

Maximising Public Value: A Future for Public Service Media in the Nordic-Baltic Region

Between a rock and a hard place. Public service media in the Baltic States.

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In the university, I start my media economy course with two questions. I will do the same here too.

Discussion about the future lacks clear understanding from where we came and where are we right now. And these findings should be commonly understood and accepted by all stakeholders – audiences, politicians in power and in opposition and of course by public service broadcasters themselves. Situation where all three are on the same position does not appear too often.

Why so? What are the main contradictions and challenges?

I will start from short analysis of our recent history and European policy's impact. To be part of European Union is the great advantage to all Baltic countries. I do not have any doubt that we have gained a lot. Much more than in time when we belong to the other nations union.

But still there are some challenges. One of them is European media policy and its impact on public service broadcasting development.

A simplified approach towards European media policy can be described from two angles. On one hand, the role of (EU) media policy is a secure media system to promote pluralism, democracy, social cohesion and freedom of expression. On the other hand, the commercial interest of (private) stakeholders and common market regulation must be guaranteed. It is a question about balanced coexistence of public service broadcasting and commercial media and telecommunication sector and internet service providers.

EU media policy does not consider the different historical, political, cultural and economic backgrounds in Eastern and Central European countries when comparing them to Western Europe. Furthermore, EU media policy also does not account for the specific needs of culturally more fragile and vulnerable smaller countries, which possess fewer resources.

The political-administrative system sees economy (incl. media economy) foremost as liberal and needing as little regulation as possible. From this aspect, the public service media is treated similarly to any other industry.

At the same time, regulation is necessary to guarantee the public-service media (broadcast) activities.

The defining of PSB purposes and tasks has been given to the sole competency of nation-states. EU will not draw any guidance that would specify the financial support towards PSB services or that would be compulsory for the nation-state legislation. On the EU level, there are no tools or mechanisms dictating minimum PSB quantity or quality level Member State should guarantee for citizens. Analysis of the European countries' audience data shows that this model has worked quite well for the Western member states, but not so well for the new members of EU.

When the Western countries have a long public service media tradition (as a part of cultural heritage) then in the Baltic countries this background is missing. We tried to take over from West the superstructure and the liberal market ideology, unfortunately the basement for that embedding was missing. And the West didn't understand the challenges transition countries have with transforming big inefficient state media institutions into public service media companies. Polish scholar Karol Jakubowicz calls this failure of the europeization.

The basis of this conflict is the scarce legitimacy of the PSB in the political-administrative system. It is unfair to say that all politicians do not understand what for the PSB exists. Still we can see that on several occasions politicians value PSB on the scale most convenient (and important for them) – does PSB support them or not, does PSB help them to stay in the power (coalition parties) or will it help to gain the power (opposition parties). At least many critics towards PSB are made on these bases. Work of professional journalists' does not meet these objectives at all and therefore politicians do not consider funding of PSB as a priority. Funding of PSB does not bring them any extra votes at elections. The basis of this conflict is the scarce legitimacy of the PSB in the political-administrative system.

At least this was the common situation before 2014. Now the dimension of national security has changed the paradigm. I will come back to this aspect soon.

We are in a process of revision of EU media policy again. Part of proposed amendments for the Audio-visual media service directive are trying to help commercial broadcasters in the fierce increasing global competition. These changes in the directive are needed. Media regulation should be technology neutral. There must be the same rules and equal treatment for all audio-visual media companies for serving their audiences. Internet portals and TV stations are competing for the same audience. If there is AV content present, then the rules should be exactly the same.

It must be taken into account that only market driven regulation – meaning securing profitability for commercial enterprises – has its own risks. Liberalisation of advertising rules and product placement drives towards the possible threat of blurring borders of factual reporting and content marketing. Borders of fiction and non-fiction are disappearing. Today we face the issue of fake news, but we also must admit that there are already signs that news and factual content is influenced by commercial interest.

From the economic point of view amendments of the Directive are needed. These are crucial for commercial companies, but what about PSM? Especially for those who do not have advertising revenues.

Here is a time to ask the difficult question – does the need for public service media exist at all anymore?

Maybe emerging markets will entertain, inform and educate?

Commercial broadcasters are good entertainers, videos produced by Youtubers and other forms of user generated content are beating TV programs' ratings. As a side mark, successful Youtubers have a huge impact on their fans, especially on young audiences. Youtubers monetizes their fame with selling their audiences' eye balls to advertisers. Basically, they are following the commercial broadcasters' business model with exception of the AV regulation. Advertising. If not to regulate these business forms why we should regulate the rest?

Coming back to critics of Sir Reith's public service concept – to entertain, to inform, to educate.

Yes. There is a lot of entertainment in the media. I am not saying that life itself is always entertaining.

And in the network society there is an information overload, multiple sources of all kind of information on all technical platforms are part of our daily lives. The same is with education - possibilities for lifelong learning are available for everyone. The technical argument aspects – need for nationwide coverage and scarcity of spectrum are not relevant anymore. What about enchantment of democracy, pluralism? Social media (and other ways of communication) are providing excellent platforms for changing of ideas. Jürgen Habermas' theory of public sphere has great chance to flourish.

At the same time, are social scientist with big concern describing negative extremist trends in the society. Social media should be a part of public sphere, but instead extremist groups and ideas are emerging there. Echo chamber effects are killing public debates. Already in 1999 Todd Gitlin argues whether democracy requires a public or a set of publics, a public sphere or 'separate public sphericules'. It can be so, but these sphericules must also have a space or higher sphere where to communicate. Otherwise there will be isolated 'islands of different groups' in the society. It is argued that if there are no ongoing negotiations among members of different groups then the media can provide help. If this is true, then how can media policy support these processes? This is great challenge for a public-service media.

There are more challenges to come.

PSB concept is a mass media concept. It is trying to serve all groups, which are getting smaller and smaller, in a society, but the means and tools are created for mass media. How to serve fragmented audiences, to serve aforementioned sphericules? It used to be communication from one to many, but now it should be communication from one to one. Specific, individualized television or radio channel for each citizen. Not possible. One can say that this too dramatic description and in reality, old traditional channels, especially TV is still performing well. Average TV viewing time is even increasing again. True, but only when the elder generations are concerned.

Young generation is slipping away. Young families even do not have plan to buy a TV set anymore.

The recent research conducted by Tartu University shows that the only TV format which attracts all age groups is own local TV-comedy series. As said, commercial broadcasters are

good entertainers. How about PSB? There are many who say that PSB shouldn't entertain at all. If so then how to attract youngsters?

Too much commercialization has its drawback.

Toril Aalberg, Peter van Aelst, and James Curran in their academic article 'A Cross-National Comparison of Media Systems and the Political Information Environment' argue that flow of political information through TV varies according to the degree of commercialization. The flow of news and current affairs is lowest in the most commercially oriented television system and among the commercial TV channels.

The authors' data do not suggest a convergence toward the liberal system when it comes to the political information environment on TV. What strikes authors is how strongly resistant some European countries have been to subordinating the needs of democracy to profit making.

To balance entertainment biased commercial media, PSB should have strong and interesting own-production also in other genres. For example, local high quality drama, youth and children shows and of course white news and investigative journalism programs, which are even more costly. This results in the conclusion that for strong PSB, the PSB funding should be on a relatively higher level than budgets of all commercial broadcasters.

In reality the situation is opposite.

Level of available funding is (an immediate) cause for PSB performance. Sufficient funding will support high quality production which is needed to attract audience. In the case of Estonia, there actually exist two main audiences – national language speakers and Russian speakers. This means that for serving both communities in the best way actually double amount of funding is needed. It is evident that private media is not able to serve Russian-language citizens on a proper level. Yes, Estonia had made great effort and ETV+ is launched now, but it will be really hard to attract bigger part of the target audience with TV channel which yearly budget is less than 10 per cent of the cost of the one episode of "Game of Thrones".

PSB as a source of reliable information.

Hot topics of today are fake news, propaganda and post truth era. It has been already touched in previous speeches. It is understood (even among majority of politicians) how serious and damaging negative aspects of these phenomena could be for society. I agree. And here comes a next challenge for PSB. How to maintain the position of the most trusted source of reliable information?

Competition with online media puts a pressure on the news rooms. Only the first published news is a news. A wish to be the first means that there is less time for fact control. How to be first and still have the last word to say? On all platforms?

Gregory Lowe and Christian Nissen in their book 'Small Among Giants: Television Broadcasting in Smaller Countries' argue that television broadcasters in smaller countries have fewer business options than their counterparts in larger countries.

In the context of today's conference their important findings are that smaller television broadcasters are confronted with economies of scale problems ending up with:

- restricted consumer choice
- restricted journalist choices
- homogeneous journalistic working practices
- decline of critical monitoring.

This something which can be partly compensated with good public service media. Meaning that the funding level of PSB should enable to avoid these obstacles.

The last challenge I would like to touch is about media innovation and new ways of audience engagement. Large public service media companies are also media innovators. They are capable to invest into new technologies, they are able to take risks. In Baltic countries, it is hard to find good examples from these fields. Modern media companies should develop their IT-competences and introduce new services on emerging platforms. For that extra resources are needed. Again. Unfortunately, PSBs do not have considerable increase of their budgets to meet these demands. They actually have only two options. Both are not a good one. To take money out from content production (TV is the costliest media) and risk with loss of audience. Or not to invest into new technologies which ends up with the same negative result – audience will decrease.

Before ending my presentation, I would like comeback to one aspect of the EU media regulation issue, which may have crucial impact on whole media landscape. This is a role of media independent regulators and governing bodies of PSB.

We have seen recent negative trends in some EU countries which are undermining the principles of independency of the media, especially of the public service media. We should not let this happen in our countries. Again.