

The Establishment of French
Private Television

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The Establishment of Private Television

Pay TV on a subscription basis was not the only form in which the Socialist government opened commercial television. A report on the subject was commissioned by the government from a commission headed by Jean-Denis Bredin and delivered to Prime Minister Laurent Fabius in 1985. The report noted that significant portions of the country could be served by three supplementary frequencies. Bredin suggested dividing the country into sixty-two broadcast zones, which would permit two new national networks to reach immediately 17 million viewers each, and 22 million if the frequency plans were adapted (Bredin, 1985).

Concessions for the two national networks would be granted by the state for five years, extendable at the end of each year. For local stations the High Authority would be in charge of licensing. To prevent networking, local stations would not be permitted to obtain more than 40 percent of their programming from the same supplier. The report also recommended that the transmission monopoly of TDF be retained.

The Conseil National de la Communication Audiovisuelle agreed with much of the Bredin report but felt that there would be room for only one national private network, which would have about 50 percent of the potential audience. The council also stated that no local station was viable in the face of a national network and that local stations would rapidly disappear. The High Authority opposed the Bredin recommendations, preferring a more regional approach based on local publishers.

Prime Minister Fabius recommended a modified plan to Mitterrand, including three networks, run by large radio stations and influenced by the government-controlled Sofirad organization, and one private, non-pay channel. Of the three state-owned channels, one would function as a basis for a satellite-delivered European cultural program. In the end the government did not formally adopt any particular plan, but instead moved rapidly and pragmatically to license two commercial national networks.

One reason was the waning electoral fortunes of the Socialist government, which led it to pursue a quick and controlled liberalization and to license friendly private interests, thereby preempting the licensing of hostile interests by the conservative government that was expected to follow.

The government also committed itself in 1984 to lease two channels of the TDF broadcasting satellite (which was to be launched in 1986) to the Luxembourg broadcasting firm CLT-RTL. CLT linked these in a terrestrial broadcasting consortium with two other private peripheral broadcasters, Europe-1 and Radio Monte Carlo. In 1985 Luxembourg's prime minister, Jacques Santer, visited Paris for talks with Mitterrand and Fabius. Santer declared that the "signature which a French minister puts under a declaration of intent is always valid." But only one week later the French government gave a broadcast license to a consortium of French and Italian interests including Silvio Berlusconi, the Italian TV czar. This consortium was authorized to commence broad-

casting nationally by February 20, 1986—in other words, before the parliamentary elections. Its program would be carried on TDF-1 when the satellite became available. No mention of CLT was made. The government had come to the conclusion, following the prediction of Jean Riboud—the late president of the Schlumberger Group, a close friend of Mitterrand, and an insider in CLT affairs—that the French influence in CLT would decrease in the future. Riboud died in 1985, but he had begun to put together a French-Italian consortium with Berlusconi. In that consortium French interests were primarily held by Jérôme Seydoux (40 percent), known among other things for his sympathies for Mitterrand, and another 20 percent was owned by Riboud's own son, Christopher. Seydoux, a grandson of Marcel Schlumberger and heir to a substantial part of the Schlumberger fortune, was chairman of one of the largest private French companies, Chargeurs Réunis S.A. He also owned a part of the left-leaning *Nouvel Observateur* and in former days the (now defunct) *Matin de Paris*. Berlusconi, for his part, had been recommended to Mitterrand by Prime Minister Bettino Craxi of Italy, a fellow socialist who was on good terms with the media mogul. Berlusconi controlled 40 percent of the consortium and much of the actual operation. Legislation was rushed through the National Assembly,³ and four days later the license had already been assigned. Negotiations and license decisions were held in strictest secrecy. There was never any public call for license applications; selection criteria were never specified; and no public debate on the merits of the candidates took place before the decision. The consortium also received a channel on the TDF-1 DBS satellite. Berlusconi and Seydoux were also part of a consortium, with the British and German media giants Robert Maxwell and Leo Kirch, that received two other TDF-1 transponders. Maxwell too was the kind of left-leaning capitalist with whom the Socialist government liked to deal.⁴

Awarding the license for La Cinq was politically clever because it put the opposition in an awkward position. It had to argue against the establishment of new broadcast channels at no charge to the viewers and under private control with major French and Italian business interests represented. It had to charge, in effect, that its own business friends should receive the license for La Cinq rather than Mitterrand's.

Within the Socialist party, Minister of Culture Jack Lang worried about the impact on French culture and its protection from American influences. On the other hand, conservatives and centrists found the plan too restrictive. The Council for the Future of France, headed by the former President Giscard d'Estaing, produced a lengthy report on communications, arguing against too much interference and recommending disengagement of the state from the entire audiovisual sector. It also recommended inserting into the Constitution the following sentence: "The state does not manage, does not finance, does not regulate information."

A second broadcast channel was awarded two days later to TV-6, a group controlled by the advertising firm Publicis, the film production company Gaumont, the advertiser Gross, and the commercial radio station NRJ. Gaumont's head was Nicolas Seydoux, brother of Jérôme Seydoux, the president of La

Cinq, TV-6 operated a music channel aimed at a young audience and went on the air in March 1986, two weeks before the election. CLT was again left out (Opitz, 1990).

The TDF-1 satellite channels, too, were assigned. One would go to a European-oriented cultural channel, which the government decided to set up with public funds. A second channel was given to interests including Robert Maxwell, the publisher of the Mirror Group newspapers in Britain, who had aggressively entered cable television in the United Kingdom.

The conservatives came to power in 1986. The new government introduced media reform legislation within three months of taking office and passed the sixth such law since 1958, after extensive discussions in the Senate. (The opposition brought 1700 amendments.)

In a significant shift from traditional Gaullist policies, the 1986 law no longer defined audiovisual communications as a public service. In the words of then Communications Minister François Léotard, "What principle gives the state any rights to take charge of broadcasting, television, and radio programs?" (Vedel, 1987, p. 25). The law also extends to telecommunications.

The government privatized Havas and, thus, indirectly, Canal Plus and RTL. It also sold off the public channel TF1 and announced its intention to privatize FR3 in the future. Thus, in a very short time French television evolved from an all-government lineup of three public broadcasters and no private broadcasters into a system in which four private channels (plus the popular peripheral broadcasters) faced two public networks. In addition, private broadcasting proliferated on the radio, and private satellite-delivered channels on DBS and on cable were about to become a reality after years of discord over implementation.

The conservative government challenged the terrestrial and DBS television concessions granted by the Socialists. But in the end the fifth channel was reconfirmed to Berlusconi (with a 25 percent interest, from an earlier 40 percent), Seydoux (10 percent, down from 30 percent), but they included the dominant conservative publisher and radio chain owner Robert Hersant, a political ally of Chirac and parliamentary deputy for his party, who received an interest of 25 percent and was named president of the company. Ribaud was dropped, and several financial institutions and publishers substituted. Channel 6 was also partly reallocated, with a 25 percent interest going to Luxembourg's CLT (after the French government earnestly impressed on the CNCL the foreign policy importance of such an assignment), 25 percent to the water and cable operator Lyonnaise des Eaux, 39 percent allocated among five major investors (Omnium Gesgion, 9 percent; Union Assurance de Paris, 8 percent; UEI, 8 percent; Bank Paribas, 8 percent; Financière Suez Compagnie, 5 percent), and the remaining 11 percent divided among ten small shareholders. The group transformed TV-6 into the music-oriented M6, a general entertainment channel.

Two DBS channels were awarded to a new consortium involving Berlusconi, Seydoux, the English publisher Robert Maxwell, and the dominant German film dealer Leo Kirch. The law also transformed the government transmission organization TDF (Télédiffusion de France) into a private company whose stock

can be traded. TDF's traditional rival, France Télécom, acquired 49 percent and later 100 percent. TDF can offer competitive transmission services to private broadcasters.

Another liberalizing action of the 1986 law was partly to abolish the SFP production monopoly. French broadcasting had traditionally been burdened by regulation forcing the networks to buy programs from the public production company SFP at high prices that reflected SFP's very generous staffing levels. SFP was responsible, only a few years ago, for 75 to 80 percent of all fiction production in France. But the networks, short of funds, were increasingly trying to bypass SFP's high-cost productions. The major share of SFP is owned by the state; the remainder is held by the public broadcasters and TF1. After it lost \$160 million from 1986 to 1989, the government granted SFP an additional \$100 million in 1990.

Léotard—a member of the younger generation of French politicians, a leader of the right-of-center party, and a man with presidential aspirations—adopted as his main initiative the privatization of the first and prime French television channel, TF1, marking the first time that any major country had privatized a public television channel. The government met opposition from broadcast journalists and trade unions, who went on strike soon after the announcement, stopping all television in France except for limited news and films. The private channels La Cinq and TV-6 remained on the air, gaining more visibility than they might have had otherwise.

One-half of the shares of TF1 was offered to major investors, 40 percent was sold to the public at large, and 10 went to the employees. Individual groups were limited to 25, and foreigners could purchase only 20 percent of the total shares.

Obligations imposed upon TF1 included broadcast quotas (60 percent of programs to be of EC origin and 50 percent to be from Francophone producers) to investment in new French media products (at a minimum, 15 percent of revenues generated). These regulations have changed repeatedly since 1987, partly because TF1 did not meet them.

The dominant concession was awarded by the CNCL to the French construction magnate Francis Bouygues (25 percent), Maxwell Interests (12 percent, sold later to interests close to Bouygues) and various publishers, banks, and conglomerates. Bouygues beat out Jean-Luc Lagardère, despite the latter's inside track in media (the giant Hachette-Matra publishing/electronics, Europe-1 radio station, MMPP news agency, Elle Publishing, Grolier, Diamandis, Salvat, etc.). Thirty percent of the stock was sold to the public. Little of the 10 percent option assigned at preferential rates to employees was exercised, and Bouygues was able to add more than 7 percent to his holdings (Opitz, 1990). Berlusconi, too, acquired about 5 percent in the rival network. Maxwell, however, later sold his share. Hachette, in turn, acquired 25 percent (the maximum permissible) in "La Cinq," the fifth channel, which required the absorption of major losses in the operations of that channel.

In 1991, TF1's national audience share was a very high 41 percent, Antenne 2 had 24 percent, FR3 had 12.5 percent, La Cinq had 10.5 percent, and M6 had

7 percent. (The latter two did not yet have full national coverage.) TF1 revenues increased by 10 percent over 1988 (to Ff 5.3 billion) and net profits (Ff 220 million) rose by 37 percent (*EBU Review* 1990, p. 31). Because of the competition of several networks for advertising, the remaining national broadcasters had financial problems (TBI, 1990). Publicly owned Antenne 2 lost \$43 million in 1989, and the private organization La Cinq lost \$78 million (Siritzky and Stuart, 1990, p. 39). The latter station's problems, including total losses of \$400 million, were aggravated by repeated fines for its failure to meet domestic program quotas. La Cinq further suffered from a bitter struggle over its control; Robert Hersant fought off a 1989 attempt for control by Berlusconi and Seydoux, but then announced he would step down in 1990, selling out his 25 percent share to Hachette and a bank consortium. Seydoux had already sold out. M6, also privately owned, with a program schedule of rock videos and American programs designed to complement those of the larger networks, showed small profits for the first time in 1990 (*EBU Review*, 1990, p. 38).

The government also replaced the High Authority with the regulatory commission Commission Nationale de la Communication et des Liberté (CNCL) whose thirteen members were mostly government officials serving five- to ten-year terms. The CNCL also had some power in telecommunications and cable television. It was given stronger powers for enforcement and establishment of program quality guidelines. Politics provided one justification for its establishment: the High Authority had been designed to extend the majority of Socialist appointees beyond the election; but for the new CNCL, a conservative majority could be appointed.

The new law empowered the CNCL to establish cable operators' obligations concerning retransmission of terrestrial broadcasts, domestic programming content, and rental payments. In the sphere of public broadcasting, the CNCL was responsible for selecting the presidents of A2 and FR3 and important program personnel. In the domain of private broadcasting, it granted licenses for radio (up to five years) and television (up to twelve years). Foreign capital was restricted to 20 percent involvement in these operations; any individual's ownership was limited to 25 percent (Opitz, 1990).

Throughout the Conservative period of government the Socialists attacked the CNCL as partisan. President Mitterrand, who had always taken a very active interest in media issues, publicly characterized it as partisan in its composition and decision making and criticized it for permitting a political witchhunt in the public broadcast institutions (Opitz, 1990). According to Mitterrand, the CNCL had never done anything worthy of respect. When the Socialists returned to power in 1988, the Rocard government declared its intention to establish greater regulatory and institutional independence. It replaced the CNCL, of whose thirteen members eleven were close to the government, by what it termed a less political body. In 1989, it created the Conseil Supérieur de l'Audiovisuel (CSA) as a replacement for CNCL—the third regulatory body in seven years. Appointed by the presidents of the Republic, the National Assembly, and the Senate, each of its nine members has specific areas of responsibility, such as radio, satellites, program production, and private TV and serves a

nonrenewable six-year term (Munich, 1989). Its powers have been extended beyond those of its two predecessors. It can issue penalties and suspend licenses. It proposes guidelines for the allocation of license fee revenues to the public broadcasting networks. It controls the performance of private commercial broadcasters via licensing privileges. In one of its first actions it chose as the joint president of the ailing public Antenne 2 and FR3 channels a moderate conservative, Phillippe Guilhaume, thereby demonstrating its independence, even though Guilhaume did not last long. On issues of ownership concentration and cross-ownership, the CSA shared some responsibilities with another regulatory body, the Conseil de la Concurrence.

The CSA also set up a new system to promote independent film production and to increase program budgets and quality. However, a French government report in 1990 suggested that the initiative had so far been unsuccessful: Although subsidies had contributed modestly to film funding, private French financing dropped from 46 percent to 38 percent between 1988 and 1989. Public broadcasters also cut their spending (Siritzky, 1990).

Direct Satellite Broadcasting

The evolution of the French direct broadcasting satellite TDF-1 and TDF-2 followed a 1980 agreement in cooperation with Germany's TV-SAT and reflects political fluctuations in France throughout the last decade. Originally scheduled for a 1983 start-up, TDF-1 was launched in 1988, followed by TDF-2. However, the satellites experienced major technical difficulties. Details are provided in Chapter 28 on DBS.

Cable Television and Teletext

Wire-transmitted "broadcasting" actually preceded wireless broadcasting in France. One of the earliest uses of the telephone in Paris was the *theatrophone*, which permitted subscribers to listen to live transmissions of opera and theater in their homes. This service was demonstrated in 1881, only five years after the invention of the telephone (Bertho et al., 1984, p. 80), and this "telephonic drawing room" for opera listening created an enormous demand. In 1889, the Theatrophone Company was founded; one of its early subscribers was Marcel Proust, who wrote about the experience. Theatrophone survived until the 1920s, when one of the newly emerging broadcasters acquired the company, largely for its contracts with theaters (Bertho et al., 1984, p. 81).

Half a century later, in 1973, following the introduction of broadcast television, the government authorized experimental cable television projects, hoping to develop cable television as a local communications medium. No specific legislation accompanied the plans, and of seven planned projects only one in Grenoble became active and permanent. The government also established the Société Française de Télédistribution (SFT) to develop French cable under joint