

The paradox of television privatization: When more is less

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Abstract

The argument of this article is that privatization of the audiovisual sector has had unintended consequences. The proliferation of private television channels has fragmented advertising markets and created incentives for the increasing importation of cheap American programming. This phenomenon is evident despite the fact that the demand for such programming is eclipsed by audience preferences to see their own cultures on the small screen. Thus the paradox of television privatization is that, in cultural terms, it has led to less, rather than more, consumer choice. While the debates about Americanization have mostly dwelled on the loss of cultural diversity, the consequences for the domination of American popular culture have not only been the erosion of national identities, but also the transformation of local politics as people's political perceptions become increasingly affected by American political reference points and categories.

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1. Introduction

The last two decades of the 20th century were marked by a declining status of the public sector and the enthusiastic embrace of privatization throughout the world. The advocates of privatization included organizations like the European Union, the IMF and World Bank, parties of various stripes, employers' organizations, think tanks, and conservative civil society groups. Countries at all levels of development began selling public assets, deregulating their economies and dismantling any structure that might be conceived as a barrier to market forces. Reducing the role of the state wherever that state might be was encouraged not only by politicians and interested parties, but especially by academic economists whose love affair with the market never flagged (Feigenbaum et al., 1998).

Thus, the end of the last century, and the beginning of the next were marked by the triumph of the market in both thought and deed. However, the record of privatization has so far been mixed. Privatization of water and gas utilities in Britain was accompanied by higher prices and executive pay scandals. In the same country, railroad service declined as the private sector took over (Feigenbaum et al., 1998). In the US, public services contracted out to private providers sometimes did result in savings, but almost always because the new providers paid lower wages to their blue collar personnel; except of course, in the case of the highly paid service providers to the military (Avant, 2005).

Many of these consequences could have been predicted in advance, and many were. Privatization had always been championed most energetically by True Believers as many policy-makers had been reluctant or ambivalent, especially those who owed their election to the supporters of the Left. Nevertheless, few of the privatizations of the 1990s were undone, though often new layers of regulation were added in order to contain the abuses of the newly liberated private sector.

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Among the economic sectors receiving the attention of policy-makers was that of the visual mass media, television (and to a lesser extent film). Across the world, public assets like national television stations, and even the electromagnetic spectrum, were auctioned off. New technologies such as cable and satellite transmission, made possible the creation of a host of new television channels. The overwhelming majority of these new channels was privately owned and most of these enterprises sought to finance their operations and their profits, by selling advertising time.

Presumably, this burgeoning sector, abetted by both technology and capital, would be a boon to consumers. Where once a Swede, a Czech, or a Korean would have had less than half a dozen choices to watch, suddenly there were hundreds of options.

Here, at least, the theory seemed to work: privatization of the airwaves meant additional choice, and thus greater consumer satisfaction.

It did not work out that way. The paradox of privatization in the audiovisual sector was that the proliferation of channels produced less real choice and the consequences turned out to be grave. That is the subject of this paper.

States have a long history of intervening in the audiovisual sector. Among the earliest to do so was the United States, which established its first version of what became the Federal Communication Commission to encourage the adoption of radio in ships, as a measure of safety. Gradually the agency evolved from a mechanism to promote maritime radio, to regulatory commission aimed primarily avoiding monopoly by the Radio Corporation of America, and finally to its current form as the chief regulatory body for both radio-television and telecommunications.

Of course today, most countries regulate their audiovisual and telecommunications sectors. Broadly, the agencies involved with the sector have several tasks: managing the spectrum, regulating competition, and supervising content.¹

1.1. Managing the spectrum

Governments in most countries are the technological referees of the audiovisual market. This takes the form of deciding on technical standards and allocating the spectrum. Both tasks have political and economic consequences. The consequences of government inaction are also high. At a minimum, lack of agreement on rights to the use of the spectrum would lead to cacophony.²

The issue of technical standards has largely been one of establishing a collective good for producers and distributors to avoid the diseconomies of chaos on the spectrum and to allow economies of scale in the case of competing standards such as NTSC (adopted by the US and Japan) and PAL (most of Europe) or SECAM (France and Russia).

The technical standards were not simply debated in terms of developing a collective good, but as different countries developed different standards, these became issues of industrial policy and international competition. National industries that had invested in producing for one national standard stood to benefit if other countries adopted that standard, so governments championed their companies' technological choices. This was not only true of France's attempt to encourage others to adopt its SECAM system, but similar debates cropped up again in the 1990s as governments considered the advantages of different High Definition Television systems. Here Japan's much vaunted MITI (now METI) ended up backing the wrong horse, as its producers favored an analog system, dubbed "High Vision," which became obsolete almost immediately. In the West, the authors of government regulations essentially ended up making a virtue out of necessity. In the US, conservative opposition to anything that smacked of "industrial policy," as well as many powerful private companies championing opposing technologies, led to inaction in the area of high definition television. In Europe, opposition to public intervention was rare, but different countries championed different technological preferences. The Europeans and Americans found it more politically feasible to wait till a digital standard was available, but even then the private sector was divided as to which digital standard to adopt. Europe finally moved to adopt interim technologies, but paralyzed by private sector indecision, US regulators could not impose a single standard. Slow development of digital television was the consequence.

¹ For the discussion of these three tasks, I rely heavily on Harvey B. Feigenbaum, "Public Policy and the Private Sector in the Audiovisual Industries".

² For example, when the Mitterrand administration in France decided to open the radio spectrum up to private broadcasters, just after it gained power in 1981, the immediate result was a free-for-all of broadcasters trying to emit programs without regard to others, leading to a good deal of overlapping broadcasts and general chaos.

1.2. Regulating competition

Regulatory agencies, soon after broadcasting technology became available, had to confront the issue of local monopoly. Sometimes the issue was monopoly in the private sector, often it was monopoly in the public sector. It may be useful to start again with the United States, which in many respects is an outlier. The audiovisual sector in the US recalls the general pattern of “early developers.”³ The pattern among first developers is that commercial development starts without the (direct) help of the state, and flourishes in the absence of foreign competition. Initially there were few domestic competitors, either, but competition grew quickly in the private and non-profit sectors.⁴ Thus, radio followed the product life cycle formulated by Vernon (Vernon, 1970). Roughly, Vernon reasoned that life of a product develops in several stages. First, the invention of the product allows monopoly rents. Second, those rents are reduced when competitors in the domestic market learn to make and market a similar product. This leads to the third stage of the product cycle, where the original company exports to foreign markets to regain monopoly rents. Competition in foreign markets leads the product’s inventor to establish production overseas so as to reduce production costs. Finally, the foreign-manufactured product, with cheaper factor costs, is re-imported into the home market.

The radio industry looked very much like the first stage of the product cycle in its early years. The monopoly characteristics of the sector manifested in the rapid growth of the Radio Corporation of America led Federal officials to become concerned with RCA’s possible abuse of its dominant position in the market (to borrow the European Union’s terminology). Thus, in the tradition of earlier agencies, like the Interstate Commerce Commission, an independent regulatory authority was created. What was to become the FCC started first as an organization to allocate the spectrum, second to control content, and finally, to limit the possibilities of monopoly (RCA was eventually broken up) (Hillard, 1992).

This experience contrasts with Britain and France, for example, which were “late developers” in this regard. The latter, like many European countries, pursued policies of state-created broadcasters. Though this was not in response to American competition, thanks to the technological limits of the medium, which could barely cross the Channel, let alone the Atlantic, the public sector origins of radio, and eventually television, would mark the sector to the present. Until the 1980s the American audiovisual market would be fundamentally different from the European ones. This of course shaped the public sector institutional environment. American regulators would primarily be confronted with the problem of avoiding economic abuses in a competitive market, while the European regulators would primarily be concerned with political abuses of monopolistic public service providers.

1.3. Supervising content

The issue of content supervision has been one of the main battlegrounds of the “culture wars,”⁵ both within countries and between them. The conflicts on the domestic level have included addressing issues such as pornography and violence, educational concerns of children, visibility of national minorities, or the amount and kind of advertising deemed to be permissible. Thus, the audiovisual sector reflects a wide variety of the kinds of conflicts that are the staple of national politics. The audiovisual sector offers a good opportunity to observe characteristic relations between state and market, and between state and civil society. These vary across countries, of course, but commonalities are instructive. What stands out as a serious point of comparison is the degree to which the United States is an outlier. While many in the United States criticize the level of violence or sexual activity to be found in broadcasting, concern about issues relating to national identity are rarely heard. For the rest of the world, however, the erosion of national identities is a major concern.

This is because much of the content shown by broadcast television (as well as cable and satellite) is American. Indeed, so much of television, movies, and the rest of popular culture is American that many countries have begun to worry that national cultures are gradually being replaced by American culture. This fear of Americanization has been the driving force behind national content regulations which have appeared in countries as diverse as Canada, Korea, the European Union, Australia, and many African countries (Feigenbaum, 2003).

³ The idea of development as a stochastic process across countries originates with Alexander Gershenkron, “Economic Backwardness in Historical Perspective” in his *Economic Backwardness in Historical Perspective* (Cambridge: Harvard Belknap 1962). This formed the basis of James Kurth’s argument in “The Political Consequences of the Product Cycle,” *International Organization* (Winter 1979). The reference here excludes film, which started independently in several countries, most especially France, as well as the US.

⁴ Many early radio stations were founded by universities, intended initially to disseminate information useful to farmers.

⁵ Sociologist Todd Gitlin claims to be the first to have used this term.

1.4. Economic pressures

Americans have evinced little concern for the erosion of national identity. The reason, of course, is that film and television shows shown in the US are overwhelmingly American. Indeed, the problem for many others is that the US not only dominates its own market, but also the audiovisual and film markets of everybody else. The reasons for this are at least partially economic.

US companies produce most of what the rest of the world sees on the large and small screens. Partially, this is simply a matter of economies of scale and scope. While many American television shows fail to achieve any audience at all, and are quickly cancelled, those that reach international markets have been amortized thrice over.

First, American shows are shown by national broadcasters in the US as part of an exclusive first run. Those shows that survive the competition among national channels, are sold a second time as re-runs to local affiliates. These same shows are then sold a third time on international markets. Thus American shows that are offered to foreign purchasers are, therefore, extremely inexpensive because they have been amortized over so many customers. American shows frequently cost a foreign broadcasters from a one-fourth to one-tenth the cost of showing a locally produced entertainment (Feigenbaum, 1996). Thus, on the supply side American product can be had very cheaply.

American films also dominate world markets, but the mechanism is slightly different. Partially, the explanation is economic: American film companies are the only ones capable of world wide distribution for their product (Greenfeld and Farhi, 1998). Thus, like television programs, American films are amortized over a world market. This permits them to be much more lavishly produced. Foreign films have much more limited budgets and thus frequently appear austere or amateurish to audiences.

However, what about the demand side?

When we look at the demand side for American television programming, an interesting paradox appears: American television shows are ubiquitous, but audiences prefer the products of their own cultures. For example, in a comparison of the most watched television shows in Australia, France, Italy, Sweden and the United States, only in Australia was the most watched show an import. Curiously, once Australia is excluded only France had an American production in the top ten: the movie *Star Wars* (Tribune, 2005). This is not to say that occasionally an American television program does not achieve great popularity. Over the years, programs like *Dallas*, *Bay Watch*, or *Friends*, have gained avid and loyal followers around the world. But by and large, American programming is rarely preferred over local fare. It is most often used as filler, to fill out schedules outside of prime time. This, in fact, gives us a clue to understanding the paradox.

1.5. Privatizing television

The origins of this paradox, where consumers are constantly served up American programming despite well known audience preferences for locally produced television shows are to be found in the privatization of television broadcasting. As mentioned above, while television broadcasting was done primarily in the private sector in the US, most European, and many other countries relied heavily on the public sector. Television in most countries was viewed as a public service, rather than simply a vehicle for generating revenues. However, since the 1980s, a broad movement to privatize the medium began. The 1980s saw an explosion of broadcasting companies as European regulators forced their public service broadcasters to give up their monopolies. Britain had been the precursor of this movement in the 1950s with the establishment of the Independent Television Authority. However, it remained with only a single ITV channel for three decades, while France sold off its first public channel and created four new private channels in the 1980s. By 2001 there were 92 French cable or satellite networks in addition to the terrestrial broadcasters (Le Monde, 2001). Indeed, most European countries were served by cable, satellite and a host of new terrestrial channels. The contrast was especially vivid in the former Communist countries where the government-controlled stations gave way to a plethora of private channels. While not everywhere in the world had there been change from public to private broadcasting, for the US, Latin America, and Japan had always known a private model (Krauss, 2000)⁶ but by the end of the 1990s the center of gravity in broadcasting was to be found in the private sector.

The shift to private television did bring with it some advantages. Most especially, television news was no longer the monopoly of government funded channels. For at least a while this made a huge difference in countries like Russia, Poland, or the Czech Republic. Indeed, the record of some Western public broadcasters was hardly above suspicion.

⁶ Japan did, however, reserve a special place for its public broadcaster, NHK, which it had modeled on the BBC.

Historically, both the French and Spanish public services were assumed to have a pro-government bias, while the Italian tradition (until Berlusconi) was to allow each major political family to control a public channel. This was also the practice in the Netherlands (Lijphart, 1968). However, many public broadcasters claimed neutrality while actually serving as a disseminator of propaganda. To cite an emblematic case, when the new Socialist government took office in Spain, claiming to end the overt use of TVE as a propaganda organ, pundits asked, “What is the purpose of government-owned television if it is not to manipulate public opinion?” (Riding, 2004).

But the shift to private sector domination had an unintended consequence. Most private television channels were financed by advertising. It is a simple exercise in logic to understand the result of television privatization. While the number of television channels increased dramatically, moving from two or three channels to an eighty-fold, or even higher increase, the viewing population did not increase commensurately. Thus audiences for any individual show diminished.

Since audience size is the basis of advertising rates, the fragmenting of the viewing audience meant that private broadcasters were able to charge less and less to advertisers. This meant that private broadcasters were increasingly cost-sensitive. Thus, strapped for cash, television networks increasingly purchased cheap American programming even though they knew the audience preferred locally produced shows, with local actors, familiar street scenes, and dialog unmediated by dubbing or sub-titles. However, cost pressures meant that the private companies now operating on the spectrum were willing to accept the possibility of a drop in market share if they faced local competition, in exchange for much lower licensing fees charged by the Americans. Thus, privatization meant the substituting American shows for local shows, even in violation of national prime time quotas.⁷

On the supply side, the proliferation of television channels also meant that local production companies were never able to meet the demand for prime time programming necessary to adhere to quotas, had broadcasters been really interested in doing so.⁸ Thus, the composite effect of an explosion of viewing options and the fact that the majority of new channels were financed by advertising, resulted in both an increasing demand for American product by broadcast companies, and a general Americanization of the public’s entertainment possibilities. *Thus, it was the paradoxical result of television privatization is that it reduced cultural choice, rather than enhance it.*

1.6. The impact of Americanization

It is one thing to note that peoples’ viewing options were increasingly dominated by American programming. It is quite another to assert that the domination of American products on the markets for popular culture is necessarily deleterious. To what extent does America’s audiovisual presence lead to deleterious cultural consequences? The answer, I think, is not obvious.

For some, Americanization is an improvement over the status quo. It is not hard to see American values as improving the lives of women in oppressive, fundamentalist cultures of the third world, where not only second class status, but frequently pain and disfigurement (e.g. clitorrectomy) are inflicted on the female members of the polity. Moreover, American shows routinely preach (or at least assume) the values of hard work, rule of law and democratic governance, which many observers consider culturally positive. Nor should one see this as a benefit reserved to the third world. The American version of English was a form of linguistic liberation for those on the wrong side of the class divide in the UK. As Oxford historian Ross McKibbin put it, “For the working classes use of Americanisms was a means of escaping from ‘Cockney’ (*sic*) without adopting BBC English.” (McKibbin, 1998). At its best, American culture is egalitarian, tolerant, and assumes the virtues of democratic order.

Those worried about Americanization would probably concede many of these points, and yet they continue to worry. For many Europeans, however positively viewed in terms of its content, American culture necessarily represents a threat. As French director Denys Granier-Deferre put it, “you can’t talk about culture like any other product. You can be down and out in another industry and then come back, but if you are down and out in culture, then there is death and disappearance. . . This is a matter of saving a culture and a history. . .” (Waxman, 1993). Thus, what appears to be American cultural hegemony is viewed with alarm. Countries on the receiving end of American culture fear losing their very own identities, the essence of who they are.

⁷ An American studio executive told me that prime time content regulations never represented a problem for his studio. Not only was the local content too expensive, but production levels of nationally produced shows were never adequate to meet the quotas.

⁸ See previous note.

However, the consequences of Americanization are not merely cultural. They are also political. To the extent that television screens and movie theaters play American products, they take the place of local products. They become part of the discourse, and provide many of the symbols of everyday speech. Moreover, symbols are the shorthand of politics (Dallmayr, 1984) and imported categories can constrain thought. For example, the American notion of the political left does not extend beyond “liberal,” which for Europeans is a category of the right. Here is an example that would trouble many of those who worry about cultural hegemony: in a piece on cultural diversity no less an analyst than the very acute Oxford professor, Desmond King, qualified left-of-center British newspapers as the “liberal-leaning press.” (King, 2002). Implicitly, this articulation thereby accepted the American categorization of politics as a simple dichotomy between liberal and conservative, rather than the historically wider British spectrum which distinguished between the 19th century concept equating liberalism with the left, and the more nuanced view occurring later in Europe, which saw liberalism as the archaic left, surpassed by social democratic and socialist concepts (Duverger, 1969).⁹ Likewise, the political right in Europe contains important variations not captured by the American category of “conservative”: it is composed not only of “conservatives,” but also of “liberals” (meaning pro-free market), royalists, reactionaries and fascists.

Thus, the influence of American culture leads non-Americans to (almost unconsciously) adopt American political categories, and, among other things, undermine the abilities of countries to understand the meanings of their own histories. Additionally, these categories tend to obscure the wider array of political options which are (or were) available around the world, but are unnamed and unknown in American experience.

1.7. International responses to Americanization

On October 20, 2005 the General Conference of UNESCO adopted the “Convention on the Protection and Promotion of Diversity of Cultural Expressions.” Only the United States and Israel voted against it. The Convention was widely interpreted as an expression of anti-Hollywood sentiment.¹⁰ Of the many countries which had expressed concern about American dominance of markets related to popular culture, Canada and France had taken the lead in promoting this convention. In the wake of the inability of the EU or Canada to win acceptance of their assertion of a “cultural exception” in international trade negotiations, it provided a “moral, if not legal, justification for measures to restrict cultural goods and services.”¹¹

However, while UNESCO declaration was more a moral statement than a passage of an enforceable legal text, the international landscape manifested other evidence of concern for America’s culture dominance. Perhaps the most visible is the European Union’s “Television without Borders” directive.¹²

This directive requires member countries to preserve, “where practicable,” at least 51% of prime time for European programming (10% from independent European production companies). While countries have seen the phrase “where practicable” as a loophole in the EU directive, even the highly neo-liberal British have tended to observe the quotas (Goldsmith et al., 2001). Other member countries of the European Union are more stringent. Paris preserves for European products 60% of fictional shows (news, sports and games do not count toward the quota), with quota of 40% of prime time reserved for French products.

Europeans are, of course, not the only ones to establish quotas protecting national television producers. Advanced and developing countries have well articulated policies of cultural protection. The Australians are even more selective than the French. They reserve 55% of television programming from 6 AM to midnight for Australian shows, with different quotas for drama, documentaries, and children’s programming (Dalton, 8 February 2001). Canadians require that 60% of evening programming, 60% of a year’s programming as well as 60% of any 6-month period, be reserved for Canadian television shows (CRTC, 1999). The Koreans also maintain an elaborate systems of quotas. Television broadcasters in Korea must limit foreign films to no more than 15% of all programs. On cable 70% of shows must be Korean (50% for science, technology, culture, and sports channels) (Feigenbaum S. Y.)

⁹ The continual appearance of new parties which locate further and further to the left is described by Maurice Duverger as “*sinistrisme*.” See Duverger.

¹⁰ I am especially grateful to Carol Balassa for this information in an unpublished manuscript.

¹¹ Balassa, p. 12.

¹² 89/552/EEC and 97/36/EC.

1.8. Technological constraints¹³

While television quotas have managed to enable local producers to survive,¹⁴ changes in technology tend to undermine them, and the technological future is far from rosy for those who are currently protected.

The oldest technology confronting broadcast quotas is Direct Broadcasting by Satellite (DBS).¹⁵ Widely available for nearly two decades, this technology allows consumers to put up a satellite dish not much larger than a dinner plate, and to receive programming from a number of private companies. Since satellites cover an area greater than all but content-sized countries, it is not economical for DBS companies to tailor their offerings to each country in the satellite's "footprint" with respect to national regulatory legislation. There is very little a country can do to prevent DBS transmissions that do not respect quotas. Technically, this would probably require jamming and employing such a technique would immediately associate those jamming the signal with a practice only associated with non-democratic governments.

Over the longer term, however, it is the increasing adoption of television on demand, made possible by digital technology, which poses the biggest threat to national quota regimes. This allows a consumer to choose a show or movie at their convenience, via cable or internet. If individual viewers can choose the program or movie they wish to see, whenever they want, there is no way to enforce quotas. It is true, of course, as mentioned above, that most viewers prefer locally produced television shows to American imports, but the opposite is true for films. Most video on demand so far available, is oriented to movies, rather than television programming, so this technology clearly is a force for spreading American films. Video on demand over the internet, which is just becoming commercial, simply accelerates the problem. As Australian Film Commission CEO Kim Dalton noted, "Digital distribution and internet streaming just make it easier to deliver American product." (Dalton, 2001a,b).

1.9. Public policy in an era of privatized television

The argument of this paper is that privatization of the audiovisual sector has had unintended consequences. The proliferation of private television channels has fragmented advertising markets and created incentives for the increasing importation of cheap American programming. This phenomenon is evident despite the fact that the demand for such programming is eclipsed by audience preferences to see their own cultures on the small screen. While the debates about Americanization have mostly dwelled on the loss of cultural diversity, the consequences for the domination of American popular culture have not only been the erosion of national identities, but the also transformation of local politics as people's political perceptions become increasingly affected by American political reference points and categories.

The sad corollary to this trend is that technology has increasingly become the handmaiden of Americanization. Satellite, cable and internet delivery technologies have increased market fragmentation while making it easier and easier to import American product (Feigenbaum, 2003).¹⁶

What, then, can public policy do?

Here I think it is useful to understand why film is different than television: that is, why people prefer American movies,¹⁷ but prefer their own national television shows. American movies dominate most foreign markets, I think, for three reasons. The first is distribution. Only American studios have world wide distribution capabilities. Not all countries have independent distribution companies, and some do not even possess the ability to distribute locally made movies in a single country.¹⁸ Thus, public support of local film distribution would be helpful. Moreover, identifying potential partners for national or medium size distribution companies, so that regional distribution for local films

¹³ I examine this issue in greater detail in "Digital Entertainment Jumps the Border."

¹⁴ A French television producer put it to me succinctly: "We live by quotas!"

¹⁵ This technology is identified by different abbreviations in different documents. I have chosen to adopt the terminology of the US Advisory Committee on Public Interest Obligations of Digital Television Broadcasters, known as the Gore Commission (Commission).

¹⁶ Not all technologies erode national identities. The reduction in costs of film-making by new technologies like digital video cameras and computer generated special effects do help the film industries of small countries compete with American imports.

¹⁷ Of course the huge outlier here is Bollywood. I think, the success of the Indian film industry is tied to two key factors: The Indian film industry is completely commercial and understands very well the local market; and second, by Indian standards, Bollywood films are lavishly produced.

¹⁸ An executive in the British Film Institute pointed out to me that it is extremely hard for a British film to be distributed in Britain, due to the American dominance of distribution in the UK.

becomes a real possibility. This would enable local films and television shows to be amortized over a larger market and thus permit bigger film budgets.

This leads to our second point: American films are popular partially because they are more lavishly produced. The latter is possible because they are shown in a much larger market. The simple formula is that a bigger budget film is more likely to attract an audience (though, of course there have been huge bombs!), so American films compete well in foreign markets. Thus, public policy which improves the financing of film (and television), via tax incentives and subsidies, helps.

Third, American films dominate local markets not just because they have higher production values, but because they more likely to be entertaining across different cultures. To be successful in the US market, films must please a variety of different sub-cultures: American audiences are composed of Midwesterners, New Yorkers, Latinos, Jews, Women, Southerners, etc. Thus, films that are approved for production by the major studios (i.e. “green lighted”), are thought to have story lines which appeal to a wide variety of people. Films that succeed in the US are, to be concise, more likely to be universal. Some governments which subsidize films outside of the US, are likely to focus on films of “high art” value, which often means smaller audiences and difficulty amortizing expenses. This is usually not a problem in as far as local television production, as I shall argue below, but may also suggest an advantage.

Television, is, of course different from film in most countries. At least since the advent of privatization, television is rarely viewed as an artistic medium, and primarily viewed as a commercial one. Because local producers are interested in attracting audiences (rather than making an artistic statement), they are extremely sensitive to the tastes of their intended audience. This is the primary reason, I think, that people prefer to see local television shows, but in their cinemas, they prefer (commercial and universal) American films. If these films are shown on television, then they tend to do well against local competition.

For the most part, the argument of this paper is that in the face of the declining impact of quotas, governments are justified in subsidizing local film and television production. Given the cost differentials between American and local television programs, governments are also justified in subsidizing television production as well.

What to do about privatization of television?

Unfortunately one cannot put the genie back in the bottle. Re-nationalizing the television spectrum is simply not feasible for most countries. There are too many broadcasters and public budgets are too small. Moreover, the advantages of a pluralistic approach to news are undeniable. However, it is worth rethinking the role of public broadcasters. It is certainly a good idea to maintain more than one public broadcaster, but not for the purposes of simply competing with private networks. Public broadcasters have a natural advantage when they are not financed by advertising. While many countries have organized their public channels as providers of high art and other services unlikely to attract a huge audience, it may be worth orienting public channels as broadcasters of local production, even when the local product is not the kind appealing primarily to elite, educated sensibilities. Moreover, orienting public broadcasters to popular programming from countries other than the US (like Australia’s SBS) may augment the cultural diversity available to the audience without contributing to Americanization. However, whatever the orientation of such programming, elite, local, or international, no programming protects the national culture and national identity if no one watches it. Thus public broadcasters need to strike a compromise between high art and mass appeal.

It is now time to recall the differences between television and film. Public broadcasters can play a role in all three of the areas where local films fail to compete with American imports. Public broadcasters can, first of all, be the distributors of nationally produced film. The films must, of course, have some audience appeal, because viewers are sovereign in their ability to change the channel. However, films that cannot find a national audience because of weaknesses in the national distribution infrastructure, can be shown on public television. Second, public broadcasters can facilitate national film and television production, either by providing subsidies, or more likely by providing facilities and training.¹⁹ Third, relating to the last item, public broadcasters can offer opportunities for script writers to hone their craft.²⁰

¹⁹ Examples abound: the US Corporation for Public Broadcasting finances documentaries, the BBC is the historic training ground for British television and film producers, France Television finances films. “Films on Four” had a famous role in promoting films in Britain. Korea provides public studio facilities for film-makers.

²⁰ I have in mind here a program which would be similar to the Columbia Television (SONY)-Canal + collaboration which offered training sessions to French television writers.

2. Conclusion

The records of privatizations during the eighties and nineties have encouraged many countries to reconsider the virtues of the public sector. Nowhere has the impact of privatization been more problematic, but ironically, less visible, than in the explosion of private television broadcasters in last two or more decades.

While many countries have expressed concern over the challenge of American popular culture, few have made the connection between rise of private sector broadcasters and the gradual erosion of national identities. The fragmentation of advertising markets has had a direct impact on the opportunities available to the viewing public, with national productions increasingly replaced by cheap American product.

Subtly and pervasively, American entertainment's dominance of the spectrum has not simply affected the way people seek distraction, but it has affected the way they view the world. As American images replace local ones, political reference points gradually change. The cultural landscape not only cedes to American commercial logos, but more importantly, to American political categories. It is not only national identities which erode, but people's perceptions of the complex and nuanced world around them. The privatization of television has abetted the misapprehension of the past and clouded the possibilities for choosing one's own future.

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