

A European View of  
Competition and Control  
in a MultiMedia Society

by Helmut Schafer

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Columbia Institute for Tele-Information  
Graduate School of Business  
Columbia University  
809 Uris Hall  
New York, NY 10027  
(212)854-4222

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Helmut Schäfer is a  
Member of the German Bundestag;  
Spokesman of the Media Commission:  
European Liberals and Democrats.

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Member of the German Bundestag, Spokesman of the Media  
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Europe is presently undergoing a revolution in the field of television. Its major component is the remarkable and rapid success with which the video cassette recorder (VCR) is penetrating the European consumer market. It is a success which - as I will attempt to show - confronts us politicians with a number of serious problems; problems which were not foreseen a few years ago. This revolution, however, is also characterized by the rapid growth of cablecasting - although not as rapid as optimists predicted - and will soon also include satellite TV.

Our experts in the Federal Republic of Germany, and also in other European countries, argued for years about the pros and cons of cablecasting, pay-TV and direct satellite broadcasting and, consequently, about the pros and cons of the theoretical greater choice of programmes these technologies offer to the consumer. We politicians did likewise, if only because our experts

failed to supply us with alternative scenarios.

What is the situation in West Germany now? We are now starting to test the viability of TV cablecasting, eight years after the original recommendation was made. Of the four cities for which pilot projects are foreseen, only two have started to operate.

This is the result of an ideological debate, itself based on historical experience. Whereas the Anglo-Saxon tradition of freedom of the press, and by extension freedom of information, is a long one, it is relatively new to Germany. The misuse to which the information media were put during the fascist era resulted in a search for a system in which political extremism could no longer get a foothold in the media. Because of the technical and financial restrictions on the number of channels available for broadcasting purposes, particularly in the field of television, a concept of "balance" (Ausgewogenheit) was introduced in post-war West Germany which would not allow any one school of opinion or interest to dominate.

This situation has been radically changed by the availability of more channels in form of cablecasting networks and, in the near future, satellite broadcasting

systems.

The German Left wished to preserve a status quo which had proved its worth: hence the delay in the introduction of new broadcasting technology. They also feared extensive control by newspaper owners, initially the only group to be interested in the new media. And, furthermore, there is a feeling that new developments would be to the detriment of quality, for instance in the form of more light entertainment and less culture. Traditionally in Germany information was not considered to be a consumer good; it was a public service with an educational bias.

The force of necessity, however, has recently led to a fundamental change. More channels have reduced the opportunity for manipulation. In the hardware field the interests of German industry are at stake. And if Germany doesn't take a lead, foreign enterprise would certainly take over, even in the form of supplying German households with programmes, via direct broadcasting satellites. The only dispute that now remains is whether establishing the broadband cable network throughout the Federal Republic of Germany, as is presently being done, is correct or whether it would be better to wait for optical fibre technology when it becomes an econo-

micably viable proposition a few years from now.

The relevance of cablecasting projects has, at least in part, been overtaken by events. The VCR-boom was not foreseen, even as late as 1980. A number of German experts even attribute its success to the failure to innovate in the TV field until it was too late. One commentator has described the present state of affairs with the following observation, and this by no means only applies to Germany: "It is not unusual for a group of people to spend all day discussing satellite and cable, which they do not watch, and then to go home and watch video, which they do not discuss".

I contend that VCR impact is greater now than the impact of greater choice offered by cablecasting and direct satellite broadcasting will be, at least until well into the 1990s. The impact of VCR is not a passing phenomenon, mainly due to the fact that the present TV networks throughout most European countries do not provide for a greater choice in entertainment. And I believe that VCR has already fundamentally affected the economics both of cable and of satellite TV in ways many advocating both do not yet realize.

A few facts and figures:

An estimated 20 percent - perhaps even more - of West German TV households already have VCR; one of the highest percentages in Europe with the notable exception of the United Kingdom with more than 30 percent; a far greater percentage than in the United States. The percentage in Western Europe as a whole will probably be fifty by 1986. An interesting aside: The country with the greatest TV choice in Europe - Italy - also has the lowest VCR percentage within the European community; barely two percent of all TV households.

Question: Is this VCR revolution the result of shortcomings in media policy? German surveys have in the past frequently pointed out that there is relatively little public interest yet in the new media designed for the consumer; this also applies to greater choice in TV programming (this is, however, probably the result of a lack of information about what such media will actually be like and how high the costs will be). And yet the public is obviously buying VCR to satisfy its demand for something TV services are not providing or cannot provide. Every day nearly 40 percent of VCR households watch video, either rentals or TV programmes recorded by oneself for later viewing.

Where do we go from here - in a situation in which the

public is increasingly enthusiastic about VCR whilst the policy maker is still primarily concerned with regulating TV cablecasting and satellite broadcasting? What does or should a media policy in Europe aim at?

We in Europe characteristically have broadcasting systems which primarily see themselves to be a public service and which are under public law. This is true whether they are financed by advertizing revenue (for instance, the Independent Broadcasting Authority in the United Kingdom), or by licence fee revenue or by both. This self-perception, which the various broadcasting laws and regulations have enforced or at least promoted, has entailed restrictions in the time available to advertizers, in many cases even a total ban on advertizing; control of content and, perhaps most important of all, a balance of programming both in political terms and in terms of content (in Germany this is the ruling by the supreme court). This balance frequently means that 40 percent and more of total programming time is devoted to non-entertainment, much to the discontent of TV viewers who might find, as in my own country, that at certain points of the evening they will not have the choice between informational and entertainment programmes but between informational and cultural, social or political discussion programmes.

Perhaps - and this I will leave to social historians to find out - this is indeed one of the reasons for the incredible success of VCR in most West European countries. This consumer preference that has come to light will also in future be catered for by the greater variety that will be offered by cablecasting enterprises.

With VCR in the home, attempts by broadcasters, private or public, to balance their programming as legally required, or to dictate what choice the viewer has at any particular time, becomes a farce. When 50 or more percent of European TV households have video - and this will soon be the case -, what do the broadcasting authorities do? Those that are dependent on income from commercials cannot just continue to assume that at peak viewing hours, enough people will be watching to make TV advertizing a relatively and automatically attractive proposition to the consumer goods industry more or less irrespective of what is being shown. If people switch on their VCRs because they are not interested in what is being shown, the TV advertizing market might lose much of its relevance. To state the problem differently: programmers face a hitherto unaccustomed pressure to fill their peak viewing hour schedules with mass entertainment. This will be at the expense - perhaps of quality - but certainly of diversity as far as

our major channels are concerned.

I believe that people should be able to choose what they want. I also believe in the citizen's ability to decide for himself, more so than political rivals to the left and right. But I also believe in promoting minority rights and interests, and here new developments are worrying. There are many minority interests. Every TV viewer is part both of a mass audience and of a minority audience in accordance with his own particular interests. And here politicians have a major responsibility: to ensure that, in the spectrum of video/TV services available, such interests are provided for. I believe that free market mechanisms can achieve this.

We in Europe should consider structural changes at a regulatory level now and not when it is too late. VCR is here to stay and traditional TV might decline in its relative importance, to say the least. Economically this is already being expressed in the difficulties broadcasters are experiencing in purchasing movie material in the face of competition by video distributors. Video distributors in Germany are already paying at least 200 000 U.S. dollars for the right to distribute a good movie. It is here and not in the field of video

material for minority audiences that distributors are finding a lucrative market, to the detriment of our broadcasters.

We should, I think, begin to reorganize the traditional broadcasting authorities so that they are given the prime responsibility of catering for minorities over and above their role in the field of actualities (news and sports), one which they will not lose. The British system provides a good example of the kind of direction in which we in the rest of Europe could go if one takes the cases of the minority channels BBC2 and Channel 4.

Progress in the field of cable TV in Europe will, I believe, continue to be relatively slow, even now that in a number of West European countries the PTT authorities are making great efforts to provide a comprehensive cable distribution network as quickly as possible. Recent market research suggests that at best only 19.5 percent of West European households will have cable TV in 1992; a pessimistic forecast suggests only 13 percent. Income from cable TV fees in Western Europe will amount to 2600 million US dollars in that year, from advertising only 475 million US dollars. The lesson to be drawn as far as cablecasting enthusiasts are concerned is to prepare for low cost budgeting in cableca-

sting production. The lavish standards set by the traditional TV broadcasters would, if adopted by cablecasters, jeopardize their own existence and allow for only a bare minimum of original production.

The idea of opening the field of television up so as to increase programme choice is one that I fully subscribe to. Television in Europe does not yet cater fully for all interests. Most of the time it only caters for the "average man". Of course, there are exceptions in the form of minority channels, but no-one would claim more could not be done. The only question is whether revenue for this can be found in sufficient quantity. This is the question behind perhaps the most interesting cablecasting project in Europe: in Ludwigshafen, a project which, besides the three usual TV services (ARD, ZDF and the local Third Programme) supplies the viewer with further out-of-area Third Programmes, foreign TV programmes and, when and if all those who expressed their interest become active, eight further original services, including an open channel.

The same applies to satellite television: for us within the European Community, direct satellite broadcasting technology opens up the prospect of European television, with the inherent advantages this offers in

the process of furthering the European idea, European understanding or in the matter of language teaching. Indeed, there is even a concrete initiative in establishing a "European" service over and above the various national TV services that would be transmitted via satellite. In 1982, the report of the Committee on Youth, Culture, Education and Information to the European Parliament, proposing an all-European community television service in order to improve citizens' knowledge of European affairs and promote a greater sense of European commitment, was endorsed by all political groups within the European Parliament. The European Commission and European Parliament proposed that the respective fifth channels of domestic direct broadcasting satellites be devoted to transmitting such a service. Rather than establish a separate new European TV authority, however, both community institutions want to use the long-established European Broadcasting Union, which tested the viability of a Euro-programme in late 1982 successfully.

Of course, particularly for West Germany, direct satellite broadcasting has great potential as far as increasing the free flow of information between Eastern and Western Europe is concerned in accordance with the aims set out in the third basket of the Final Act of the

Conference for Security and Cooperation in Europe in 1975. The technical conditions today already allow the television programmes of the two German States to be received in the territory of both. DBS could make such coverage complete.

There are further interesting ideas around: For instance, two of the available channels on the European Communication Satellite have been given to the ZDF and a private German consortium respectively. The latter will be recruited from those interests already participating in the cablecasting project in Ludwigshafen and the objective of the project will be to test the viability of a combined satellite-cable service.

We have to accept the possibility that within the next decade a radically new concept of financing traditional TV broadcasting will have to be devised. To point to the central problem: if we have competing media in the field of TV, the slice of the advertizing revenue cake made available will be smaller in real terms for each entity involved in that competition. It is of course entirely conceivable that video distributors, in order to be able to compete in the kind of cut-throat competition we are already beginning to experience - in my country it is now often possible to rent a movie on

video for as little as a dollar a day -, and faced with rising costs, might resort to inserting commercials themselves in the prerecorded tapes they offer to the public.

Present concepts in cablecasting and DBS simply do little more than to retransmit what is available elsewhere there is yet relatively little experimentation with new types of programme, even in cablecasting pilot projects in my own country. In Germany even pay TV has yet to be introduced. Furthermore, community programming - one of the opportunities cable TV offers - has failed in many instances. The U.K.'s community cable TV ventures have not proved very successful. Another point with respect to satellite TV and cablecasting: technically and solely for the purpose of television, new means of distributing programmes already being distributed on the air are not that necessary. A last point: in terms of advertizing revenue, the trend - if existing services could be established on a European-wide basis - will be to the detriment of certain national broadcasters with few resources at their disposal. This is a problem that the European Community, the European Commission in particular, is looking at at the moment, especially with respect to the European Community policy of internal free trade in goods and services. Summa-

rizing what I want to say: The economics of such new services are shaky, and if feasible for one particular service, will be to the detriment of others!

Only for the purpose of TV, establishing a nationwide broadband cable network - as we are now doing in Germany - is unnecessarily expensive. Luckily this is not the only reason why we are cabling the country. As far as television is concerned, the decision was taken rather late, but now the decision has been taken, it is difficult to see that cheaper alternatives such as MDS - multiple distribution services - will play an important future role.

To conclude, as far as Germany is concerned, our policy on regulation as far as the new media are concerned will most probably follow three lines:

- The German PTT authorities will remain in control of the cable network which is presently being installed: cable and satellite networks will continue to be planned technically and organized under monopoly conditions in order to maintain so called "network neutrality" with its inherent advantages in terms of standardization and maintaining a comprehensive no-bias technical service for its customers.

- Private, commercial and public cablecasting services and programmes will be controlled by non-governmental boards under public law. Their purpose will be, as in the case of the present public broadcasting authorities, to guarantee the neutrality and political balance in programming.
  
- There will be a certain control on video producers and distributors so as to tackle the present problem of the enormous number of cassettes devoted to horror and brutality which concerns the nation as a whole the present. In doing this we have to avoid censorship on the one hand but the same time must avoid allowing total free access to such productions, particularly in the case of young people.

Perhaps I am proposing new regulation, but a liberal broadcasting policy cannot promote diversity - true diversity -, minority programming and the like - necessary elements of what we regard to be a pluralist society - without any sort of regulation. It perhaps sounds paradoxical to say this but regulation and the right to freedom of information or the right to communicate go hand in hand, if regulation is designed to promote these rights. Market forces left to themselves have yet to demonstrate that they can meet such requi-

rements.

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At this point I wish to make a number of comments relevant to television at a more international or global level. Some of the phenomena I have been talking about are not only restricted to Western industrialized countries. VCR has made a highly successful start in all Arab countries, in parts of Latin America and even in countries at the lower end of the development league such as India and Pakistan.

The UNESCO inspired discussion on how to promote development in the field of communication without irreparable cultural damage to smaller and less advantaged countries in particular has not yet taken this phenomenon into account. I am referring to the many efforts to establish a so called "New World Communication and Information Order". The report of the MacBride Commission published in 1980 failed to mention VCR as a consumer media; perhaps it could not foresee the phenomenon.

The problems: with VCR sales making such great inroads, TV broadcasting policies are being put into question. Why have televised development support communication

programmes any more (if the idea was ever feasible) when there is little or no captive audience any more? Pakistani and Sudanese migrant workers in the Gulf States buy, amongst other things, precisely such consumer goods for their families at home. But video is not on the development policy agenda yet, and I fear it will not be until new structures have been firmly established. Of course there are advantages in this. Most developing countries have highly authoritarian political structures and television was accordingly conceived to serve such structures. Traditional television allows itself to be used for non democratic purposes. With video the situation is different. It is next to impossible for governments to control the VCR revolution, both with respect to importing such consumer goods and, more importantly, with respect to controlling the cassettes that are circulated. Competition in the media field is being introduced whether governments like this or not. This is an opportunity as far as introducing democracy in such countries is concerned.

The TV authorities in Third World countries are faced with two problems: either TV has to compete and thus become highly irrelevant to the development needs of the country; or it can carry on as before, but without incentive to improve its attractiveness because nobody

watches anyway? Are there alternative policies?

In view of the situation in many Third World countries we need new ideas on how to bring the development message across effectively. This is a classical UNESCO task. I wonder whether it will do so. I particularly wonder whether it will do so without the membership of the USA in this organization! Europeans won't have as big a voice as Europeans and Americans together!

Such future-oriented research is sadly lacking. Here we need a new enterprising spirit. Perhaps those involved in communication and development should encourage research for this very purpose. I am glad to know this topic is being followed up in a second conference here in New York (where we have so many representatives of the Third World, but where we also have the most important innovators in the communication field).

There are, of course, many further serious problems that the Third World faces in the field of broadcasting. The situation is such that television in many such countries is, even if often restricted only to the élites, there to stay. The overall gap in broadcasting technology between the First and Third Worlds is widening, however. Media diversity in the field of

television does not exist in the hardware sphere to the extent that it does in the West and is not likely to in the near future, simply because of the costs involved (with the exception of basic traditional television and the VCR inroads that have been referred to).

The important problem, over and above the software problem to which I will refer later on, is that of access. In many countries television can still only be watched in urban areas and in the provinces. TV in many countries is still too expensive for the overwhelming majority, and methods to ease the situation, for instance by community viewing facilities, have still to be fully explored. In some countries, such as India and Indonesia, the use of satellites to create a nationwide infrastructure for television broadcasting rather than a terrestrial transmission system is definitely a cost effective policy. Of course, it could be said that VCR dispenses with the need for transmission facilities completely, but it should also be remembered in this connection that the broadcasting media in many Third World countries also have a nation building function. Many countries are simply the result of almost arbitrary decisions taken by the former colonial powers and a sense of inner cohesion still has to develop. The broadcasting media are one of the very few tools avai-

lable for the purpose. Research in the media field, I believe, should include developing new strategies for increasing access with such requirements in few.

Unfortunately, development assistance in the field of broadcasting, as in the telecommunications field as a whole, still ranks low in the list of priorities of both donor and recipient nations and is, as for instance UNESCO's International Programme for the Development of Communication shows, fragmentary and short-term in character. Unfortunately, there are too few organizations worldwide such as the Friedrich Naumann Foundation, which as far as media assistance is concerned is specialized in training in the audiovisual field, that work in a particular country on a six to eight-year basis. I would submit to you the proposition that efforts in the field, if one starts from scratch, can only be successful if they are conceived on a long-term basis. A complicated technology cannot be mastered with pitiful sums and through three-month courses.

I believe that most developing countries advocate protective measures in the media field mainly as a result of a sense of inadequacy in broadcasting. This may certainly be true of the efforts in trying to obtain acknowledgement of the principle of prior consent in the

field of direct satellite broadcasting, which affects Western countries which traditionally advocate free flow of information. Although not legally binding, the new United Nations' resolution on the matter makes the task for those, like myself, who advocate free flow more difficult.

I wish to draw to a close by commenting on something that affects us all, whether in the so called "First" or "Third" World. It is a question also frequently lost sight of: all the different forms of transmitting or distributing film or video material, whether VCR, DBS, MDS, SMATV, cable or whatever, all depend on the same basic software (which movie film distributors and broadcasters have discovered to their great horror). Our most serious difficulties - and this applies to smaller countries in particular - are not in the hardware but in the software field. It is only necessary to look that the incredible dependence worldwide on the USA and, to a certain extent, on the U.K. for TV programme material to realize this fact. Who else has the resources to produce "Dallas", "Dynasty" and "Falcon Crest"? What is the effect of such material on an Asian or a Latin American? What kind of values are being transmitted? These are only a few of the many questions to which, I hope, Prof. Jouhy's paper will

give some answers. We should not try to restrict the sales of such programme material, but we should do more to encourage the production of attractive alternatives at home.

Here I would like to add that the most effective way of doing this is by investing in manpower and not in technology. Journalists and creative personnel are the basic ingredients of success in the media field. A bad actor, a bad singer, a dull newscaster will become no more attractive for the audience just because one now has stereo-sound TV.

We should also for the benefit particularly of our Third World partners be thinking of ways and means of cutting production costs whilst at the same time maintaining quality.

And furthermore (and this also applies in the case of Third World countries to development programming), public funds in broadcasting could most usefully be devoted to looking after those interests that commercial sources cannot or will not provide for, e.g. interests in minority programming. I would even suggest that U.S. television enterprises should look into the possibility of producing TV products specifically designed to cater

to the needs of developing countries, rather than supplying them with program material which is cheap but irrelevant to such needs.