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**THE PUBLIC SERVICE BROADCASTER AND THE PRIVATEER**

Peter W. Lee-Wright

Goldsmiths, University of London

**Abstract**

*The BBC is the world's foremost public service broadcaster and its largest programme producer. Privateers control much of Britain's public services and are determined to privatize the most commercial aspects of the BBC. This research evaluates the BBC and questions leading industry figures what this means for public service broadcasting.*

**Key words:** *BBC, public service broadcasting, policy, privatization*

Broadcasting contains implicit dualities – reactive and creative, producer and distributor, public good and private profit – which call to mind C P Snow's mordant observation of intellectual life being divided into two irreconcilable cultures, science and the arts (Snow 1959). Because it involves significant technical skills and resources in both production and distribution – and because it is in an industry with both great commercial clout and vital political power – broadcasting has come now to be valued as a technical industry, rather than the cultural good it gave birth to nearly a century ago. Then, the British Broadcasting Company of 1922 soon became the state regulated British Broadcasting Corporation in 1926 precisely because the power and potential of the radio medium was deemed too important to be left to the vagaries of the market. The mission that its first Director-General Lord Reith formulated – to inform, educate and entertain – remains the BBC's mission statement to this day. The principles of broadcasting as above all a *public service* dominated not just the BBC's evolution across radio, television, online and other platforms, but all subsequent companies licensed to broadcast in the United Kingdom throughout the 20th Century.

There has, however, been a growing fracture in the popular consensus that supports this system, not least allowing some licensed broadcasters to evade their constitutional obligations, and pressurising others to allow the market to decide issues formally dictated by the will of the people through parliament and its regulators. Europe and other courts have been used to attack the BBC for perceived monopolies previously seen as public goods. This is the apotheosis of the privatization policies set in train over 30 years ago by the then Prime Minister Margaret Thatcher, which have transformed public services in Britain generally, and also had global impact on development, where aid budgets typically now come attached to the forfeiture of control of national assets and utilities. This paper aims to capture the privateer at this moment of his final assault on virtually the last bastion of corporate public service in Britain, the BBC, and seeks to evaluate what this portends for the corporation and its centrality to the culture and democracy of the UK. In talking with key industry players, past and present - and people whose worlds are interdependent upon public broadcasting, from politicians to musicians - I also arrive at the conclusion that the industrialization of broadcasting has fatally suborned the artist to the technocrat.

**Few Friends in the Right Places**

Each August, the great and the good of the UK television industry meet for the Edinburgh International Television Festival, where sessions celebrate the wealth and diversity of current television product.

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Product used to be called productions, and the festival was an opportunity for aspiring young producers to meet the channel controllers and production executives who could influence their future. Now the executive classes party separately from the pullulating masses of regular delegates, and the sessions reflect more commercial than creative developments. The keynote event remains the James MacTaggart memorial lecture, where the leading luminary chosen to deliver it signifies the industry's current mood and power matrix, from bullish media baron Rupert Murdoch in 1989 to cautious BBC Director-General Mark Thompson in 2010. In August 2009, it was the then Chairman and Chief Executive Officer of News Corporation in Europe and Asia, James Murdoch, who took the stage. He delivered an unprecedented and blistering attack on the BBC's reach and ambitions, accusing it of a "chilling" hegemony. He said: "in this all-media marketplace, the expansion of state-sponsored journalism is a threat to the plurality and independence of news provision, which are so important for our democracy.....The land grab is spear-headed by the BBC. The scale and scope of its current activities and future ambitions is chilling (Murdoch J. 2009)."

In fact, BBC journalism – far from being "state-sponsored" - was enduring substantial cuts because of a £2 billion shortfall in BBC income, due to its 2007 licence fee settlement and to its being obliged to shoulder the costs of converting nationwide broadcast transmission from analogue to digital. In 2008, BBC News had transferred operations to a multi-media newsroom, with the aim of eradicating duplication and reducing staff. They were, however, exploring alternative means of news distribution, such as via mobile phones and tablets, to offset their declining audience on television, particularly among the young. Some older journalists were concerned that the keys to the kitty had been thrown to the young nerds of the portentously named Future Media & Technology division but, if this was a "land grab", it was more on the scale of suburban garden boundaries rather than Middle Eastern oilfields. The real concern, poorly concealed in Murdoch's piece of Jesuitical grandstanding, was the continuing success of the BBC News website, which has remained the UK's most visited since its inception in 1997. Other news organizations had been slower to develop the new platform and many were struggling with declining audiences and readerships. Going online, even successfully as had *The Guardian* and *Daily Mail* newspapers, failed to arrest circulation decline and incurred costs that are not met by online advertising. In 2009, News International were planning to introduce a pay-wall around their *timesonline.co.uk* site the following July. The biggest threat to this determination to commodify online news was the superior - and resolutely free - public serving BBC News website. The BBC was not planning to grab the *Times*' land; it merely left a long shadow on its lawn.

Frequently people in powerful positions ascribe to their real or imagined enemies their own motives. One much more significant land grab News Corporation itself was planning was to seize full control of the increasingly lucrative BSkyB UK satellite subscription television business. BSkyB had been formed in 1990 by Rupert Murdoch as a merger of his failing Sky Television and the equally ailing British Satellite Broadcasting. Despite it being an effective monopoly that countered the previous state regulated duopoly, the merger was allowed by a business-friendly Thatcher government. News Corporation's deep pockets supported BSkyB through initial billion-pound losses before its market penetration reached break-even, and subsequent ever-growing profits. Murdoch then, in 1994, saw fit to sell off his newly valuable majority share while remaining non-executive Chairman but, when he relinquished that role in favour of his son and heir-apparent James in 2007, the board found some teeth and removed James. It had therefore become both politically expedient and economically attractive for the Murdochs to regain control of BSkyB. They were apparently to be enormously helped in this by the return in the May 2010 general election of a Conservative government, which their newspapers campaigned hard for. The plan was nearly scuppered by the Conservatives failing to achieve an overall majority, thus having to go into coalition with the Liberal Democrats. One of these Liberals was the Business Secretary, Vince Cable, who boasted that he had "declared war" on Murdoch, but did so ill-advisedly to undercover reporters from the *Daily Telegraph* newspaper. His role in adjudicating this

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take-over was duly given to the Murdoch-friendly Culture, Media and Sports Secretary Jeremy Hunt but, just as this extraordinary concentration of media power was about to be waved through – News Corp already had nearly 40% of the UK newspaper market – another newspaper effectively brought the Murdochs to their knees.

The phone-hacking scandal – in which the *Guardian* revealed tabloid newspapers routinely hacked in to celebrity and crime victim phones for their stories, leading to the Leveson inquiry into the ethics of the press – is no part of the BBC story. But the appearance of the Murdochs before that inquiry, and their humiliation in front of a parliamentary sub-committee is relevant to the ecology of the television industry, not least because it led to the closure of the Murdochs' popular *Sunday News of the World* newspaper and the collapse of the BSkyB bid. James Murdoch left his job, News Corp has split its print operations from its much more lucrative screen interests (20<sup>th</sup> Century Fox, Fox News, BSkyB) and we hear no more full frontal attacks on the BBC. As former BBC executive Pat Loughrey opines: "That Edinburgh speech was the high watermark of the commercial world's agenda and attitude to the BBC. No such speech could be made today". But little else has changed. In 2012, BSkyB had a TV penetration of 10.5 million in the UK, delivering a turnover of £6.8 billion. By contrast, the BBC had a £4.8 billion operating budget, mainly drawn from its statutory licence fee, which had been frozen in a shotgun settlement over one weekend after the Cameron coalition came to power, whilst being given onerous extra fiscal responsibilities. It is arguable which is the greater leviathan, with more penetrative power in the contemporary broadcast firmament. The choice of the MacTaggart lecturer in August 2012 is one indicator. Elisabeth Murdoch, another scion of the Murdoch family, took the stage, the year after her father's News Corp had bought out her successful independent film and TV production company, Shine, of which she remains Chairman. Elisabeth's carefully orchestrated appearance at Edinburgh was a calculated, and surprisingly successful, effort to decontaminate the Murdoch brand. "I am a current supporter of the BBC's universal license fee", she announced. "It's what mandates its unique purpose; it continues to act as a strategic catalyst to the creative industries of this great country" (Murdoch, E. 2012).

This was a declaration of peace from the Western world's most powerful media family, at a time when the BBC has been buffeted by an almost constant barrage of external attack, some very much of its own making. Shortly after the 2009 James Murdoch salvo, the then Chief Executive of the Royal Opera House, Tony Hall, had said to me that he had never known a time at which the BBC had had so few friends, right across the political spectrum. He was concerned that competitive interests were exploiting a public loss of trust in our institutions generally to create a mood sympathetic to their break-up for commercial benefit. The same machinations were at a more advanced stage in that other great British public institution, the National Health Service, now enshrined in the Health Social Care Act, which came into force in April 2013, putting much of Britain's health provision out to private tender. Recently released UK government Cabinet papers reveal that health privatisation had been a covert intent of the Conservatives since the early days of the Thatcher government. These show they sought "to end the state provision of healthcare, so that medical facilities would be privately owned and run, and those seeking healthcare would be required to pay for it", although leaks at the time produced such a political reaction that Thatcher was obliged to perform a U-turn and claim that the NHS was "safe in our hands", a mantra adopted by every subsequent Prime Minister.

What has been carefully developed in the intervening thirty years is the notion that the public sector is irredeemably inefficient, because unchallenged by competition, and that only the lean, mean techniques of the private sector can ensure value for money, whatever the public service. The communal, egalitarian principles of the post-War welfare state - on which the National Health Service was founded, offering good health care free to all at the point of need – have been eroded by the individualist, consumerist ideas of today's property-owning society. Mrs Thatcher was instrumental in selling off public utilities and giving voters cut price shares in them, which they soon cashed in, and selling the

subsidized tenants of Britain's great public housing stock their homes at a fraction of their true worth. This did not just keep the Conservatives in power for eighteen years, and contribute to the subsequent economic cycle of boom and bust, but helped give traction to the idea that profit and the private sector are essentially good, whereas the public sector is wasteful and bad. Whilst the majority of the electorate were profiting from increased prosperity, it was difficult for either the media or academia to find much space or support for critiquing the clearly flawed presumption that companies legally bound to prioritise the interests of their shareholders could or would always deliver improved public services for less costs. With a Labour government characterised by Peter (now Lord) Mandelson's infamous dictum about being "intensely relaxed about people getting filthy rich", a generation has grown up largely unaware of any alternative existential purpose to personal aggrandizement. In such a commercial context, the BBC appears an anachronism, which many view with undisguised venal envy as the last remaining article of value in the 'family silver' cabinet, which Harold Macmillan metaphorically accused Thatcher of selling off. But because of high levels of public affection for it, those who would seek to monetise the brand must move with caution.

In 2009, James Murdoch signed off his lecture with the words: "The only reliable, durable, and perpetual guarantor of independence is profit." (Murdoch J. 2009) In 2013, a more circumspect Elisabeth Murdoch said: "He clearly intended the statement to be provocative, and it is, but I also think that it deserves further analysis. James was right that if you remove profit, then independence is massively challenged but I think that he left something out: the reason his statement sat so uncomfortably is that profit without purpose is a recipe for disaster." (Murdoch, E. 2012). She went on to rhapsodise about the creative prospects for the evolving digital landscape and praise the BBC for taking some of the most creative initiatives within it. But her support for the BBC and the universal levy of the licence fee were accompanied by a question of whether it was being best used to produce content for the licence fee payers, and whether current institutions were in need of change. She quoted approvingly her father Rupert's MacTaggart lecture of 1989, recommending: "the freeing of broadcasting in this country ... from the dominance of one narrow set of cultural values, freeing it for entry by any private or public enterprise which thinks it has something that people might like to watch, freeing it to cater to mass and minority audiences, freeing it from the bureaucrats of television and placing it in the hands of those who should control it - the people." (Murdoch R, 1989) Elisabeth also took a pot-shot at regulation, which is another bugbear to the privateer, who believes the market, the people, should decide. The argument goes: broadcast regulation was only justified in a previous era of spectrum scarcity; the digital domain has allowed a proliferation of radio and television channels which need little regulation; the major networks should be free to cater to any audience without let or hindrance. The countervailing argument is that public service broadcast licences are predicated on purposes greater than profit, ensuring a plurality that the market cannot, and regulating equitable access of voice and view within heterogeneous societies. Broadcasting is not a supermarket that can afford to offer countless different types of fruit, leaving to rot that which does not sell. As the eminent French sociologist Pierre Bourdieu observed, competition in this field tends to produce conformity (Bourdieu 1998).

### **Your Freedom to Choose What We Want**

The mantra of 'choice' is central to the free market philosophy and has been at the heart of public strategy with regard to the UK National Health Service, where it is largely a chimera. With centralization of services, most people have difficulty enough getting to their nearest hospital and, when ill, are unlikely to be in a position to compare facilities with others further away. Similarly, few are well equipped to judge the relative merits of cardiac surgeons or oncologists. They merely want assurance that they will be well-treated with the best service possible. For nearly ninety years, that service ethic has also been the objective of the BBC, not profit; but, unlike health, everyone imagines that they could

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chose, if not make, better programmes than those they are offered. With video on mobile phones, editing software on laptops and the internet open for distribution, the opportunity exists to prove that, but most consumers prefer to stay with the quality product of professionals on the major channels. However, what the digital guru Clay Shirky describes as the moving of the gateway from producer to consumer (Shirky 2008), has destabilized traditional organisations' confidence in their own judgement. During the 1990s, BBC bosses became increasingly obsessed with audience figures, as the rapidly expanding multi-channel proposition of Sky threatened to undermine the UK's five terrestrial channels. More emphasis was put on finding what audiences wanted, and that instrument so beloved of the advertising world, the focus group, came into play. Focus groups are very good at assessing the relative attractions of consumer goods, like soap, but have never been responsible for innovation. They can express a preference for more of a popular show, or for less difficult drama, but they don't come up with ideas. They have been accused of robbing politics of vision and ideology, because theirs will always be an instrumentalist view, concerned with small details rather than the bigger picture. It could be argued that focus groups and market choice have had a similarly corrosive effect on broadcasting.

As the digital domain has developed, the choice on offer to UK television viewers has expanded exponentially. Until 1997, the BBC had just two television channels. Then, BBC News 24 launched, followed in 1998 by the first digital channel, knowingly called BBC Choice, initially via the internet. In 2003, it re-launched as the youth-oriented BBC 3, after a protracted argument with an interventionist government that saw this as the BBC 'dumbing down', and demanded a richer programme mix and expanding the upper target age to 34. Meanwhile, a sister channel, BBC Knowledge, had been re-launched in 2002 as BBC 4, and two children's channels, CBBC and CBeebies. Along with BBC World News, BBC Parliament and the Gaelic BBC Alba, this means that the BBC now runs nine television channels, all digital following the analogue switch-off in 2012. At the last count, Sky carried 405 channels, excluding their 'adult' offerings. Despite Sky reportedly spending £600 million on original UK programming, the most-watched channels on Sky remain those of the BBC and ITV, occupying the coveted first places on the electronic programme guide (EPG). In 2012, the BBC portfolio of TV channels continued to attract over a third of all UK television viewing, and the combined reach of all the main terrestrial broadcasters' (BBC, ITV, Channel 4 and five) channels only just fell short of three-quarters of total viewing (73.24%) (BARB 2013). They remain dominant on all platforms. Yet Sky continues to charge these terrestrial broadcasters that are responsible for the lion's share of their traffic a £10 million annual 'retransmission' fee, rather than pay them for their content. The BBC are now belatedly challenging their £5 million bill, claiming it an unwarranted tax on licence fee payers, who have already paid for the programmes, and again for their Sky subscription. Mark Thompson pointed out the hypocritical contradiction that News Corporation in the United States charges satellite and cable operators to carry its Fox and Fox News channels.

The feature that the BBC is less effective at promoting is its own extraordinary value for money. The BBC licence fee is £145.50 a year, which pays for those nine television channels, ten nationwide radio stations, eight national region channels, forty local radio stations, all of BBC online and the World Service. The most basic Sky subscription package is £258 a year, but to add in the Films and Sports channels most people sign up for takes the annual cost to £789, more than five times the BBC licence fee. The Peacock Committee, set up by Mrs Thatcher in 1985 to investigate BBC financing, was expected to scrap the licence fee, but it recommended its retention as the 'least worst' way of financing the BBC, although it did suggest privatizing Radios 1 and 2. A subsequent committee set up by David Cameron when he was leader of the Opposition, and chaired by former Director-General Greg Dyke, was reportedly poised to recommend the scrapping of the licence fee, but the political implications for the then upcoming 2010 General Election led to the report being scrapped instead. No-one has come up with a more efficient means of financing such a comprehensive public broadcasting service, but everyone knows that were individual radio and television channels to be sold off to the privateers, any

subscription to them would rapidly escalate the costs to the consumer. Furthermore, the privateers are only interested in the most commercial prospects, such as BBC1 & BBC 2, Radios 1 & 2, not the high quality but costly per capita regional commitments, or Radios 3 and 6. Without the licence fee justifying presence of popular channels, those specialist services would be unsustainable. Yet all these services have dedicated audiences, who are most vocal if threatened.

When Tim Davie, then Director of Audio and Music, and the only BBC director from the private sector, (ex-PepsiCo), offered up the contemporary music specialist channel Radio 6 and the community oriented Asian Network to the 2011 round of cuts, on perfectly rational cost-benefit grounds, a public storm erupted that led to their being saved. As the eminent music producer Brian Eno says, some twenty per cent of the music Radio 6 plays you have never heard before and would hear on no other radio station. It is not a music policy that could sustain a commercial station, but that is its value. ‘Unique’ and ‘profitable’ are rarely co-terminus. It is widely agreed that these are the kind of services the BBC should run, but the principal motor of the BBC remains its universality and popularity, still earning substantial public support for the licence fee, despite the fragmenting market. No individual could consume every BBC offer, but most people in the country consume some BBC output, with the most recent figures published still showing a weekly reach of 96.3% combined listeners and viewers (BBC 2012). It is a readymade audience, a public profile and an international brand to die for yet, as former Director-General Greg Dyke said to me, “I travel the world and everywhere people sing the praises of the BBC. Then every August I come to Edinburgh to discuss how we are going to break it up”.

### **Its Own Worst Enemy**

Reticence is a British trait and singing one’s own praises is generally considered contemptible. Instead what is called ‘tall poppy syndrome’ flourishes, a popular schadenfreude at the sight of the successful being humbled. A significant section of the tabloid press in the UK concentrates on building up minor celebrities, only to eviscerate them for such human failings as adipose, adultery and alcoholism. The same cynicism is applied to British institutions, with undisguised glee at the discovery of politicians fiddling expenses or England teams failing to make World Cup football finals. The BBC is no exception, combining the familiar nickname “Auntie” with the metaphorical role of “Aunt Sally” – a traditional game target. The unofficial view within the corporation has been that, as long as it suffers brickbats and complaints from all sides, left and right, it is probably doing its job objectively and well. Good reporting inevitably ruffles some feathers and as long as the disturbance is spread evenly there can be no charge of partiality. Politicians have always had a schizophrenic relationship with the BBC, relying upon it to get their message across, but loathing its independence when used to ask difficult questions and expose wrongdoing. Despite using it to rally support for the war, Churchill refused ever to be interviewed. Thatcher also avoided most of the serious political programmes in favour of the softball interviews on light music chat shows. However, in the last decade, the BBC has endured a succession of occurrences that have had lasting impact on its reputation and political position.

On May 29 2003, BBC Radio 4’s influential, agenda-setting morning programme *Today* broadcast the sensational news that the Blair government had embellished the facts about Saddam Hussein’s weapons capability to persuade the British parliament to support going to war in Iraq, despite public opposition. This was true, but the reporter, Andrew Gilligan, departed from the agreed script and asserted that the Government “probably knew” that the claim Iraq had weapons of mass destruction deployable within 45 minutes was wrong. The claim *was* wrong, but the charge of deliberately misleading Parliament was without evidence, and led to the biggest row between the BBC and a sitting government in its history. Allegations of bad faith were banded about, particularly by the Prime Minister’s Director of Communications, Alastair Campbell, and Gilligan’s source, a mild-mannered civil servant called David Kelly, was so hounded by the Government that he committed suicide. A judicial inquiry was then

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ordered, under Lord Hutton, whose report eventually supported the government and attacked the BBC. As a result of this unanticipated whitewash, the Chairman of the BBC, Gavyn Davies, and the Director-General, Greg Dyke were forced to resign. Greg Dyke has spoken at length about how angry this flagrant injustice made him, and how revealing it was of the political will to bend the truth and destroy anything that stands in its way. In his autobiography, he quotes the first (and only) female Head of BBC Current Affairs, Grace Wyndham-Goldie: “Nowhere more than broadcasting is the price of freedom eternal vigilance: resistance to political pressures has to be constant and continuous. But it must be realized that such pressures are inevitable, for the aims of political parties and those of broadcasting organizations are not the same.” (Dyke 2004). Kevin Marsh, the Editor of the *Today* programme at the time - who felt equally bruised by being excluded from testifying to the Hutton inquiry and then unfairly accused by it of editorial mismanagement – is one of several senior figures who have told me that they believe a future Labour government would be a much bigger threat to the BBC than the current Conservative coalition.

The BBC’s independence, such as it is, is enshrined in a royal charter that is renegotiated every ten years. This is due for renewal at the beginning of 2017, nineteen months after the next general election. The last renewal, negotiated over three years following the Hutton inquiry, replaced the former BBC board of governors with a BBC Trust, charged with a more proactive oversight of programme policy and management strategy. All strategic development has to be subjected by the Trust to a ‘Public Value Test’, notionally on behalf of the licence fee payers. In 2007, the Trust ordered the suspension of the £150 million multimedia education service BBC Jam, which had been commissioned by the Labour Secretary for Culture Media and Sport and launched in January 2006 to replace the BBC’s broadcast Schools programming. Educational publishers had made representations to the European Commission that this free service acted as a constraint on their business, so, following further representations, the service was forced by the Trust to close permanently, with the loss of at least half of its initial budget.

In 2009, the Trust turned down a BBC News plan to develop a network of online local news sites on the spurious, and largely inaccurate, grounds that its likeliest consumers would be an older demographic who made less use of broadband and online services. It also commented, more revealingly, on “the negative market impact that could result from BBC expansion at a local level at a time when commercial providers face structural and cyclical pressures.” (BBC Trust 2009. This was a significant caveat, that the BBC should back down in the face of commercial pressure, even where that pressure was not actually providing the service on the platform proposed. Yet in 2010, the incoming Conservative Secretary for Culture, Media and Sport, Jeremy Hunt, ordered a revival of the local online news scheme to go out to private tender, its start-up costs to be paid for by top-slicing the BBC licence fee, and enforcing the BBC to distribute the resulting services. So a service deemed poor value for public money suddenly became good value if that same public money was being spent on a similar service in the private sector. In that same shotgun licence settlement, the BBC was forced to take over financial responsibility for the BBC World Service, the previously independent Welsh language channel S4C (the most expensive public broadcaster in the world based on its high per capita costs), and BBC Monitoring at Caversham, which monitors the world’s broadcasting for intelligence purposes. None of this was subject to a Public Value Test, and licence fee payers might consider the resulting cuts to their domestic services a poor bargain. There is a view that the cynical intention was to de-couple popular sentiment from the clear benefits of the value-for-money licence fee and re-position it as another tax being put to other government purposes. (The BBC World Service has up until now been financed by a grant-in-aid from the Foreign Office, as a valuable tool of international diplomacy and soft power. Now that cost falls upon the licence fee payer.) The problem for the BBC is not just their inability to propagandize on their own behalf, but the fall-out of stories that make them look profligate and irresponsible.

July 2008 was a particular nadir for the BBC. The corporation was fined a record £400,000 by the regulator Ofcom for a suite of errors over the previous three years, in which various BBC programmes running competitions had continued to encourage entries after the chance of winning was passed. The

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same month, it was revealed that the BBC had paid its executives a combined 8 per cent increase despite, as the *Guardian* noted, “last year's string of deception scandals”. Even though the Director-General Mark Thompson alone turned down a bonus, his pay rose to £816,000, in a year in which the BBC reported the average UK annual wage as being £23,700, ie the licence fee payer footing the DG's wage bill. Thompson was ill-advised to then go on his Radio 4 *World At One* programme, arguing that he was only taking 28% his true worth on the open market, which would compute his annual worth at over £2.9 million, substantially more than any other British TV executive. It was poor PR, and he had to agree to an across-the-board 25% reduction of executive pay including his own. But Thompson has since had the last laugh, taking up the job of Chief Executive Officer of the *New York Times* with a reputed \$6 million combined ‘golden hello’ and first year pay package.

The BBC Thompson left behind in 2012 ended the year in a chronic shambles. An investigative report revealing a recently deceased BBC entertainment star called Jimmy Savile to have been a serial paedophile had been suppressed by the BBC *Newsnight's* editor, but was broken by an ITV programme, to the BBC's shame. Thompson's successor as Director-General, George Entwistle, had meanwhile commissioned tributes to that star and apparently shown no interest in the substance or potential conflict of interest presented by these journalistic revelations. A resulting £1 million inquiry chaired by former Sky News chief Nick Pollard found devastating failures of editorial judgement and line management in BBC News. As the scandal rocked the BBC establishment, the hapless *Newsnight* team then managed to identify the wrong Tory politician in an allegation of paedophilia, occasioning a libel pay-out and the resignation of Entwistle after just 54 days in post. Any organization broadcasting over 400,000 hours of programming a year is bound to make mistakes, and it is entirely predictable that commercial competitors will seize upon those stories with glee, although the BBC does tend to wallow in its own misery, lacking the brass-necked self-belief that characterizes the tabloid press both during and after the Leveson inquiry into their much worse failings. But there are underlying failures of BBC management that are a much bigger hostage to the privateers' efficiency arguments. Since his arrival from the Royal Opera House in April 2013, the new DG, Tony Hall, has had to cancel as unfit for purpose a computer system intended to replace all BBC tape operations, which his predecessors had promised was going to work, at the loss of £98 million.

## Cultural losses

Outsiders find it hard to understand why the BBC is so accident-prone. Former producers and executives have strong views, but often prefer not to voice them, so as not to give sustenance to the BBC's enemies. The Cambridge anthropologist Georgina Born spent a frustrating ten years penetrating the Machiavellian depths of the BBC to produce her book *Uncertain Vision: Birt, Dyke & the Reinvention of the BBC* (Born 2005), meeting much bureaucratic obfuscation along the way. She writes of the almost permanent crisis in the BBC's relationship with both politicians and public, and is particularly critical of the 1990s regime under former Director-General John Birt for the “political subordination of the BBC” and its acquiescence to the “principle that the BBC must be reined in to allow the private sector space to secure its expanded profitability”. She commends Greg Dyke for reinvigorating a demoralised BBC when he arrived in 2000, but recognises that this was a short-lived revival, eclipsed by Hutton. Indeed, there has been a serious risk-aversion since Hutton, with many producers complaining of a petrified organisation fearful of getting more bad press. The Director of Programmes at successful independent production company TwoFour, Dan Adamson, says: “The BBC is definitely bound in red tape in a way that the other broadcasters aren't.....There's always this feeling of ‘Oh, what if the *Daily Mail* got hold of that’.”

Ironically, the erosion of the BBC's cultural capital had started as far back as 1982, when a coalition of some of the most talented and independent-minded producers successfully lobbied the then

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Conservative government to licence a fourth television channel, to be supplied exclusively by independent programme producers. The independent sector subsequently lobbied to be given at least 25% of BBC and ITV production commissioning as well. More recently, the BBC introduced the Window of Creative Competition (WOCC), putting a further 25% of production up for grabs in an open fight between independents and in-house producers. Consequential cuts and redundancies not only deprived the BBC of many of its best and most creative personnel - those more likely to challenge the management and so better equipped to survive in the outside world - but undermined the all-embracing nature of the place. Born writes: "As the employment base fragmented, the former embedded ethos of the BBC was being replaced by the instrumental processes of marketing." (Born 2005). The progressive contraction of in-house production made the BBC's former economies of scale increasingly hard to sustain and, following a disastrous attempt to introduce a comprehensive internal pricing mechanism, it began down-sizing. In this it followed the traditional first pragmatic stage of privatisation, a disposal of assets to raise capital. Many of the key components of the BBC were disposed of, from the Hulton Picture Library in 1988, the legendary Ealing Studios in 1995 (the oldest working film studio in the world), plus its legendary staff film crews, and the BBC transmitter network in 1997, to its Outside Broadcasts division in 2008 and the £200 million sale of the iconic Television Centre in 2013. In a sentimental programme transmitted on the last night of BBC Television Centre operations, some of its stars expressed great sadness at the loss of this creative hub. The show was chaired by former BBC executive and Chairman Michael (now Lord) Grade. The chronic shortage of TV studios this now leaves in London has meant the transference of many BBC shows to Pinewood Studios, chaired by one Lord Grade, who is currently engaged in a planning battle to double the size of Pinewood.

In some respects, the privateer has already won the first battle with the public service broadcaster, having secured so many of the practical assets needed for production and transmission, and a lucrative share of the most commercial aspects of production. Whilst there is little public support for the wholesale privatization and break-up of the BBC, the second stage being widely touted now is getting the BBC to cease in-house production, commissioning all its programmes, except News, from independent production companies, as do Channel 4 and Sky. This would still leave the BBC as a comprehensive public service broadcaster, but rob it of its generative role as the world's leading creative powerhouse. Even now, there is a growing concern that too much has already been conceded in the overall balance of programming, with a cowed BBC desperate to distance itself from charges of elitism. The eminent art critic Brian Sewell at an awards ceremony recently spoke of factual television's "ever-increasing vulgarity and ever-lower intellectual levels", citing various science, art and religious programmes that were all blighted by adopting the same brand of celebrity travelogue. The one BBC television channel that could emphatically resist that charge is BBC 4, which doubled its audience figures and reach and won Best Digital Channel of the Year at Edinburgh in 2012. At the same time, it suffered the most savage cut of any BBC channel, 10 per cent, depriving it of the ability to continue commissioning the key genres of drama, history and entertainment. Producers are concerned about the BBC's priorities. Eminent documentarist Roger Graef regrets the BBC 4 cuts and says: "The BBC suffers from having the potential to do a lot more but it spends too much on managers and not enough on programmes.... The BBC needs to remember that risks, in documentary, arts, drama and journalism, are good, not bad." Dan Adamson agrees: "The BBC has so much good about it that you don't want to harm it, but it's such an easy target. As an independent producer you think: This could be so much better if you'd only be braver..... It's the biggest and best-known global broadcaster, but it's definitely baggy in places."

Some twenty years ago, the BBC lost £100 million through accountancy errors. Its response was to hire more accountants. During the 1990s, the BBC spent £22 million a year on consultants, with arguably little effect. Throughout the BBC's recent turbulent history, there has been an inclination, during times of uncertainty, to invest money and hope in technology, rather than in people and ideas. But, in today's fragmented market place, with not just 400 competing channels, but many different platforms, catch-up

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services and online options, the only thing that attracts and retains an audience is good quality, appropriately curated programming. This does not have to be dumbed down, as BBC 4 proves. Even the venerable political debate show *Question Time* on BBC 1 still attracts a large audience with an unexpectedly high youth profile. It is a rare opportunity for them to participate in the democratic process, whereas they feel excluded by most political programmes, which they consider allow the politicians to set the agenda and avoid answering difficult questions. Too many of the BBC's initiatives to engage young audiences have been patronizing, and the fetishisation of 'User-Generated Content' (UGC) has expected too much of an audience that mostly wants to be informed and entertained, not participating in DIY TV. Newsreader Ben Brown confided to me that an editorial management desperate to ingratiate itself with its audience would, on occasions such as the Buncefield oil depot fire in 2005, use UGC footage in preference to professional pictures.

Television News has always used photographs and footage captured by members of the public caught in a newsworthy event, witness Jeb Zapruder's 8mm footage of John F Kennedy's assassination in 1963, but it has yet to determine news priorities and arguably should not. It came close to so doing when ITV News showed graphic footage shot on a mobile phone of two young men murdering a soldier in Woolwich, South London, in May 2013. The culprits seized the publicity afforded by this voyeuristic use of UGC to justify their actions as an Islamic jihad in reaction to British military action in Afghanistan. This gave credence to the claim of an ideological motive for what was essentially a psychopathic crime, and the Prime Minister saw fit to call a special meeting of its COBRA crisis committee, further validating panic, where disgust would suffice. Politicians rarely pass up the chance to justify seizing more powers to assuage the panic they have often induced. This is the impact of the popular bloodlust which gives rise to the cynical dictum "If it bleeds, it leads". The point of a licensed public service broadcaster is to resist fear-mongering and that slump to the lowest common denominator, but soft touch regulation has allowed ITV to renege on many of its PSB obligations, notably with regard to regional news and religious broadcasting, without sanction. The BBC has to resist being dragged down to compete. Its former Head of News, Peter Horrocks, admitted to me in 2009 that "We probably lowered the bar a bit too much and now we are elevating it...But we will employ every trick in the book to bring people to content that is more illuminating and insightful than they will find elsewhere." (Lee-Wright 2010).

That remains the laudable purpose one would expect from the BBC, but it is difficult to marry with the profit that the Murdochs would like see introduced to its broadcast operations. The argument which Sky propounds, that public service options can be supported by commercial success, as in its two Sky Arts channels, deteriorates when you examine the content of those channels. Their main components are recordings and promotional material generated by their subject matter, that is performances by theatre groups, orchestras, musicians, opera and dance companies keen to spread their message to a wider audience. The most extreme example of this product placement occurred in 2013, when Sky announced: "Sky Arts 2 has changed its name to Sky Arts Rieu in honour of the Classical Brit Award-winning violinist [André Rieu]. Until Sunday 14th April, Sky Arts 2 will become a 24 hour Sky Arts Rieu channel, broadcasting back-to-back concerts by the acclaimed Dutch violinist." This internationally well-known, best-selling light musician makes Mantovani look like Mozart, and certainly does not need any further promotion, but this is commerce. It is the diametric opposite of what BBC Music and Arts sets out to do, to bring not just the best, but the widest array of arts conceivable to a general public. The BBC sponsors the world's largest music festival each summer in the Proms, which brings most of the world's greatest orchestras and soloists to London, but also mixes old and new, popular, classical, jazz and experimental music in a programme of great riches, not necessarily of great box office profit. The same ideals inform the BBC Young Artists scheme for aspiring musicians and the biennial BBC Cardiff Singer of the World competition for young opera singers. They run a host of music programmes across their minority specialist channels, BBC Radios 3, 6 and 1Xtra, as well as television programmes on

# Journal of International Scientific Publications: Media and Mass Communication, Volume 2

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music, concerts and opera on BBC 4. The BBC also sponsors five orchestras and the BBC Singers, although leading choral conductor Peter Phillips, who often works with the BBC Singers, laments their reduction in numbers causing a limitation on the scale of work they can perform. He is concerned that creeping cuts will undermine the BBC's cultural mission. Penguin Books' Managing Director Stuart Proffitt calls the BBC "the greatest cultural institution the world has ever known", but all empires and institutions eventually perish. What the BBC must surely do is recognize the Vandals massing at the gate, and ensure that economies and political concessions intended to ensure the BBC's survival do not undermine the very purpose of its existence.

## Conclusion

The late Managing Director of BBC Television, Bill Cotton, quipped that he had never known a time when morale at the BBC had not been at "an all-time low". It is in the nature of creative people to be hyper-sensitive to criticism and threat. But there can be little doubt that a constant barrage of external attack, a long-term erosion of resources and job expectations, and a management rather less than robust in defence of staff and creative freedoms have all taken their toll. That said, the BBC still remains the world's greatest programme producer and the public service broadcaster all others look up to. Now under new management, it has the prospect of re-asserting that pre-eminence and restoring the confidence that Roger Graef rightly demands must take risks. Above all, that would seem to require the capacity to be more pro-active not just in the promotion of its many strengths, but in engaging with the arguments of those that wish it ill. Far from being a threat to BSkyB, the BBC remains one of its greatest assets, and needs to argue from that strength. When I asked the BBC's former Director of Nations and Regions, Pat Loughrey, why the BBC remained so callow in its public defence, he responded: "For the BBC to put its case to government, it has historically been more effective to do it 'through the normal channels' than on public platforms or in the public press, for a couple of reasons. a) That's how policy works in Britain; and b) There are very few public journals that would give you anything like support or a fair audience." This is the old boy network that has sustained the British establishment for generations, a Civil Service freemasonry which excludes those not schooled in their sophistry. As Loughrey agrees, those bosses not raised in the BBC's labyrinthine institutional ways and inclined to challenge them have tended to be those most easily defenestrated: eg Greg Dyke and the unfortunate BBC 1 Controller Peter Fincham, who inadvertently insulted the Queen. But the rise of the Murdochs, and the deep penetration of their persons and personnel into the very heart of British political power – a former *News of the World* Editor was Prime Minister David Cameron's Director of Communications until just before he was arrested, and another was a horse-riding chum – demands a more robust front.

That demands a much more cogent estimation of the BBC's true value as a public service broadcaster. This paper has only touched upon some aspects of that mission: its role as a democratic mouthpiece, calling the powerful to account; its irreplaceable function as a cultural ambassador and patron of the arts. There are many other strings to its bow, though sadly some have already been passed to the private sector, not least its nurturing of fine technical skills in the film, design and outside broadcast arts. This calls into question whether the BBC should continue to be a major employer and producer, or merely a broadcaster using its power and position to keep genres and crafts alive elsewhere. Documentaries used to be one of the flagship departments at the BBC, carrying a proud tradition that stretched back to John Grierson, the inventor of the term 'documentary' and father of the British documentary tradition. Now, the vast majority of BBC documentaries are made by independent producers, and only certain sub-genres exist in-house, although the Natural History Unit in Bristol is one department that retains its world renown and cutting-edge deployment of technique. Maybe that scale of ambition needs to energise any BBC department expecting to survive the upcoming charter renewal process.

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The privateer has three interlocked levels in his sights. He already has substantial purchase on Level 1: the production and sale of programmes, and the exploitation of assets required in their making. The BBC's five-year fixed licence fee is increasingly severely challenged by so much of its expenditure having to be made on equipment, fees and other services now charged at market rates, when previously these were in-house costs. Improved terms of trade for independent producers already mean that they have much greater benefit than they previously had, from on-sales, secondary uses and format rights, even when productions are 100% front-end financed by the BBC. Just as with its enforced investment in local news web development, the BBC's role as the Medici of its day is effectively enshrined in practice, and needs to be recognized as a vital part of Britain's creative industry. It could be argued that any privateer should have to accept substantial public service obligations as an investor in human potential and supporter of the non-commercial. So the progressive privatization of programme production would not then continue without commensurate obligations being written into contracts, and any move to the wholesale outsource of BBC programme production would not be without embedding major commitment to the development of the medium and its workforce. The essence of any production company is ideas, and these are produced by the bright young minds employed in development. The BBC recently put its factual development staff on one month contracts. This is not a promising way of investing in the future.

The bigger prize was flagged nearly 30 years ago by the Peacock inquiry's recommendations of selling off individual channels. A channel like BBC 1 – with a 76.1% total UK audience weekly reach and average user consumption of eight and a quarter hours (BBC 2012) – could clearly realize the sort of astropheric auction value that the 3G mobile phone networks did in Britain (raising £22.5 billion in 2000). What would have to be agreed was the mechanism by which that investment was commodified – the BBC currently carries no advertising – and at what level subscription could be set. Irrespective of the inevitable premium charged to the consumer, the much greater price paid would be on the delimitation of what services remained on offer, so much of what the BBC does being unsustainable on simple cost-benefit terms. Even were such channel sales to be bundled with public service obligations – as was the nodding through of the final merger of ITV plc in 2004, which notionally carried through its former federal obligations to a regional network – capital clout defies regulators to challenge their supremacy. Charged with ITV's egregious failure to respect its PSB obligations in Edinburgh in 2008, Lord (Melvin) Bragg pathetically responded “Things change”. This may have been an unconscious reference to the Latin phrase “Mutatis Mutandis”, which implies the minimum changes necessitated by events, but my interpretation is that no profit-making company will do anything it does not have to, hence the miserable level of customer service offered by so many privatized monopolies.

The third level, which has yet to emerge in public discourse regarding the BBC's future, is the new gold rush of data mining which has transformed the communications business. If the trivia we exchange values Facebook at \$44 billion at the time of writing, and our internet uses and choices value Google at \$293 billion in March 2013, then our much more specifically defined tastes as determined by our TV and Radio consumption must also be worth billions in this new market. When first I visited Sky News in 2009, they showed me their new, award-winning red-button option, whereby viewers could select different on-screen information streams, a mechanism the BBC used to awesome effect during the London Olympics. I asked what information Sky were receiving from tracking its uptake and they assured me that they had no such mechanism. True or not, we now know that such information is gold dust with hard currency value. Personally, I would not wish such information to be commodified but, if the privateers have their way, as they have with so little opposition over the last thirty years, let them pay well for the mining of our cultural patrimony and make sure that they are statutorily obliged to continue the best traditions of public service broadcasting. It is in many ways the last ideological conflict of our age, a clash between the public service traditions that animated much of political and public

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development in 20<sup>th</sup> Century Britain and the ‘winner takes all’ cage fight of contemporary capitalism, whose ultimate integer of value is the tick of the turnstile.

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