency spectrum. The influence of technical regulators in broadcasting varies from country to country. Usually, their involvement in broadcast regulation is minimal, their task being to inform the broadcast regulator about available frequencies and confirm to those companies licensed by broadcast regulators the right to use a certain frequency. With the rise of new technologies and convergence of technological platforms, there is a tendency to merge the two regulators. Such models have been established mostly in Western Europe.⁹

It is linked with the manner of appointing the regulator’s members. Usually, the number of members in such bodies varies between five and 13. Parliament has in many countries a strong say in the appointment of the regulators. Their members are usually appointed by Parliament upon nomination by various bodies, including the President of the Republic, the Government, individual Members of Parliament, political parties or civil society organizations.

The independence of the regulators is central to the health of the broadcasting sector because they have an important say in shaping the broadcasters’ behavior. Legislation almost everywhere guarantees freedom of expression and sets obligations on broadcasters to present unbiased and objective information. This was the result of an acceptance by governments across Europe to loosen, at least formally, their grip on broadcasting regulators. But how this legislation is implemented depends to a large extent on the regulators who are there to monitor any breaches of legal provisions. However, in this process, regulators are still faced with harsh pressures, most commonly coming from political and business circles.

The appointment procedures still leave room for political interference. The Czech Council for Radio and Television Broadcasting (RRTV) has its members officially appointed by the Prime Minister. But in practice, the whole process is in the hands of the Chamber of Deputies, the lower house of Parliament. Their right to appoint and sack these members makes the regulator a heavily politicized institution, which mirrors the political parties in the Chamber of Deputies. The Prime Minister’s final approval is a mere formality.

Involvement of the civil society organizations in the appointment procedures of the regulator was seen as a positive step in diluting the political control over these bodies. In Lithuania, a majority of the regulator's members come from professional associations. Nine out of the 13 members are appointed by professional organizations or groups such as painters, cinematographers, writers and journalists. That reduced significantly the opportunity for the Government or Parliament to meddle in the regulator's internal affairs. However, the civil society involvement can be easily hijacked by political power and businesses. In some countries where civil society organizations can nominate members for the regulatory body, political parties have started to recruit these candidates to serve their interests.

Over the past three years, the broadcasting has changed dramatically and with it the patterns of regulation. With the arrival of digitalization and technical convergence, many of the content regulators find themselves overwhelmed by the new realities. They increasingly overlap with the technical regulators or relegate part of their work to the market itself. Regulatory changes are mainly triggered by the change of delivery opportunities from scarcity to plenty. With an increasing number of opportunities for broadcasting and media delivery, new regulatory frameworks are emerging. In general, national media regulation is becoming less meaningful as the media market becomes more international.¹⁰

In this fast-changing broadcast world, regulators have failed so far to be more pro-active and respond to the challenges. Instead, despite some breeze of reform, politicization of these bodies has escalated. Broadcast regulators are facing today even worse pressures.

Besides political circles, lobbying of commercial TV stations is also threatening directly the independence of the regulators. There have been numerous cases of corruption involving the broadcasting regulators in Central and Eastern Europe. One of the most notorious such scandals was the 'Rywingate' in Poland where the National Broadcasting Council was involved in illegally changing legal provisions to satisfy the interests of private media interested in purchasing more outlet.¹¹

Broadcasting regulators are usually financed from the State budget. Some of them can generate their own income from charging application fees in tenders for broadcast licenses, taxing private broadcasters and donations. Legislation generally sets provisions on the conflict of interest for the regulator's members, barring members of political parties or of Government structures and people linked with broadcasting and broadcasting-related companies to be appointed on these bodies. But despite such provisions, in most of the cases they are affiliated to various political circles. Rarely, members of the broadcasting councils are appointed based on their professional qualifications.

2. Public service broadcasting

A vital component of the European broadcasting ecology, the public service broadcasting is confronted with numerous challenges posed by political and economic interests, the impact of new media platforms and increasing competition from commercial broadcasters. All those have been prompting for a reinvention of the public service broadcasting system.

In the mid-1990s, the monopoly of the former State broadcasters in Central and Eastern Europe was dismantled. Following the entrance of private broadcasters in these markets since 1995, public service broadcasters have seen a continual and in many cases steep decline in their audiences. In Hungary, for example, the average nationwide audience of the

public service broadcaster went down from 80 % in 1995 to a mere 13 % six years later. In Croatia, the public service broadcaster managed to maintain its audience for longer thanks mainly to the late arrival of strong private operators. But in 2004, when German broadcaster RTL launched a station in this market, Croatian public service television saw its audience almost halved.

2.1 Governing structures

Although legally and in theory they are public organizations independent from the State, PSB operators in Central and Eastern Europe have always experienced harsh politicization. They have showed acute deficiencies in their governance structures, easy manipulability of the sources of funding and slow reform of their programming to be distinguished from commercial broadcasters.

It is common for the governing bodies of the public service broadcasters to be filled with people close to the local political elite. It has become a norm that each change in administration triggers immediate changes in the boards and management of the public service broadcasters, which has shown that these stations continue to be treated as the fiefdom of the politicians in power.

The obligations imposed on public service broadcasters are based on three main principles: programming tailored to public service broadcasting, impartial and accurate information, and universal access. The PSB programming obligations include:

- airing independent, accurate, impartial, balanced and objective news and information;
- ensuring diversity of programming and viewpoints;
- broadcasting a certain proportion of news, cultural, artistic, educational, minority, religious, children's and entertainment programming;
- promoting local culture and values;
- producing and broadcasting programs relevant for all the regions in the country;
- providing free-of-charge airtime for public interest announcements, such as healthcare, road safety and urgent messages of State authorities.

In a number of countries, there is a set of common obligations imposed on both public and commercial television stations, but they vary significantly. Public service broadcasters are tasked to produce and air programs that do not necessarily appear on commercial television. They are especially cultural and educational programming, programs for minorities and regional news. They are in general founded to play a much wider societal role than the commercial stations, including promotion of local culture, traditions and values.

A problem exposed by various researchers is that public service broadcasters should be imposed a set of more concrete obligations in terms of programming. Until now, the requirements that they have to fulfill are worded broadly or vaguely and can be easily circumvented. It is common to see legislation regulating PSB that demands public service stations to air "adequate" shares of information, cultural, educational and entertainment programming. In general, public service broadcasters are criticized for devoting insufficient time to cultural or minority programming or for broadcasting such programs at unattractive hours. They are, however, better in producing such programs than commercial TV stations.

In Western European countries, public service obligations are much clearer and the system of programming obligations is much more complex. This has clearly a more positive effect on the programming. In France, for example, each of France Télévisions' three channels has

specific public service obligations. France2 and France3, for example, must give free airtime to political parties represented in Parliament, unions and professional organizations. France2 must air religious programs and all three public channels must regularly broadcast programs on science and technology.¹² In the U.K., all terrestrial broadcasters are imposed public service obligations, with the BBC bearing the most responsibility, followed by Channel 4.

Public service broadcasters are governed by two main structures. They have on the one hand a council of governors, which enforces the station's general policy and oversees the station's budget and activities; and on the other hand, a management board, responsible for carrying out the daily management of the broadcaster. The management body is led by a general director. Sometimes, the general director has significant powers, making the position in itself a third layer of governing power. There are variations from this model. Czech Television (ČT), for example, also has in place a commission that supervises the activity of the council and management and carries out a financial audit of the station. Estonian public service broadcaster ETV is governed by an "external" council, which is in charge of appointing the station's management and monitoring their activities.

The performance of the governing structures is essential in securing the independence of the public service broadcasters and the quality of the programs they air. The appointment procedure of these structures has much in common with those in place for the national broadcasting regulators. Their members are generally pushed through by Parliaments. As a result, PSB governing structures change according to the changes in the political power. The management boards are composed of television professionals and are proposed by the station's general director and then confirmed by the station's council. In various Eastern European countries, the general director plays a crucial role in the governing equation. In some countries, such as Romania, the director is chosen by Parliament and that has obvious negative influence on the station's independence. Romania is also sporting an oddly dangerous system, according to which the station's general director is at the same time the Chair of the Council of Administration, the structure in charge with supervising the station's management. In other words, the station's director is at the same time the *controller* and the *controlled*.

In Western Europe, the mechanisms of appointing the governing structures of public service television are more complex. In France, for example, the Government, Parliament, the broadcasting regulator and the staff of the public service broadcaster France Télévisions appoint their representatives to the station's Council of Administration while in Germany, the boards of public service television stations ARD and ZDF are comprised of relevant social groups whose seats in these councils are guaranteed by the law.

2.2 Who pays the bill

The system of funding public service broadcasting is also of major importance for the independence of the station. They are in general large enterprises with bloated staff. Five out of the ten biggest European broadcasters ranked by operating revenues are public enterprises. German ARD and ZDF employ a total staff of 25,000. In Central and Eastern Europe, they employ between 1,500 and 3,000, the size of the staff increasing with the size of the country. Polish public service TVP employs over 4,500 people and Turkish TRT some 8,000. The staff in public service broadcasters is typically much bigger than in private television stations that produce and air the same amount of programming. Hungarian public service television employed 1,600 people in 2004 while in the same year, its commercial

competitor RTL Klub, which produces the same amount of programming, had only up to 400 employees.

The funding of the public service broadcaster is a hybrid model, combining revenues from various sources. The most common are the license fees paid by TV households, State subsidies, and commercial income from advertising, broadcasting rights. Some of them also generate cash from donations and renting technical equipment and other assets

The financing of public service broadcasters from the State budget is seen as the most hazardous model as it automatically creates dependence of the broadcaster on the State structures. The license fee, paid by all owners of TV stations, was considered for years as the most appropriate model of financing PSB because it does not come directly from the State budget, ensuring more financial independence. At the same time, simply imposing a public television license fee on taxpayers is not sufficient to secure the financial independence of the public service broadcaster if the fee is not linked with economic indicators allowing fluctuation of the fee according to the economic outlook. In many countries, Parliament or the Government decides when to increase the fee, using this as an instrument of pressure on broadcasters.¹³

With the exception of France where the license fee decreased by 0.1 % between 2003 and 2007, and Switzerland where the fee did not change over the period, in all other European countries, it increased by a percentage of between 0.8 % in Denmark to 12.5 % in the Czech Republic. (See a selection of countries in the table 2.1)

Table 2.1. TV license fee cost per year (2003-2006)

Country	License fee (in EUR per year)	
	2003	2006
Italy	99.60	104.0
Republic of Macedonia	57.33	64.26
Poland	NA	48.73
Czech Republic	27.77	43.66
Slovakia	29.15	34.85
Romania	12.78	13.62
Bulgaria	None	None
Lithuania	None	None
Albania	NA	4.1

Source: OSI research¹⁴

However, in many countries, there is a decline in paying the license fee due to a combination of factors including deficient systems of collecting the fees, widespread economic hardships and the refusal of householders to pay the fee because they do not see any value for it. Especially in Central and Eastern Europe, public service broadcasters have experienced in recent years serious economic hardships, some of them, such as Macedonian MRT, being on the verge of collapse.¹⁵

The financial and management independence is crucial for the editorial independence of the public service broadcasters. They need on the one hand sound financing to be able to carry out investigative and solid news reporting and secondly management structures that are guaranteed immunity against external pressures.

Public funding has been chosen as a basic financing model for public service broadcasting due cultural and political reasons. Such collective financing was aimed at securing the admittance of all individuals in society to the content of public service broadcast. Although it can sometimes distort the market, this form of financing was accepted also at the European Union level as a legitimate source of funding. However, the political and social acceptance of the license fee may go down in the digital era where new digital receiver equipment is likely to make problematical this model of collection (based on the possession of a radio and/or TV receiver). Moreover, the concept of TV channel is eroding due to the new technologies that revolutionize the delivery of television, which is increasingly being packaged in bouquets of programs. In Poland, the Government wants to abolish the license fee in 2008 while in Slovakia, various economists have called for a referendum on the license fee payment.

Another problem that public service broadcasters will face in terms of financing is the fact that the revenue from license fee, despite being the most stable and predictable source of financing, remains a static source without a potential for growth to match the needs of the public service broadcaster in the digital market. That makes even more imperative the need to establish a model of automatic indexing of the fee according to the rate of inflation and other economic indicators. In the Netherlands, for example, the license fee was replaced by a government contribution to public service broadcasting. This money is raised by imposing a supplement to income tax.

Realizing the developments in the market (multi-media, and the change in the media value chain) public broadcasters cannot, in the long run, avoid co-operation with commercial companies performing gate-keeping functions. Thus, it may be more and more difficult to separate public broadcasting from the wholly commercial market and its sources of financing, and to draw a clear line between commercial and non-commercial activities.¹⁶

Nissen speaks about three solutions in solving the PSB financing conundrum. They are either to expand the basis for collecting the fee to all types of devices able to receive and display public service media, or to abandon the fee completely and find a new source of financing, or to change the fee regime to a compulsory “excise duty” collected from all households and citizens.¹⁷

3. Commercial television

Commercial television in Europe has undergone a process of consolidation and concentration of ownership. Legal ceiling on concentration of ownership has prompted media owners in many countries to resort to various ways of hiding the traces of their ownership in order to escape legal requirements on their ownership. In Central and Eastern European countries, broadcasters were used by their owners more as a tool of pursuing the political or business interests or their own or their cronies. Therefore, lack of transparency on the media ownership is a direct threat to the editorial independence of these media outlets.

In general, commercial television in Europe is sacrificing general quality in their desperate search for ever-higher audiences, which are the engine of advertising spending. Commercial TV stations in Western Europe are usually under some general obligations to serve the public interest, but the same cannot be said about the young democracies in Eastern Europe where the concept of public service obligations on commercial broadcasters is not widespread. In general, both public service and commercial broadcasters are bound to a

legal set of general broadcasting content obligations such as protection of minors, a ban on incitement to ethnic or religious hatred and so forth.¹⁸ In some countries, commercial broadcasters are subject to a set of additional programming obligations stipulated in the license agreement.

In general, commercial television is not a reference for solid investigative journalism and quality news programs. Their main yardstick of success is the size of their audience. Therefore, in their effort to beef up their ratings these stations increasingly promote lowbrow entertainment and sensationalist newscasts. In many Central and Eastern European countries, commercial TV stations rarely employ self-regulatory mechanisms and their journalists are often targets of direct or indirect pressures.

Television has traditionally been the sector that has pulled in the largest part of the advertising spending. With some exceptions such as the Czech Republic, Latvia and Estonia, it is common for television to attract more than half of the total advertising spending. Commercial television controls the largest share of TV advertising.

However, with the rise of new technologies and especially with the movement of large numbers of media consumers, especially youth, to the Internet, the advertising sector is also experiencing major shifts. One of the trends is that television is rapidly losing its grip on the advertising money. In 2007, Internet advertising revenues were estimated to grow to \$21.1 billion worldwide, which represented a healthy increase of 25 % increase over 2006, which was also a record year with nearly \$16.9 billion in Internet advertising revenues.¹⁹ It is expected that between 2008 and 2012, most of the growth in advertising spending will be triggered by online advertising, which is expected to increase on average by 17 % every year until 2012 worldwide. Advertisers will not increase their budgets, but will further work on redistributing their spending. That will badly hit mostly print media, radio and cinema advertising.²⁰

Some print media responded to these challenges and started to diversify, mostly on the Internet. Norwegian media conglomerate Schibsted, for example, publisher of VG, the largest newspaper in the country, embarked in the past several years on a reform aimed at stopping the decline in print media audiences. Although it ran the risk of cannibalizing its own products, Schibsted has built a solid online presence, but it took seven years until the new project broke through. Today, 50 % of its revenues come from the online business. In April 2007, VG had for the first time more online readers than readers of the newspaper in hard-copy form.²¹

Television has been in a long time the most influential medium in developed societies, playing therefore a crucial role at the societal level. The most negative development in the commercial television sector, with serious repercussions mostly on their news coverage has been the steady concentration of ownership, which translates into concentration of influence that can be used for political, personal, ideological or commercial gains.²² The level of concentration of media ownership is higher in Western Europe than in the transition countries in Central and Eastern Europe. An example of extreme concentration is Italy where the largest three commercial TV stations are in the hands of Mediaset, which is owned by the Milan entrepreneur Silvio Berlusconi who returned to power as Prime Minister, for the third time, in the early elections of April 2008. With RAI, the Italian public service broadcaster controlled by those in power, 90% of the Italian media was for almost a decade (except for the period 2006-2008 when Berlusconi lost power) in the hands of a single entrepreneur.

Following the opening of the Eastern and Central European markets in the 1990s, several Western groups built large TV networks in the region. The largest pan-regional television operators in Central and Eastern Europe include the U.S. company Central European Media Enterprises (CME), German RTL Group, part of the Bertelsmann media conglomerate, the Swedish Modern Times Group (MTG), News Corporation and German ProSiebenSat.1 Media, following its acquisition of SBS Broadcasting in 2007.

With the exception of a few countries, legislation commonly forbids cross-ownership between two broadcasters with similar footprints and between print media and broadcasting media. However, with the convergence of transmission platforms, interdictions of cross-ownership become obsolete. Moreover, in the past decade, media owners have used sophisticated ownership structures to hide their ownership. One preferred way to do this was registering media companies in offshore countries such as Cyprus or in states such as Switzerland where confidentiality of ownership is guaranteed. For years, the real ownership of Romanian and Bulgarian broadcasters remained a mystery. Lack of transparency of media ownership hides conflicts of interests and owners' interference with the stations' programming.

To make the sector more transparent, there have been calls for:

- introduction of legal provisions empowering broadcasting regulators to examine all the ownership layers;
- establishing central publicly available databases of media owners;
- introduction of more drastic sanctions for broadcasting companies that hide ownership data or providing false such data.²³

4. What's on TV

The trends in television programming over the past years are, on the one hand, an increasing commercialization of the programs produced and aired by public service broadcasters, especially in Central and Eastern Europe and, on the other hand, an extreme tabloidization of the newscasts on commercial television where investigative journalism is steadily becoming marginal.

In general, TV stations have been scrambling in the past decade to find innovative, dynamic and frequently sensationalist program formats. There is a tendency to hybridize television formats, mixing news and political debates with light entertainment. This is part of the larger trend of building newscasts on a markedly tabloid structure from where hard investigative reporting is being removed. The typical programming of generalist commercial television is a combination of reality shows, commercial films, soap operas, quiz shows, local entertainment and advertising.

The public service television was supposed to offer an alternative to such programming, including minority and cultural programming, in-depth investigative reports, news and information programs, children's programming, regional news and drama. But in reality, an increasing number of public service televisions have engaged in competition with commercial stations, copying the programming produced by commercial television.

Thanks to a specific remit and obligations imposed on them, public service broadcasters indeed air more news and current affairs, documentaries, religious and minority programming than their commercial peers. However, public service television broadcasters

are progressively increasing the quantity of low-quality entertainment, preferring to relegate cultural and minority programming to unattractive timeslots.

The formula of one channel, which airs more commercial content complemented by other channels, which air more public service programming, has been employed in several European countries. In Romania, for example TVR1, the first channel of the Romanian PSB, airs light comedy and reality shows while the second PSB channel are more geared on cultural programming. In the Czech Republic, the public service broadcaster runs a generalist channel airing a combined diet of public service content and commercial programs a second channel, which is focused on programs for minorities, sports, music, documentaries and independent films.

Research has shown that programming is directly influenced by the financing of public service television. In Estonia, for example, when advertising was completely scrapped from the schedules of the public service ETV in 1998, the station managed to become a more public service-oriented broadcaster. In Western Europe, public service broadcasters have a more distinct voice than commercial stations. German public service broadcasters ARD and ZDF are by far leading in providing information programs while in France public channels are the only ones that air political debates and programs.

The decline in the quality of commercial TVs programming is directly linked with inefficient regulation. In countries such as the U.K., Germany, France where private broadcasters receive broadcast licenses with strings attached, these broadcasters air better programming. Another problem is that in some nations where such obligations exist, private broadcasters do not comply with them as the regulator has no mechanisms to enforce such obligations. In the Czech Republic, for example, a private broadcaster such as TV Nova, the leading commercial station in the country, has become a common denominator for the lowest quality programming although the station received a broadcasting license to create an “intellectual” station. The Czech broadcasting regulator, the Council for Radio and Television Broadcasting (RRTV), has no legal power to force the station to stick to the license conditions.

In many transition countries, including Bulgaria, Latvia, Lithuania, the Republic of Macedonia, Poland and Slovakia, private broadcasters have no public service obligations enshrined in legislation. Where such public service obligations exist, they are sometimes vague. It is the case of Romania. In contrast, in Hungary, the law obliges commercial stations to air “public programs” on at least 10% of daily airtime, and at least a 20-minute newscast and 25 minutes of public programs in prime time. The law clearly defines “public programming” as news or programs for children and teenagers, information helping citizens in everyday life, works of art, programs serving freedom of religion, etc.²⁴

Minority programming is marginal on mainstream television. Usually, only public service broadcasters air such content. The Republic of Macedonia, theater of interethnic conflicts in 2001, has a system of mandatory quotas for minority programming on the public service broadcaster. In Serbia, the public service broadcasters are obliged to “adhere to linguistic and speech standards not only of the majority population but also, proportionately, of national minorities and ethnic groups in the area where the program is being broadcast”. But in most other countries, the public service broadcasters only have broad requirements to include minority programming in their schedules.

In transition countries, local television is financially ailing. Controlled by municipalities, these stations have become tools to promote the interests of their owners. Broadcasting regulators lack resources to monitor the programming of local and regional television stations. Journalists working with local stations are underpaid and have little, if any, contractual protection. In some countries, local TV stations only survive thanks to their affiliation to nationwide commercial TV stations, for which they produce local news feeds.

An emerging reality in the European broadcasting is the community media, consisting of local media outlets run by non-governmental organizations (NGOs), non-profit organizations or minority communities. It is estimated that there are thousands of such outlets in the European Union. In 2004, a group of community media adopted the European Manifesto of community media, which called on the European Commission, the European Parliament and the Governments of the member States to recognize the minority media as a public community service. However, in Eastern and Central Europe, this sector is still in infancy. They lack resources and are hardly ever awarded broadcasting licenses. In the Republic of Macedonia, for example, only in 2005 were introduced legal provisions recognizing the non-profit broadcasting sector. Three years after the adoption of these provisions, however, this sector is practically inexistent. Only one license was awarded so far to a student radio station. To help build this sector, the country's regulator has been asked by media experts to adopt a set of bylaws containing provisions to help boosting non-profit broadcasters. That should be preceded by an assessment of the potential that the non-profit broadcasting sector has.

4.1 A public forum, but how balanced?

When it comes to news and current affairs on television in Central and Eastern Europe, the picture is dishearteningly bleak. News production is still under pressure from the market and from political agents and owners. Investigative reporting is marginal in most television stations. All-news TV channels have unfolded at a fast pace in the region, gaining healthy popularity. With the appetite for news reaching new heights, news has become the favorite genre on television. However, that is not translated in most of the cases in solid reporting and high-quality news production, which are very rare commodities.

On the one hand, newscasts are increasingly tabloidized on both public service and commercial television, but more markedly on private TV stations. One of the reasons is the appetite for frugal and frivolous topics. Secondly, television choose to focus on such topics (including cases of domestic violence, petty thefts or celebrity fares) in order to avoid reporting on sensitive issues. They are becoming increasingly apolitical instead of being politically neutral. In Romania, especially until 2004, some of the largest TV stations, indebted to the State after failing to pay back taxes, chose this policy to avoid controls from the State tax offices or other administration bodies. The second worrying trend is the biased reporting in both public service and commercial TV sectors. On public service television, there is an obvious positive bias in the coverage of the State structures, due to the control the political power exerts on these broadcasters. On private television, there is clear slant in favor of allies and businesses related to the owners of the private TV stations.

In Central and Eastern Europe, the tradition of the communist State control over broadcasting has left a pesky legacy in the region's media. Regimes have continued to use these broadcasters to strengthen their power and in the much war-battered former Yugoslavia, television was a tool of propaganda and source of instigation to ethnic hatred.

Today, despite reforms of the State broadcasting behemoths, the old practice still survives, preventing real progress to fully-fledged public service broadcasters. There is no real success story among public service broadcasters in this region. None of them managed to fully articulate their program structure to fit the public interest. “[...] The traditional difference in news between public and commercial media appears to be fading,” wrote Radenko Udovičić in the Introduction to a content analysis study that covered news in 10 Eastern European countries.²⁵

It should come as no surprise that the market is gaining increasing control over the media and that the media field has been the most attractive field for public relations for quite some time. Media are controlled by a combination of private ownership, advertising strongmen, elite sources, State pressure and cultural dominance.²⁶

The frailties of the news coverage on the public service broadcasters have their roots in the days of monopolistic State television during communism. Criticism on the news on communist State television would never target the Government and the State bodies. In the 1990s, Hungarian public service television MTV was visibly favorable to the Government. Only recently, the station made more visible progress toward impartiality and independence. In general, smaller TV stations in Hungary tend to be more biased than the large ones.

The newscast on the RTS 1, the first channel of the public service broadcaster in Serbia, has traditionally attracted the largest audience, beating sometimes even popular soap operas or quiz shows aired by commercial stations. However, RTS1’s newscast has equally stirred fierce criticism for failing to be a public forum and being more a supporter of the Government and the ruling party. After 2000, RTS managed to achieve greater editorial autonomy, making more efforts to promote pluralism of opinions in its news programming.²⁷

Some characterized RTS as a promoter of State policies rather than an independent outlet that would serve first as a public forum where a wide variety of opinions would find place. RTS 1’s primetime newscast is usually “comprehensive” and free of attacks on anyone. However, it still proved a lack of professionalism in various instances. For example, when covering Kosovo, the Albanian majority-populated newly independent State, which used to be part of Serbia, the news is dominated by the preponderant public opinion and prejudices. News reports on this issue include statements by local and international officials and experts. However, the station has repeatedly failed to make room in its news reports for the viewpoint of the Albanian side.²⁸

One of the most extreme examples of a public service broadcaster blatantly favoring the authorities is Moldova. Public television here is devoting the bulk of its news coverage to the authorities, mostly the President of the country. News reports about irrelevant appearances and acts of the President, such as opening a tractor station in a village or addressing Parliament on his economic initiatives, can go as long as six minutes. At the same time, the station is constantly avoiding covering topics that can put the Government in a negative light. Some of the commercial stations regularly report on such sensitive issues.²⁹ In Moldova, commercial broadcasters are closer to offer an open forum for debate and pluralism of opinions. The public television’s first channel Moldova1 is notorious for interviewing only officials. There is almost no report including opinions of common people. During electoral campaigns, commercial stations always polled ordinary people and candidates for the mayor’s office in the capital Chisinau while Moldova1 has never run any single poll. Moreover, the opinions of officials on the public broadcaster go on air usually

unchecked and unquestioned. Moldova¹ has never included in its reports the opinion of any independent experts or representatives of non-governmental organizations.

A similar approach is found in Serbia where private TVs rather than the public service broadcasters sometimes fulfill better the role of a balanced public forum. Commercial television B92 very often promotes civil activism in its news programs, something that public service does not do regularly.

In most countries, the public service broadcasters have a completely different approach in their news coverage than their commercial peers. Commercial TV station Nova TV in Croatia makes its news simpler, easier to understand while the public service station HTV has become known for a more serious approach in presenting the news. Their news is more conservative and treats more serious topics, which in the opinion of some media experts, is a guarantee of credibility.

In Western Europe, both public and private fulfill better its role of a public forum. The largest single group with access to television news was the general public, followed by political parties. In Italy, celebrities are popular on TV newscasts while in the U.K., experts are more often present on news. But although a broad range of stakeholders are given access to news, TV stations have the tendency everywhere to rely on political institutions and the general public rather, marginalizing civil society organizations and groups of interest. More worrying study is the gender imbalance. The most frequent faces on newscasts are males, with women representing only some 20% of the interviewees in news bulletins.³⁰

In Croatia, when it comes to diversity of topics and actors presented in the news, the differences between the public service broadcaster and the commercial stations are minor. Croatian public service TV puts some more emphasis on the economic and business news, political affairs and public service topics. At the same time, HTV relies more on “official sources” and ignores celebrities. This could be explained by the fact that the public service broadcaster pulls in some 80% of the national audience in news and current affairs programs.³¹

4.2 Watchdogs or lapdogs?

Serbian station B92 is an example of private broadcasters fulfilling the role of watchdog over powerful interests. The station follows a strict editorial policy focused on serving the public by creating a space for a wide array of opinions and on covering issues that other stations do not do. B92 is known for its solid investigative reporting on sensitive issues such as corruption and crime. Founded in 1989 as a youth radio broadcaster in Belgrade, B92 expanded into a multimedia house that runs today a regional radio station, a nationwide TV station, a website, a cultural center and so on. It was highly praised internationally for its brave coverage and promotion of human rights. TV B92 launched its broadcasting in 2000. It has gained since then high popularity, becoming the fastest developing broadcaster in the country.

But such examples are rare in Central and Eastern Europe. In the Republic of Macedonia, the commercial TV station A1, one of the largest in the country, was in several instances promoting the interests of its owners rather than sticking to principles of impartiality and objectivity. The station became known for promoting events organized by the “Ramkovski foundation”, an organization founded by the station’s owner. The same could be said about the commercial NTV Hayat in Bosnia and Herzegovina, which ran numerous positive reports

on various companies. That was seen by media observers as concealed advertising. However, any connections with these companies are not always easy to prove.

As mentioned several times in this report, tabloidization of newscasts is detrimental to investigative reporting. Romanian commercial TV station Antena1 chooses to skip relevant political, economic and social issues, and rather report on unusual and trivial topics. Reports in primetime newscasts about a several-month-old baby in the United States who received a recruitment letter from the army or about a cat that traveled 800 kilometers to find its masters are common. Such news reports are less common on the public channel, which leads mostly with hard news on politics and foreign affairs, devoting only the last news reports in a newscast to trivia.

In Montenegro, the differences between the news on public television and those on commercial TV stations are blurred. They reports in primetime newscasts similarly on sessions of Parliament and press conferences. Differences are related mostly to the manner they define their priorities and package the reports. What is common for both private and public broadcasters in this country is the disheartening lack of criticism in their reporting. News reports look rather like promotional reports. The public service television, TVCG is also known for its laudatory tone in covering Montenegro's state policies.

The watchdog function of the media continues to be jeopardized when journalists are often subjected to criminal prosecution based on secrecy or defamation laws. Such practices have been found in 20 European countries despite campaigns by international organizations for decriminalization of such laws.³² Even in Western European countries, such as Germany and the Netherlands, governments misuse the law to protect themselves from incriminatory evidence proving their incompetence. In Ireland, the editor and a reporter of *The Irish Times* have been sued for refusing the orders of the courts to disclose the source of published information in an investigative report on corruption surrounding the country's serving prime minister.

In Romania, setbacks in the country's anti-corruption campaign are considered to be linked to a bitter infighting within the media for and against the reformist President Traian Băsescu. The saga of a corruption case in Romania and how it was handled by the political power shows the weakness of the public service broadcaster in defending its independence. On 10 October 2007, Romanian public service broadcaster TVR aired in its primetime newscast a video featuring the minister of agriculture Decebal Traian Remeş allegedly receiving bribe from a former minister of agriculture, in exchange for favouring a businessman in a public tender. The secretly filmed video showed Remeş accepting EUR 15,000, 20 kilos of sausages and 100 litres of plum brandy via a middleman. Remeş resigned and refused to make any comments. But instead of criticising his colleague, the country's Prime Minister threw a tantrum against TVR for what he called Remeş's "public execution".

The shooting stirred a heated debate, with the director of the station himself saying publicly that the video was illegal and incorrect because it breached the presumption of innocence. Media organizations and the broadcast regulator said that it was legitimate to air the video because it served the public interest.³³ The story was followed by concentrated attacks by politicians in power against the station. TVR's board reorganized the station's news department in two divisions, one dealing with news and sports and the other working on research for the news programs. One of the most critical journalists in the station, Rodica Culcer, was given the generous task to supervise the two departments. In reality, the move was aimed at denting the scope of Culcer's decision-making. Such reorganization inside state

institutions has been a typical practice through which ruling parties in Romania managed to reduce the decisional power of non-loyal people. They preferred such strategies to other moves, which would have attracted criticism and accusations of censorship. More independent journalists were then annihilated by being removed from the primetime newscast to unattractive afternoon or night news slots.

The interferences of owners into the programming of their TV stations badly hurt the news coverage. The private Top Channel in Albania was particularly biased as its owner has also a majority stake in the digital TV platform Digitalb. Top Channel's coverage sometimes went too far in promoting the interests of its owners. It ran, for example, a report about a family with three sons who were all paralyzed by a genetically inherited disease. The report did not refrain from saying that despite the poverty of the family, the only entertainment for the sick children was the programming aired by DigitAlb, which made their parents to buy a DigitAlb subscription card every month.³⁴ Top Channel was checked repeatedly by the tax office, which prompted the station's owners to enter a direct conflict with the Government. The station claimed that the Government, unhappy with the station's coverage, was trying to find ways to shut down the television station. The public service broadcaster ignored almost completely the dispute.

In Bulgaria, public service BNT focuses in its programs on internal political issues while commercial stations cover more human interest stories. The interest of the public service broadcaster in domestic policies and politics is also dictated by the fact that the station is dependent on the State money. The station has the tendency to air more news about unimportant political events than commercial stations. The news on public service television lack the inquisitiveness required and expected when covering such issues.

Usually, commercial electronic media tend to be more negative in the tone of their news. They follow instinctively tragedies, scandals and crime. On the other hand, it is clearly felt on public service TV newscasts a more positive to laudatory tone when covering current affairs and domestic politics. In Macedonia, public service broadcaster MTV is unlike its commercial competitors visibly positive in its coverage of business and politics. Commercial stations tend to be either negative or neutral and that makes them more popular among viewers who see in this approach a sign of independence. Romanian public service channel TVR1 follows closely the daily agenda, but does not venture often into original, in-depth reporting. It is therefore criticized sometimes for its stereotypically dull tone.

Recent years witnessed renewed efforts by politicians to control the media.

As the impact of the media, especially television, has grown, political leaders have not only grown more sophisticated, hiring "spin doctors" and trying to win the media over with blandishments or privileges. They have also grown more intolerant of criticism. The Czech Prime Minister, Mirek Topolánek, accused the media of bias against him and threatened to enact a new law to curb press freedom. In Slovakia prime minister Robert Fico branded the media as "the political opposition".³⁵

Commercial channels do not see themselves as part of the democratic process. They do not take their democratic function as seriously as the public service broadcasters do. Usually, public service broadcasters provide more news and information than private broadcasters, which are focused more on entertainment. In 2003, French public service media had 38% entertainment on their programming compared with almost 70% on private broadcasters. Public service broadcasters provided news and information on more than 40% of their

programming compared to only 13% on private broadcasters. The same situation was in Eastern Europe. In Poland, public service television had entertainment and fiction on 43% of their schedules while private broadcasters aired almost 75% of such programming. News and information filled almost 23% of Polish public service broadcasting and a mere 8% on private stations.

A reduction of public service broadcasting will lead to a weakening of the democratic functions of broadcasting. It could also lead to a concern that if transnational broadcasting becomes too strong compared to national broadcasting structures where public service broadcasting is an integral part, freedom of expression and information will be negatively affected.³⁶

The opinions on how concentration of media ownership affects pluralism of content differ. Some say that concentration hinders the free formation of public opinion, a basic principle of the foundation of democratic societies. Others argue that on the contrary, consolidation of media outlets and concentration of ownership does not have a negative impact on the plurality of content simply because larger media conglomerates are able to invest in solid newsrooms and investigative reporting. Without money, media outlets will only resort to reproducing or rewriting wire and TV reports, without being able to go in-depth.

However, the larger media holdings become the more they cut costs and struggle to maximize their bottom line. A trend that has characterized the television market over the past years was the interest of numerous transnational private broadcasters in cheap productions able to attract hefty audiences. Such policies geared on cost reductions badly hit the capacity of such stations to produce investigative reporting. Solid news coverage and investigative reporting are also affected by the interests of the owners to maintain a healthy flow of advertising money. Owners are afraid that programs that are controversial or too specialized for a large audience can dent their sales or audience.

The news coverage and editorial lines of these broadcasters further suffer in transnational media companies because of the lack of transparency on the ownership of these outlets.

The traditional link between the owner of the media and the audience served created transparency (the audience knew who the owner was) and responsibility (the owner lived “among” the audience, and could also be approached personally). This link does not exist in the transnational media, or only to a very limited extent. The traditional responsibility to serve the audience and enlighten or educate the public, especially in relation to democratic processes, has suffered accordingly. The focus on profits and the corresponding focus on the audience not as the public but as consumers have direct consequences on the programming schedules [...].³⁷

There is then the group of broadcasting owners interested in promoting various political or ideological views. The cases abound in both Eastern and Western European countries. It has been shown, however, that direct interventions of owners in the work of journalists are rare. More worrying is the self-censorship professed at a large scale by editors and journalists who avoid raising issues that are in conflict with the owner’s views and economic interests.

Other studies have shown that there is no direct link between media concentration and content diversity and pluralism in quantitative terms. The diversity of content is influenced by another clutch of factors such as the resources of the media outlet, the size of the market where media operate and the set of regulatory obligations imposed on the media. There is a

tendency among broadcasters to air extended news bulletins, which has become an important genre of programming. However, programming that provide analysis and information about political or current affairs are marginal on both public service and commercial television.

Where commercial broadcasters have minimum or no positive regulatory obligations there is a distinct lack of programming of high social value and an absence of domestic investment in programming with a heavy reliance on imported programs.³⁸

In a content analysis covering Italy, the U.K., Norway and Croatia, Ward identifies the establishment of three tiers of broadcasters: broadcasters that have programming of high social value; established commercial broadcasters with some high social value programming; and commercial broadcasters whose schedules are essentially entertainment and import-based. Although the first tier is mainly represented by public service broadcasters, it is not exclusively the playfield of public media.

The newscasts on public service broadcasters are largely dominated by hard news³⁹, with the U.K. channels boasting the greatest percentage of international news coverage unlike its Italian peer, RAI whose first channel tends to focus on nationally based topics. The preferred topics tackled by newscasts are issues related to home security and crime. Only U.K. channels give more prominence to political affairs. Foreign affairs, political affairs and social issues are also included in news bulletins on both public service and commercial broadcasters.

To summarize, in transitional countries from Central and Eastern Europe, the differences between public and commercial television are increasingly blurred. Trying to survive in emerging economies where the market drives the content, television stations are fighting for audiences. A legacy of their past, public service broadcasters still show reverence for high politics and the government while private stations are more interested in pleasing the interests of their owners and their advertisers.

5. Changing times

The fast development of new technologies, with digitalization of broadcasting and technological convergence, is fundamentally changing the media environment. The past several years have seen major shifts in the media archeology. Some analysts in the 2000s have dwarfed the importance of the digitalization and the potential of the Internet in the media business. But it has become clear that digitalization does not mean merely replacing analogue production and distribution technology with digital equipment. Digitalization is already altering the workflows in the process of program production and prompts for retraining of the staff to respond to the new challenges. At the same time, it opens a whole range of new media services to the public.

The main drive in the dynamics of the broadcast media is the technological convergence, which triggers unprecedented changes in the market, regulatory framework and user behavior.

5.1 The market

The main trend in today's media market is its internationalization, with the main actors on the media scene becoming international corporations that go beyond national frontiers. They have no territorial links or cultural obligations. The internationalization of the media market is accompanied by a sustained process of concentration in the value chains of different parts of the media industry. In Central and Eastern Europe, public service broadcasters tend to be slower in diversifying into other sectors than broadcasting, namely the Internet. On the other hand, most of the commercial companies are much faster in expanding their presence in as many sectors as possible. They run newspapers, periodicals, radio and TV stations, and produce film and music.

Distribution via the old analogue terrestrial networks was a neutral technical function fulfilled usually by telecom companies that used to be public corporations. But digitalization is creating "a more differentiated value chain" comprising a new important function, that of gatekeeper.

They are the ones who control customer access to content and those who make and package channels. The signal carrying the TV channel is encrypted, compressed and packed in bundles ("multiplexes") and can only be decoded and accessed by users/customers who have paid a subscription to receive the channels. Handling this subscription system (often called "Subscription Management System" or SMS) and the "Electronic Program Guides" or EPGs that are comparable in function to the search machines we know from the Internet are two key functions of the whole delivery system. Those who are in control of these functions also control to a large extent the whole value chain.⁴⁰

Closed systems are seen by experts as a threat to both commercial and public service television stations because they endanger the free exchange of information in society and encroaches upon free competition. The recommendations in this respect have to do, on the one hand, with the establishment of freer spectrum by digitising the terrestrial networks and, on the other hand, with imposing mandatory common and open technical standards in delivery systems.

5.2 Challenges on regulation

Regulation is tightly linked in Europe with the State. The behavior of governments and parliaments in shaping new models of regulation is crucial in the new context of convergence and digitalization. The main trend is the exit of an increasing number of platforms from the regulatory ambit. Expansion of satellite distribution covering cross-national territories, the increase in the number of large transnational media corporations and the boom in the distribution of content via the Internet created an international market of content, which is already outside the regulation.

One result of these trends has been more freedom of choice for the viewers and listeners. But it is still questionable whether the new media means, in reality, free choice and more diversity. TV programs have become commodities traded by commercial companies in a growing market, which is in search of completely new business and economic models.

It is self-evident that such a market will tend to become homogenous, leaving little room either for content of an experimental character or for programs catering for small language groups, national and regional cultures all of which characterize the European scene.⁴¹

5.3 User behavior

The traditional pattern of consuming television was based on the access to ephemeral, individual, scheduled programs. The digital revolution is already changing this pattern. With the use of digital “personal video recorders” (PVR) becoming increasingly popular, consumers of broadcasting are in the position of better controlling their choice. In other words, the viewers are now in the position to watch “what-when-and-how” they want. This change in the pattern of media consumption has led in a very short time span to a marked fragmenting and individualization of the audiences.

5.4 Where is PSB going

The arguments in favor of the public service media used to be in the analogue media environment of a technical and economic nature. The rationale behind the privileged position of the public service broadcasting had to do first with the scarcity of the frequency spectrum. As explained before, this argument was also the basis for regulation of the broadcasting since the very inception of commercial broadcasting. With a limited number of frequencies up for grabs, the argument for creating and maintaining a space for a public service broadcaster that would cater to the general public, parts of which could not find their programs on commercial broadcasters, was compelling. But such arguments are becoming obsolete as with digitalization, the frequency spectrum is enlarging extraordinarily. Therefore, the arguments for public service media turn now to be more value-based and set root more in cultural policies.

In this new environment, the public service broadcasting has to reinvent itself. One of the most important quantitative criteria for its success should be universal reach. They have to reach the entire population with a wide range of content. Until now, most PSBs based their programming philosophy on the “flow paradigm” whereby popular, more commercial programs worked as the “lead in” to distinctive programs such as news, current affairs and culture. With increasing interactivity, on-demand and multi-channel systems, public service broadcasters will have to create schedules that are more distinctive and slash commercial programming.

Secondly, practitioners argue that public service broadcasters should to refocus on the quality of content and its price. The governance structures of the PSB must also be fundamentally revamped. In many countries, especially in Eastern Europe, public service organizations are usually linked with the governmental power. With a few exceptions, public service broadcasting is coming in many European countries under a harsher regulation by the State and increased politicization. In explaining this trend, Nissen speaks about a change in culture and the nature of political communication. Last century print media lost much of their affiliations with political parties, becoming “omnibus newspapers” targeting mass audiences in a competitive, commercial market. That was seen by political parties and governments a loss in their system of communication to their constituencies. The political codes and behaviors have also seen major changes.

The strategic, long-term perspectives based on political ideology and formulated in party programs have been toned down and replaced by a more tactical way of operation in day-to-day politics. In such a scenario, the communicative aspects of political initiatives, both the message itself and its timing, often have just as much importance as their material substance.⁴²

In reforming the governance of the PSB to adapt to the new realities, one has to keep in mind the political realities in various European countries. Building on Nissen's models of PSB political architecture, we could distinguish between four models:

1. The State-controlled model where State authorities and the majority parties in Parliament have the most important say in the business of the PSB (France, Greece and Spain)
2. The proportionality model where the State structures such as the Government do not have a formal role in the running of PSB, but this is rather distributed according to the influence of the political parties, including the opposition, in Parliament and the power of civil society groups (Germany, Austria, the Netherlands)
3. The insulated PSB model where the PSB is removed from the political system and various independent bodies are interposed between the broadcaster and the Government (the U.K., Ireland and the Scandinavian countries)
4. The State-proportionality hybrid model, a combination of the first two models where both State bodies and influential groups (mostly political parties) control the PSB (some Eastern European countries)

Equally central to the debate on the future of the public service media is its financing. In the new reality where the on-demand and pay-per-view models gain significant ground and the platforms and sources of content expand frenetically, the collectively financed public service broadcasting model is also becoming obsolete. The advertising patterns that worked in the pre-digital era are also changing very fast. First, advertising budgets are moving from traditional media to the Internet, hitting the pockets of traditional broadcasters. Secondly, with the fragmentation of audiences, advertising is spread on an increasing number of platforms. These shifts in advertising spending hit badly the commercial broadcasters, but also public service broadcasters as on average 40% of their funding is coming from advertising. All these trends in the financing of the public service media prompt for a reinvention of the financing model for the public service media.

As a conclusion, with the segmentation and individualization, public service media have to adapt to a completely new model, moving away from collective broadcasting to a model based on providing tailor-made content and services.

5.5 Does more mean less?

In this fast changing environment remodeled by the new technologies, two trends dominate the news production and distribution. First, the number of sources of news is expanding at a fast pace, making access to information much easier than in the analogue world. Secondly, the growth of news distributors is accompanied by an unprecedented loss of the value of reference that the media had in the analogue world.

How much these trends do affect the overall quality of news is at the heart of heated debate among journalists and media experts. One school of thought argues that the new media are killing journalism. Andrew Keen, the leading contemporary critic of the Internet, argued that the online world transformed journalists into bloggers. He calls the blogosphere a "rebellion against the authority of professional journalists"⁴³ and bitterly criticizes the cult of the amateur that the Internet has promoted. In such an environment, the sources of news are "personalized networks of friends" that are increasingly pushing traditional media out of the game. The tradition of balanced reporting, proponents of this critical school say, is going to be lost with the unregulated broadcasting via the Internet.

The opposite opinion is that the Internet and new technologies only help journalism. The web 2.0 is a viable platform for the journalism of the future. Moreover, the defenders of this viewpoint say, trends such as blogging and USG (user-generated content) should not be seen as dangers to balanced, impartial, objective journalism but rather a conscience keeping an eye on journalism. The expansion of the news production is also a reaction to the weaknesses and bias of the journalism profession, which in numerous occasions performed dishearteningly.

Between the two opposing opinions, more moderate voices argue that the digital era is in fact a redefinition of the economy of the media. The journalism's monopoly has been shaken and a more networked type of journalism was born. There must be made a clear distinction between journalism, which is and will remain a trade, and the general communication, which has been made easier and more convenient by the Internet. In this environment, the key is finding viable economic models as those employed in the traditional media market are unworkable. In other words, media have to adapt to the new environment shaped by the Internet. Those media companies that anticipated the upcoming shifts in the media ecology have already established a strong foot on the new platforms.

However, despite a huge increase in the number of sources of news, news aggregators and distributors, objective news content and reporting is still in demand. It is symptomatic that the most frequently consulted sites at present are those run by large newspapers, telecommunications firms and search engines.⁴⁴ The devolution of editorial responsibility that accompanied the development of the online sector could, in fact, play in favor of the independent media.

- ¹Marius Dragomir, Dušan Reljić, Mark Thompson (eds.). 2005. *Television across Europe: regulation, policy and independence*, Budapest: Open Society Institute (hereafter OSI/TV Across Europe), p. 25.
- ²OSI/TV Across Europe, *op. cit.*, p. 22.
- ³OSI/TV Across Europe, *op. cit.*, p. 23.
- ⁴They watched in 2007 public service channels in 58% of the total viewing time, compared with 74% in 2001. (*Video on Demand in Europe*, A report by NPA Conseil, commissioned by the European Audiovisual Observatory and the Direction du Développement des Médias (DDM-France), May 2007.)
- ⁵Ongoing research: Marius Dragomir, Mark Thompson (eds.). *Television across Europe: Follow-up Reports 2008*, expected date of publication: June 2008.
- ⁶Ibid.
- ⁷Digital Strategy Group of the European Broadcasting Union. 2002. *Media with a purpose. Public Service Broadcasting in the digital era*.
- ⁸OSI/TV Across Europe, *op. cit.*, p. 43.
- ⁹France (the High Council for Broadcasting, CSA), Italy (the Communications Guarantee Authority, AGCOM) and the U.K. (Ofcom) are some examples of such a regulation pattern.
- ¹⁰Digital Strategy Group of the European Broadcasting Union, *Media with a purpose. Public Service Broadcasting in the digital era*, November 2002.
- ¹¹'Poland' in OSI/TV Across Europe, pp. 1,097-1,098.
- ¹²OSI/TV Across Europe, *op. cit.*, p. 58.
- ¹³OSI/TV Across Europe, *op. cit.*, p. 62.
- ¹⁴Ongoing research: Marius Dragomir, Mark Thompson (eds.). *Television across Europe: Follow-up Reports 2008*, expected date of publication: June 2008.
- ¹⁵The Macedonian State had to inject cash in the country's public service broadcaster in 2007 to save it from extinction.
- ¹⁶Digital Strategy Group of the European Broadcasting Union. 2002. *Media with a purpose. Public Service Broadcasting in the digital era*.
- ¹⁷Christian S. Nissen. 2006. 'Public service media in the information society' (Report prepared for the Council of Europe's Group of Specialists on Public Service Broadcasting in the Information Society (MC-S-PSB); Media Division, Directorate General of Human Rights, Council of Europe.
- ¹⁸OSI/TV Across Europe, *op. cit.*, p. 66.
- ¹⁹"Internet Advertising Revenues Again Reach New Highs, Estimated to Pass \$21 Billion in 2007 and Hit Nearly \$6 Billion in Q4 2007", a study commissioned by the Interactive Advertising Bureau (IAB) to the consultancy PricewaterhouseCoopers (PwC). Founded in 1996, IAB represents over 375 companies specializing in sale of online advertising. IAB members are responsible for selling over 86 % of online advertising in the U.S.
- ²⁰Screen Digest, "TV advertising faces hard times in 2008 and 2009. Two tough years ahead but outlook improving to 2012 - especially online", London, 3 March 2008.
- ²¹Kjell Aamot, CEO Schibsted, speech at the "Digital Winners" conference in Oslo, 28 March 2008.
- ²²OSI/TV Across Europe, *op. cit.*, p. 67.
- ²³OSI/TV Across Europe, *op. cit.*, p. 69.
- ²⁴OSI/TV Across Europe, *op. cit.*, p. 75.
- ²⁵Radenko Udovičić (ed.). 2007. 'Introduction' in *TV prime time domestic news - monitoring and analysis of TV news programs in 10 SEENPM countries – Indicator of public interest*. Sarajevo: Media Plan Institute.
- ²⁶Adam Briggs, Paul Copley. 2005. *Uvod u studije medija (The Media: An Introduction)*. Belgrade: Clio.
- ²⁷OSI/TV Across Europe, *op. cit.*, p. 1,359.
- ²⁸Dubravka Valić Nedeljković, Višnja Bačanović. 'Serbia' in *TV prime time domestic news*, *op. cit.*
- ²⁹IJC Research Center, "Moldova" in *TV prime time domestic news*, *op. cit.*
- ³⁰Final report on the study commissioned to Mr D. Ward by the MC-S-MD "the assessment of content diversity in newspapers and television in the context of increasing trends towards concentration of media markets" (David WARD, Director, Centre for Media Policy and Development) Media Division, Directorate General of Human Rights, Strasbourg, 27 February 2006.
- ³¹Zrinjka Peruško, Helena Popović. 'Content diversity vs. ownership concentration in a new media market: the case of Croatia'. 2006.

³² William Horsley (ed.). 2007. 'Goodbye to Freedom? A survey of media freedom across Europe'. Association of European Journalists.

³³ Manuela Preoteasa. 2008. 'Romania' in *Television across Europe: Follow-up Reports 2008*. Budapest: Open Society Institute. Available online at <http://www.mediapolicy.org/tv-across-europe/tv-across-europe-follow-up-reports-2008-country/Romania-web.pdf/view> (accessed 30 April 2008).

³⁴ *TV prime time domestic news - monitoring and analysis of TV news programs in 10 SEENPM countries – Indicator of public interest, op. cit.*

³⁵ 'Goodbye to Freedom? A survey of media freedom across Europe', *op. cit.*

³⁶ "Transnational media concentrations in Europe", report prepared by the AP-MD (*Advisory Panel to the CDMM on media concentrations, pluralism and diversity questions*), Media Division Directorate General of Human Rights Strasbourg, November 2004.

³⁷ *Ibid.*

³⁸ Final report on the study commissioned to Mr D. Ward by the MC-S-MD "the assessment of content diversity in newspapers and television in the context of increasing trends towards concentration of media markets", *op. cit.*

³⁹ Ward distinguishes between hard news, consisting of business and economy, consumer affairs, education, environment, health, home security and crime, international affairs, party political affairs, political affairs, public services, social issues; and soft news, consisting of arts and culture, celebrity, entertainment, human interest, lifestyle, religion, science, sports, women issues.

⁴⁰ Christian S. Nissen. 'Public service media in the information society', *op. cit.*

⁴¹ *Ibid.*

⁴² *Ibid.*

⁴³ 'New Media is killing Journalism'. Debate at the Frontline Club. London: 2 May 2008.

⁴⁴ 'Transnational media concentrations in Europe', *op. cit.*