Public service broadcasting (PSB) will be 100 years old at the end of this year. It is still an important and valued part of most people’s daily lives in countries where it exists at scale. But it now faces a number of serious challenges.

**HOW DID PSB START AND WHAT, EXACTLY, IS IT?**

The United Kingdom national broadcaster, the BBC, was the first public service broadcaster. Initially set up by a consortium of radio set manufacturers as a private company, The British Broadcasting Company, in October 1922, its role was to drive radio set sales by providing programmes for listeners. It started daily broadcasts – a few hours a day of news, music, drama and “talks” – the following month.

In December 1922 – somewhat surprisingly, given his lack of relevant experience and his strong non-commercial agenda – the consortium appointed 33-year-old Scottish engineer John Reith as the company’s first general manager. It was Reith who insisted that the BBC’s mission would be to inform and educate listeners as well as entertaining them and that it must be politically independent and impartial – still key characteristics of a PSB.

In January 1927, the BBC became the publicly owned British Broadcasting Corporation, with Reith as its first director general. Its public service mission was, and remains, largely unchanged.

The BBC is the original and archetypal PSB, by which I mean a publicly or privately owned national broadcaster whose government licence requires it to (i) be, as far as practically possible, universally available across the country, (ii) deliver specific social benefits beyond simply entertaining the audience and (iii) be editorially independent of all political and commercial interests (as opposed to a state broadcaster controlled directly by the government) – although governments naturally vary in their willingness to allow PSBs to be truly independent in practice. Many other PSBs were set up around the world along similar lines throughout the 20th century.

**A KEY FEATURE OF BROADCASTING POLICY – BUT NOW UNDER THREAT**

The strength of its PSB(s) is a key, perhaps defining, feature of any national broadcasting system. Using this criterion, countries with at least some public or state broadcasting - i.e. almost all countries - fall into three broad groups:

1. Democracies like the UK, post-war Federal Germany and the Nordic countries, where PSB preceded commercial broadcasting and remains relatively strong

2. Democracies like the USA, Italy, Greece and New Zealand, where PSB is relatively weak because commercial broadcasting came first and/or governments have gradually eroded public broadcasters through cumulative funding cuts, hostile regulation or deregulation, politically-motivated board appointments and other measures designed to reduce their independence and influence their news coverage

3. Countries like China and Russia with state broadcasters directly controlled by authoritarian governments (and, therefore, not PSBs), perhaps supplemented by “independent” commercial broadcasters controlled by other people close to, or dependant on, the government.

The danger is that the challenges discussed in this article push countries down this list (from 1 to 2 or from 2 to 3), reflecting and further reinforcing a worldwide drift towards reduced democratic freedom and accountability, weakened independent media and – as I’ll discuss – less well-informed publics.

In this article, I illustrate these challenges using UK examples, mainly in the context of the challenges facing the BBC, analysed in detail in my book with Peter York, *The War Against the BBC*. PSBs around the world face similar issues, although the UK is unusual in still having an extremely strong PSB system with four main players: the BBC (publicly owned and mainly funded by the TV licence); ITV/STV and Channel 5 (privately owned, mainly funded by advertising); and Channel 4 (publicly owned and mainly funded by advertising). Most countries with PSB have just one public broadcaster, typically funded...
by a combination of public money (TV licence fees, household levies or general taxation) and advertising.

MARKET, TECHNOLOGY AND CONSUMPTION TRENDS

All broadcasters, including PSBs, now operate in a highly competitive audiovisual landscape increasingly dominated by large commercial non-PSBs, mostly US-based or -owned media and technology companies. These include:

- Traditional satellite and cable pay TV platforms (like Sky and Virgin Media) and channels (like Sky Sports and Disney’s children’s channels)
- Subscription video-on-demand (SVoD) “streaming” services such as Netflix, Amazon Prime, Disney+ and Apple TV
- Advertising-funded video-on-demand (AVoD) services, mainly video sharing platforms such as YouTube (owned by Google) and social media platforms such as Facebook (owned by Meta) and TikTok (owned by Chinese company ByteDance)
- Online audio/music platforms such as Apple Music and Spotify and a wide range of podcast services, funded by a mixture of advertising, sponsorship and subscriptions.

Online audiovisual services are especially popular among upscale young adults, a hard-to-reach audience highly valued by many advertisers. Commercial PSBs like ITV and Channel 4 also now have to compete indirectly for advertising revenue against Google’s and Amazon’s search services. These, and the other technology giants (Apple, Meta and Microsoft), all operate in markets characterised by “network externalities” and other factors leading to extreme market concentration and almost unassailable market dominance. Governments around the world are struggling to find ways of countering their market power and the online harms they enable.

A BRIEF DIVERSION ABOUT LABELS (“PSB” OR “PSM”?)

Because PSBs now deliver their mission online as well as through broadcast channels, it is sometimes suggested that they should now be described as public service media (PSM). However, this seems unlikely to create greater clarity: the term PSB is well established and unlikely to be misunderstood. And all PSBs/PSM are still primarily broadcasters: the vast majority of their service expenditure still goes into creating and distributing TV and radio content (now using both broadcast and online channels). I see this as a minor side issue reflecting 30 years of hype and confusion about “media convergence”. That’s why, in this article, I use the term “PSB”.

FIVE FINANCIAL AND MANAGERIAL CHALLENGES

These trends pose five distinct, but interrelated, financial and managerial challenges to PSBs:

1. Revenue/Funding: Competition from online services is reducing the commercial PSBs’ advertising revenue; and, according to some people, the availability of a wide range of quality programming weakens the case for public funding of PSBs like the BBC (“Let them eat Netflix”).

2. Content costs: By competing for content, talent and production facilities, the “streamers” are driving up PSBs’ real (i.e. inflation-adjusted) programming costs, especially in some genres, such as internationally marketable premium drama.

3. Distribution costs: PSBs now have to support online streaming as well as their universally available broadcast networks. This is increasing their real distribution costs and will continue to do so until fast broadband is both universally available and universally adopted.
enabling broadcasters to switch off their digital (DTT and DAB) broadcast networks. PSBs will most likely need to “ride two horses” in this way until well into the 2030s.

4. Innovation and regulation: PSBs are having to innovate faster than ever to keep pace with technology and consumption trends, with continuous investment in technology, R&D, audience research and service innovation. For the BBC, a further barrier to innovation is the need for regulatory clearance because of (much overblown) concerns about the potential market impact of new or, in the regulator’s view, materially changed services. In 2009, the UK competition authorities notoriously blocked “Project Kangaroo”, a pioneering VoD joint venture between the BBC, ITV and Channel 4, leaving the market open to the US streamers for the next ten years. And in 2018-19, it took the regulator Ofcom a year to give the BBC clearance to bring its online iPlayer service into line with the rest of the market. The US streamers face no such regulation and update their services almost every week.

5. Balancing the needs of different audiences: Different age groups’ content preferences and consumption patterns are becoming more diverse. PSBs are under constant pressure to invest more in new content and services for younger viewers, listeners and online users, but still need to maintain their investment in those for their older, more traditional audiences.

SOME NEW OPPORTUNITIES

Of course, the new technologies also create some new opportunities for PSBs, including additional ways to reach audiences, as well as new revenue opportunities for commercial PSBs, whose traditional TV advertising business model is under increasing pressure – although the long-predicted death of TV advertising continues to be very much exaggerated. They now have a growing revenue stream from digital advertising, offering addressable TV as a way for advertisers to reach specific audiences and/or increase the reach of traditional TV campaigns.

PSBs with their own production arms, like the BBC and ITV, are also able to increase their studio income, exploiting the burgeoning global demand for high-quality content.

However, the five financial and managerial challenges facing PSBs listed above, especially the combination of relentlessly increasing real costs and falling real income in a market with ever-rising competition, dwarf the new technology opportunities.

Further, the pressures on PSBs are not only the result of impersonal technology and consumption trends and market forces. They also involve the deliberate influence on policy of commercial and political vested interests, often reinforced by free-market ideology.

COMMERCIAL RIVALS

The owners and leaders of some commercial media perceive PSB as unhelpful competition, reducing their revenue and profit. The fact that this perception is largely unfounded is beside the point. In the UK, Rupert Murdoch, in particular, has for decades argued that the BBC crowds out commercial media, actually reducing consumer choice. These claims were spelt out in detail by his son James in a passionate, high-profile speech in 2009 (see box).

JAMES MURDOCH: “THE ONLY RELIABLE GUARANTOR OF INDEPENDENCE IS PROFIT”

In 2009, James Murdoch, then chairman of Sky, spelt out his and his father’s anti-BBC case in detail in a high-profile lecture. He claimed that, in the UK, “state-sponsored media – the BBC in particular” were becoming “ever more dominant”; that it was “fundamental to the health of the creative industries, independent production, and professional journalism” that the BBC should be “far, far smaller”; that the resulting threat to “independent news provision” was “serious and imminent”; and that the rules requiring broadcast news to be impartial were “an impingement on freedom of speech and on the right of people to choose what kind of news to watch”.

He portrayed the UK’s highly competitive broadcasting system as an “authoritarian” (even “Orwellian”) basket case in which “the customer does not exist”, with “unaccountable institutions” (the BBC, Channel 4 and Ofcom), “regressive taxes” (i.e. the TV licence) and policies that “penalise the poorest in our society”. He contrasted this with the UK newspaper market: “The free press… is noisy, disrespectful, raucous and quite capable of affronting people… But it is driven by the daily… choices of millions of people. It has had the profits to be fearless and independent”. His concluding words were, “The only reliable, durable and perpetual guarantor of independence is profit”. This is not the place to analyse the many errors, omissions and distortions in this lecture. I here note only that (i) even in 2009, Sky’s revenue in the UK and Ireland was already almost double the licence fee income of BBC Television; (ii) the Murdochs’ “fearless, independent journalism” did not stretch to China or enable any of their 175 editors around the world to step out of line and oppose the 2003 invasion of Iraq; and (iii) twelve years after the speech (which, with presumably unintended irony, was titled “The Absence of Trust”), News Corporation is still reported to be agreeing financial settlements with alleged victims of phone hacking allegedly conducted by its journalists around the time of the speech, when the company was under James Murdoch’s leadership.

When Sky was part of Rupert Murdoch’s empire, he claimed that BBC TV provided “unfair” competition to it and also that BBC Online, by offering high-quality, open access, highly trusted, advertising-free online news and other content, materially – and, again, “unfairly” – reduced newspapers’ online revenue. Despite having sold his 39 per cent interest in Sky and invested in UK commercial radio, Rupert Murdoch’s assault on the BBC continues unabated, now with a new front attacking BBC Radio.

THE EVIDENCE ON THE BBC’S MARKET IMPACT: NO MATERIAL “CROWDING OUT”

In reality, multiple studies have consistently found no evidence that the BBC materially crowds out...
commercial media. There is even some evidence of the opposite: a 14-country study in 2013 found that, with the marked exception of the USA (which has very strong commercial media and minimal PSB), countries with strong PSBs tended to have stronger commercial broadcasters (measured by per capita revenue). And newspapers in the USA, with no BBC, find it just as hard as those in the UK to generate online advertising revenue to replace lost print revenue.

In 2019, the independent Cairncross Review on financially sustainable journalism specifically rejected claims by Murdoch’s News UK and others that BBC Online posed a significant threat to commercial providers, arguing instead that, “curtailing the BBC’s news offering would be counter-productive [because] the BBC offers the very thing this review aims to encourage: a source of reliable and high-quality news, with a focus on objectivity and impartiality, and independent from government”.

POLITICAL VESTED INTERESTS
One of the first tasks of those attempting a political or military coup is to seize and occupy the main national broadcaster – especially if this is a government-controlled state broadcaster – so as to control the most important (although not necessarily most trusted) flow of information to the public. Even in stable democracies, politicians will routinely do whatever they can to influence PSBs’ political coverage – and the more widely consumed and highly trusted the PSB, the greater their motivation to do this.

Nor are commercial and political vested interests always distinct. According to David Lane of The Economist, when Silvio Berlusconi was the Italian prime minister, he effectively controlled – in addition to other media – 90 per cent of national TV broadcasting, either directly via his privately owned Mediaset channels or indirectly by appointing political allies to the leadership of RAI (Radiotelevisione Italiana), the national PSB.

In Britain, the links between commercial and political vested interests are less extreme than this. But Rupert Murdoch, in particular, has used his control of the biggest newspaper group to cultivate mutually beneficial relationships with most prime ministers since the 1970s, including Labour PM Tony Blair. These relationships are invariably bad for the BBC, (Blair is the only prime minister who has ever forced through the resignation of the Corporation’s chairman and director general).

It would be naïve not to see these mutually beneficial relationships as a sort of conspiracy: not a grand, overarching conspiracy like, say, QAnon or some of the anti-vaxxer theories, more one where people with overlapping or complementary vested interests have private discussions and co-ordinate their actions. This is the bread and butter of local, national, international and organisational politics.

THE BIG ISSUE: A FINANCIAL WAR OF ATTRITION
Whatever the specific reasons, all PSBs reliant on public money are now squeezed between reduced and/or threatened real funding and ever-increasing real costs and competition.

In the case of the BBC, the cumulative funding cuts since 2010 are much deeper than most people realise. After the UK Conservatives’ unexpected election victory in May 2015, the chancellor (chief finance minister) George Osborne had six secret meetings in eight weeks with Murdoch executives, including two with Murdoch himself. Osborne then imposed the deepest ever cut in the BBC’s funding, on top of the significant cut he’d already imposed in 2010. By 2019, the real (inflation-adjusted) public funding of the BBC’s UK services had been cut by 30 per cent since 2010 – equivalent to a cut closer to 40 per cent relative to the rising real costs of content and distribution.

The BBC has so far managed to protect its services, mainly through continuing efficiency gains, commercial income growth and trimmed programme budgets. But if, as expected, the government imposes another two-year licence fee freeze, with annual inflation now running at 5 per cent plus, the Corporation will need to make further cuts: according to a recent report by the National Audit Office, the BBC will increasingly have to replace original high-end dramas and natural history shows with cheaper programmes and more repeats. The risk is that this year-by-year reduction in the quality of its programming creates a vicious circle, with more and more people refusing to pay the £159/year TV licence fee, further reducing programme budgets, and so on.

PSBs in smaller countries have it even worse because, other things being equal (e.g. GDP per capita), their revenue is proportional to the size of their population but production costs are fixed. DR (Danish Broadcasting Corporation), the Danish PSB, once told me that there are more boy scouts in the world than Danish speakers.

CHALLENGES TO EDITORIAL INDEPENDENCE
In addition to the serious financial pressures and the other managerial challenges already discussed, PSBs also face endless attempts to undermine their editorial independence, by public challenges to the accuracy or impartiality of their news coverage, cuts (or threatened cuts) to their funding if they do not become more amenable, and by placing government supporters into positions of power over them as trustees or regulators.

In the case of the BBC, efforts over many years to persuade the public not to trust it have, so far,
been remarkably unsuccessful. If UK adults are asked the neutral question, “Which ONE news source are you most likely to turn to for news you trust the most?”, the BBC, on 51 per cent, completely dominates their responses, followed by ITV (9 per cent), Sky (6 per cent), The Guardian (4 per cent) and Channel 4 (4 per cent). None of the anti-BBC newspapers (“SMET”: the Sun, Mail, Express and Telegraph) was mentioned by more than 1 per cent – the same as Twitter, Al Jazeera and Facebook.24

Government attacks on PSBs’ editorial independence are invariably framed as attempts to rectify a bias in their news coverage – usually, a supposed left-wing (or “left-liberal”) bias. This raises two questions. First, is PSBs’ news coverage systematically biased to the left? Secondly, why do most of the attacks on PSBs come from the right?

In The War Against the BBC both of these questions were addressed in some detail in the context of the BBC. I have no evidence on whether the same answers apply to PSBs in other countries, but I would expect many similarities.

**IS THE BBC’S NEWS COVERAGE SYSTEMATICALLY BIASED TO THE LEFT?**

None of the BBC’s respectable critics – newspapers, politicians, think tanks – has ever seriously claimed that its news coverage is materially inaccurate. Instead, the claim is that it is systematically biased in its choice of topics (and how these are framed) and interviewees (and how they are interviewed).

Bias is very much in the eye of the beholder, which raises the question of what evidence should be used in judging it. The most reliable evidence on “BBC bias” is from an extensive series of academic content analyses by researchers at Cardiff University. In summary, these suggest that the BBC’s news coverage has tended to be marginally biased in favour of the government of the day, but this bias has been somewhat more when the Conservatives were in power than during a Labour government – the exact opposite of the repeated claim of a left-wing bias.29

Nor do perceptions among the general public support the claim that the BBC’s news coverage is systematically biased to the left. These perceptions vary widely. Those who are older and right-leaning do tend to see the BBC as biased to the left (and unduly “woke”), but they are in a minority. An almost equal number – typically younger and left-leaning – see it as biased to the right (and unduly “Establishment”), while a large number in between see it as broadly impartial.40

Finally, none of the research finds any systematic differences between the BBC’s and other UK television broadcasters’ news coverage. In the UK, all broadcast news – not only on the PSBs – is regulated to select and report with “due impartiality”. The contrast between Sky News’s balanced reporting, when it was still part of the Murdoch empire, and the wildly imbalanced Fox News highlights the importance of this regulation.42

**WHY ARE MOST OF THE ATTACKS FROM THE RIGHT?**

When we started researching The War Against the BBC, five years ago, we expected to find some imbalance in the systematic, professional attacks on the BBC, with a bit more from the right than from the left. What we found was much more extreme than this: the organised attacks on the BBC are overwhelmingly from the right.

One possible explanation for this imbalance might be that the BBC’s news coverage is itself systematically left-wing (so most complaints will inevitably be from the right). But, as already explained, that is not true and most of the public know it isn’t true: the big imbalance is in attacks on the BBC by people working for newspapers, political parties, think tanks and organisations like #DefundTheBBC (i.e. people criticising it as part of their day job), not by members of the public.

There are five possible reasons why these “professional” attacks on the BBC come overwhelmingly from the right:24

- **Ideology, especially economic ideology:** those who worship markets will tend to see PSB as an unnecessary or disproportionate “intervention”. Typically, they see the only role for PSB as being to address “market failures” by providing public service content that the market would not otherwise offer

- **Commercial vested interests:** these tend to be aligned with other right-leaning organisations and perspectives

- **Resources:** right-leaning think tanks and political parties tend to be better (and more opaquely) resourced than those leaning to the left

- **Outlets:** most UK newspapers lean to the right, especially if weighted by readership

- **The “silent majority” illusion:** at least anecdotally, those on the right seem to be more likely (albeit mistakenly) to think most people agree with them.

**WHY PSB MATTERS**

PSBs around the world face a number of serious challenges stemming from a combination of technology, consumption and market trends and deliberate undermining by hostile forces, overwhelmingly from the right. The biggest
challenges are financial, especially for PSBs, like the BBC, whose core funding is set by governments. They are caught between deep cuts in their real, inflation-adjusted, funding and ever-increasing real costs (for content and distribution) and competition.

Should we care? That is, in a world of burgeoning choice from commercial providers, now including the SVoD and AVoD “streamers”, would it matter if, after 100 years, we were to lose PSB and leave broadcasting entirely to the market?

The answer is emphatically yes.

One reason is to do with equality and shared experience: the non-PSB commercial providers are available only to those willing and able to pay for them.45 A second reason is the public’s preference: where PSBs do a good job, most people value them as a public service as well as a source of entertainment. For instance, in the UK, large and growing majorities say they value the BBC’s impartial news and other public purposes.46

Finally, and crucially, the public is right! Earlier in this article, I argued that if the challenges facing PSBs lead to a weakening of public service broadcasting around the globe, the effect will be to reinforce the worldwide drift towards reduced democratic freedom and accountability, weakened independent media, and less well-informed publics. We now have direct evidence on the last point, about the role of PSB in ensuring a well-informed public – the importance of which hardly needs emphasising in a world in which anti-vaxxers are increasingly prolonging a deadly pandemic.

RESILIENCE TO ONLINE DISINFORMATION

In 2020, researchers at Zurich University published a study comparing 18 different countries’ populations’ resistance to online disinfection. The strength of their PSBs was one of five key factors associated with greater resilience.

The most resilient countries were in northern and western Europe, led by the Nordics – closely followed by the UK, thanks to the continuing strength of its PSBs. Southern European countries such as Spain, Italy and Greece had much more credulous populations. And the USA was in a category of its own, with a population “particularly susceptible to disinfection campaigns – and its peculiar contextual conditions make it a unique case.”46

Strong, properly funded PSB isn’t just “nice to have”. It’s a key part of a healthy democracy. So it’s crucial that governments and PSBs work together to tackle the challenges discussed here.

Patrick Barwise

Patrick Barwise is emeritus professor of management and marketing at London Business School and co-author, with Peter York, of The War Against the BBC (Penguin, November 2020) reviewed in the June 2021 InterMedia: www.iicom.org/intermedia/vol-49-issue-2/the-war-against-the-bbc/

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