

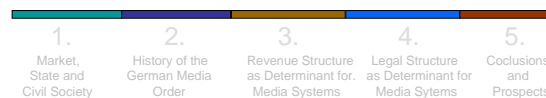
Manfred Kops

Adjusting the Remits and Resources of Public Service Broadcasting Within the German Dual Media Order

Paper Presented at the International Conference „Public Service Broadcasting: A German-Ukrainian Exchange of Opinions“

June 22, 2010,
Kyiv-Mohyla School of Journalism,
Kyiv, Ukraine

1. A Theoretical Model for the Description of Broadcasting Systems with the Market, the State, and the Civil Society (Voluntary Sector) as Basic Forms for the Provision of Broadcasting Programmes
2. A Brief History of the German Media Order
3. Revenue Structures as One Key Determinant for the Adjustment of Broadcasting/Media Systems
4. Legal Structures as a Second Key Determinant for the Adjustment of Broadcasting/Media Systems
5. Conclusions and Prospects



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2

1. A Theoretical Model for the Description of Broadcasting Systems with the Market, the State, and the Civil Society (Voluntary Sector) as Basic Forms for the Provision of Broadcasting Programmes

1.1. The Market, the State, and the Civil Society as Basic Forms for the Provision of Broadcasting Programmes

The Market, the State, and the Voluntary Sector each have specific Strengths and Weaknesses

Market relies on self-interest, profit making

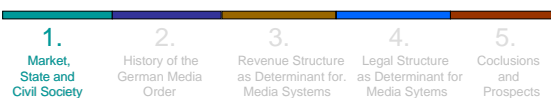
- pro efficiency in the provision, individual decision freedom, preference oriented
- con market failures (insufficient diversity and quality, external effects), negative distributional effects
→ may jeopardize the equal freedom of opinion making for all citizens

State relies on sovereign compulsion, which in democracies is legally based on elections

- pro non-market provision may correct or prevent market failures and negative distributional effects
- con less efficient, less consumer oriented, less flexible and innovative than the market, no incentives to reduce costs, political content is biased ("state failures")
→ may jeopardize the equal freedom of opinion making for all citizens

Civil Soc is neither driven by private profit making nor by the target to assure and obey political power; instead it relies on intrinsic motives

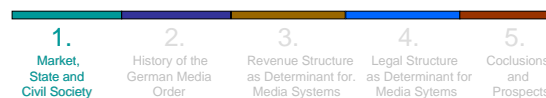
- pro non-market provision may correct or prevent market failures and negative distributional effects
- con non-market provision may correct or prevent state failures
- con efficiency, consumer orientation, flexibility and innovativeness is lower than for market provision,
- con voluntary funding is not abundant: no competitiveness with market and state broadcasters



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3

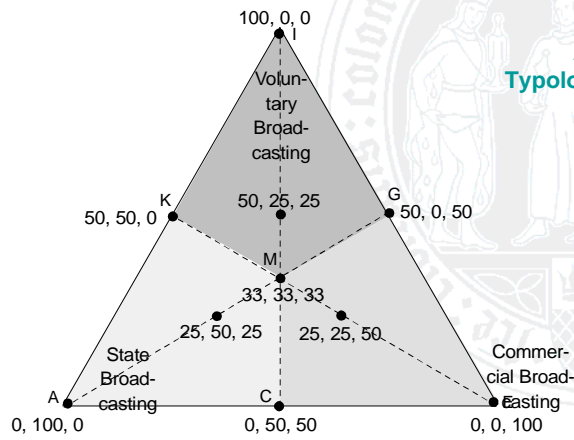


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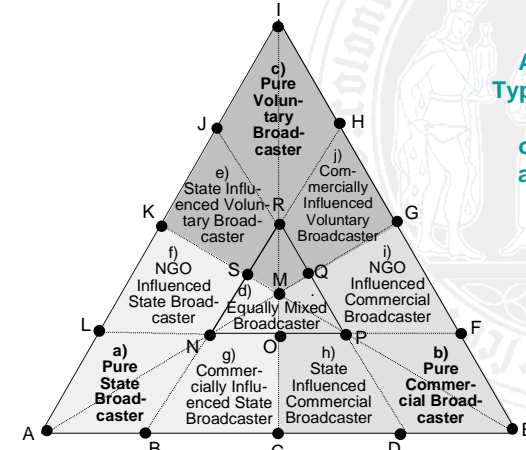
4

1.1. The Market, the State, and the Civil Society as Basic Forms for the Provision of Broadcasting Programmes



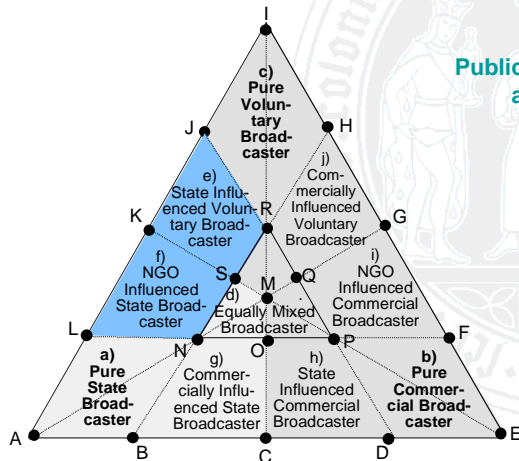
A Rudimentary Typology of Broadcasters

1.1. The Market, the State, and the Civil Society as Basic Forms for the Provision of Broadcasting Programmes



A more differentiated Typology of Broadcasters with 3 Types of pure Broadcasters and 7 Types of Mixed Broadcasters

1.1. The Market, the State, and the Civil Society as Basic Forms for the Provision of Broadcasting Programmes



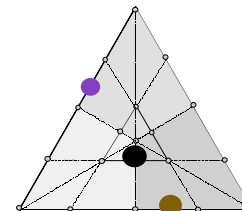
Public Service Broadcasters as Types of Mixed Broadcasters

1.1. The Market, the State, and the Civil Society as Basic Forms for the Provision of Broadcasting Programmes

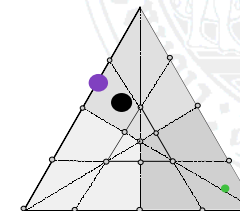
Four Types of Broadcasting Systems, Determined by the Number of Broadcasters and by the Broadcasters' (Pure or Mixed) Revenue Structure

(4) mixed pluralistic systems

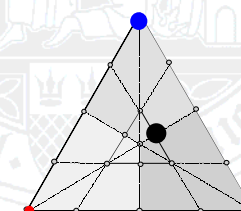
(4.1) equally mixed pluralistic system



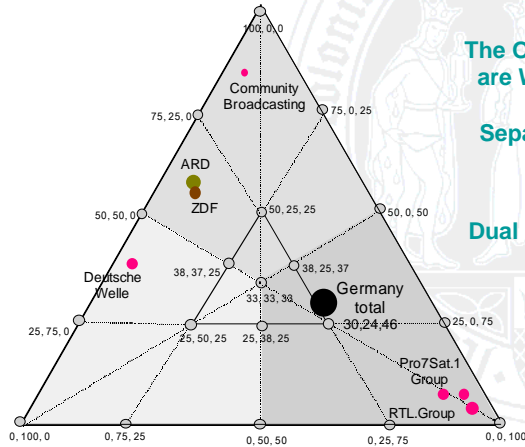
(4.2) public service pluralistic system



(4.3) equally mixed broadcaster



1.1. The Market, the State, and the Civil Society as Basic Forms for the Provision of Broadcasting Programmes

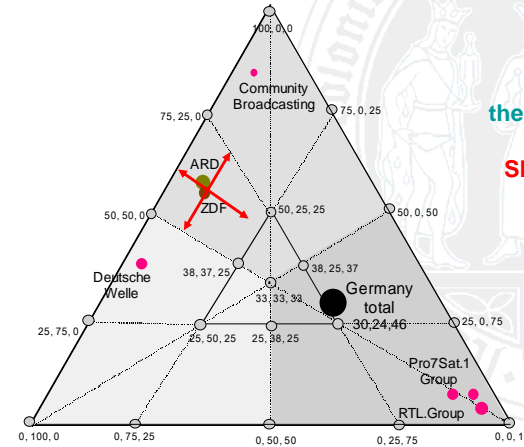


The Overall Sector Ratios are Weighted Averages for all Existing Separate Broadcasters of a Country

The German Dual Broadcasting Order as an Example

1. Market, State and Civil Society
2. History of the German Media Order
3. Revenue Structure as Determinant for Media Systems
4. Legal Structure as Determinant for Media Systems
5. Conclusions and Prospects

1.2. Two Types of Broadcasters as Subject for Adjusting („Fine Tuning”) the German Media Order

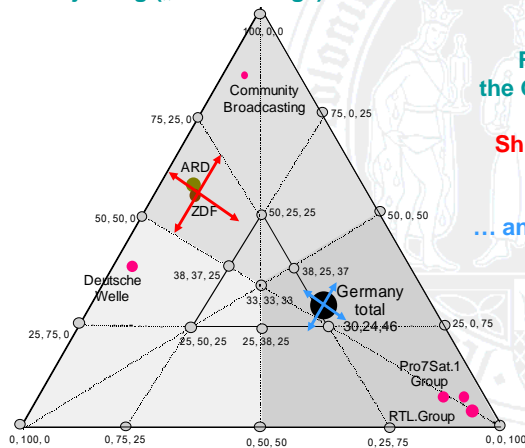


Fine Tuning within the German Dual Order 1:

Shifting Public Service Broadcasters

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1.2. Two Types of Broadcasters as Subject for Adjusting („Fine Tuning”) the German Media Order



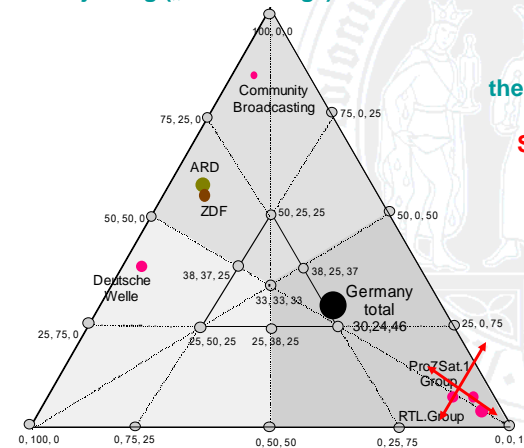
Fine Tuning within the German Dual Order 1:

Shifting Public Service Broadcasters ...

... and the Overall Average

1. Market, State and Civil Society
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1.2. Two Types of Broadcasters as Subject for Adjusting („Fine Tuning”) the German Media Order

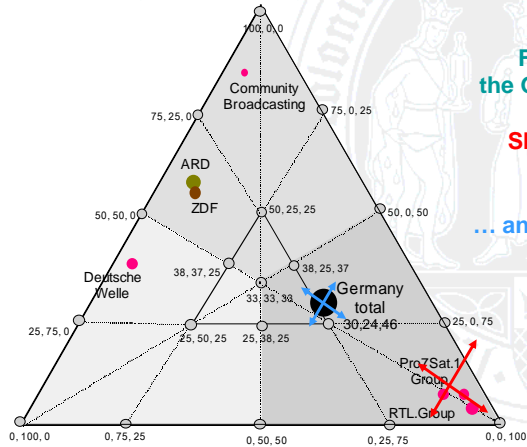


Fine Tuning within the German Dual Order 2:

Shifting Commercial Broadcasters

1. Market, State and Civil Society
2. History of the German Media Order
3. Revenue Structure as Determinant for Media Systems
4. Legal Structure as Determinant for Media Systems
5. Conclusions and Prospects

1.2. Two Types of Broadcasters as Subject for Adjusting („Fine Tuning”) the German Media Order

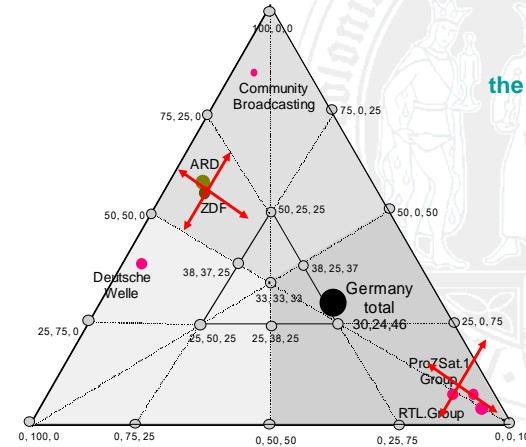


Fine Tuning within the German Dual Order 2:

Shifting Commercial Broadcasters ...

... and the Overall Average

1.2. Two Types of Broadcasters as Subject for Adjusting („Fine Tuning”) the German Media Order

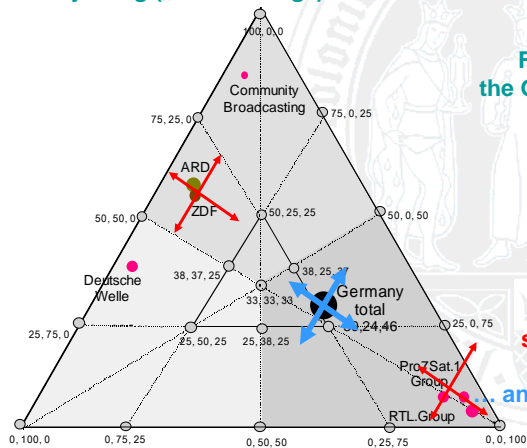


Fine Tuning within the German Dual Order 3:

Shifting Public Service Broadcasters and Commercial Broadcasters ...

simultaneously

1.2. Two Types of Broadcasters as Subject for Adjusting („Fine Tuning”) the German Media Order



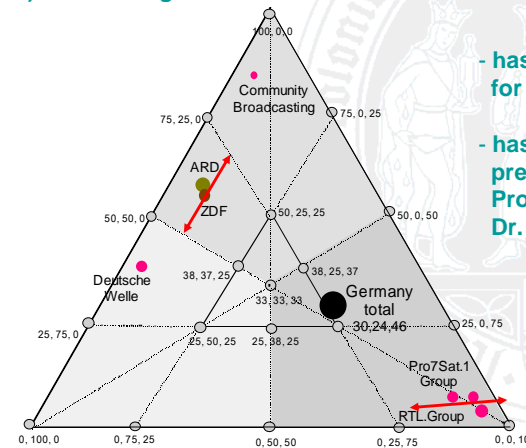
Fine Tuning within the German Dual Order 3:

Shifting Public Service Broadcasters and Commercial Broadcasters ...

simultaneously ...

and the Overall Average

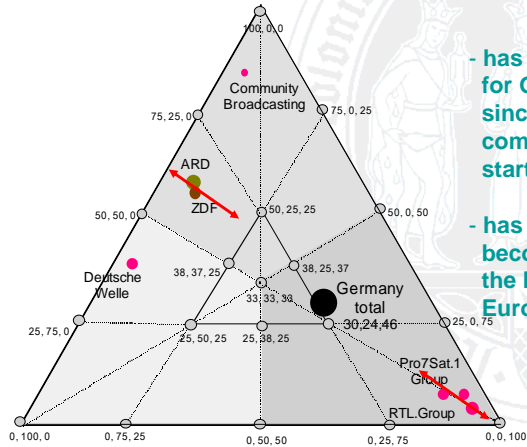
1.3. Two Dimensions for Adjusting („Fine Tuning”) the German Media Order



- has always been an issue for German Media Policy

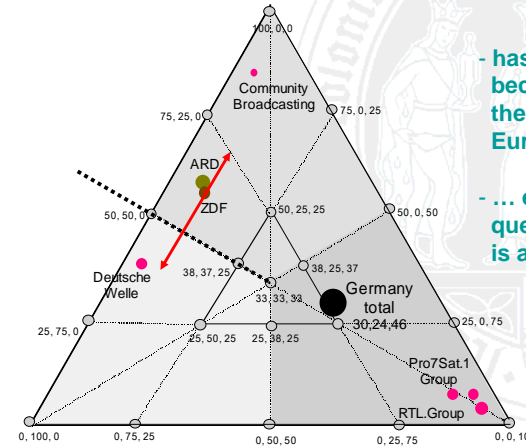
- has been treated in the presentations from Prof. Kleinsteuber and Dr. Khabyuk

1.3. Two Dimensions for Adjusting („Fine Tuning”) the German Media Order b) Fine Tuning the Distance from the Market/Commercial Powers



- has become an issue for German Media Policy since 1985, when commercial broadcasters started in Germany
- has subsequently become an issue for the Media Policy of the European Commission

1.3. Two Dimensions for Adjusting („Fine Tuning”) the German Media Order b) Fine Tuning the Distance From the Market/Commercial Powers



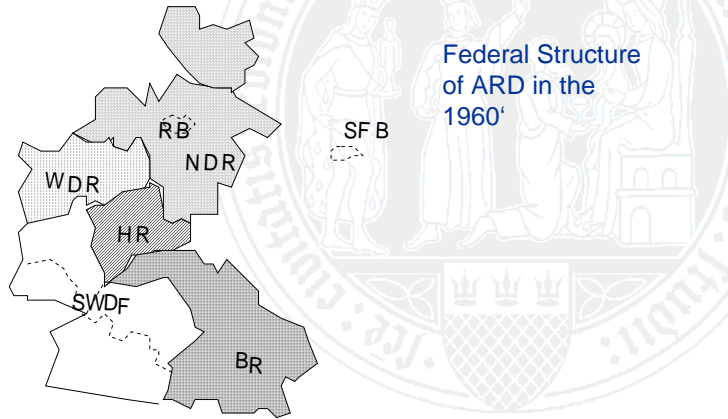
- has subsequently become an issue for the Media Policy of the European Commission
- ... especially with the question if the license fee is a state aid

2. A Brief History of the German Media Order

2. A Brief History of the German Media Order I: 1945 - 1984

- 1945 End of Second World War
- 1946 Re-Establishment of Public Administration by Allied Forces
- 1947 Re-Establishment of Broadcasting by Allied Forces:
 - 50 decentralised, independent from Government, influenced by the Allied Forces' own National Broadcasting Systems
- 1950 Foundation of ARD (Community of Federal Public Service Broadcasters)
- 1956 Bayerischer Rundfunk BR broadcasts first TV spot
- 1960 Christian Democrats plan first commercial TV station (Deutschland-Fernsehen)
- 1961 German Constitutional Court prohibits the Foundation of Deutschland-Fernsehen
- 1961 Foundation of Nationwide Public Service TV-Broadcaster ZDF
- 1979 Discussion about Commercial Broadcasters Intensively in Germany
- 1984 2 Satellites are established for the German footprint
- 1984 First Commercial TV Broadcasters go on Air
- 1984 End of PSB Monopoly

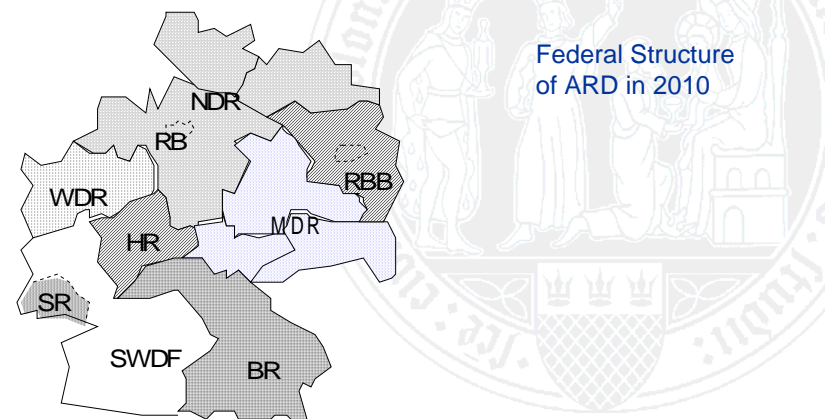
2. A Brief History of the German Media Order



Federal Structure of ARD in the 1960'

1. Market, State and Civil Society
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5. Coclusions and Prospects

2. A Brief History of the German Media Order



Federal Structure of ARD in 2010

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2. A Brief History of the German Media Order II: 1984 – 2011 Market Shares of PSB and Commercial Broadcasters

Fernsehprogramm	Sendebeginn	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PSB ARD	11/1954	43.4	44.9	42.2	37.8	31.7	29.8	24.5	22.0	17.0	16.3	14.8	14.8	14.7	15.4	14.2	14.3	13.7	14.2	14.0	13.9	13.5	14.2	13.4	13.4	12.7
PSB ZDF	04/1962	42.6	40.2	40.7	36.2	32.4	28.8	25.6	22.0	18.0	17.0	14.7	14.4	13.4	13.6	13.2	13.3	13.0	13.8	13.2	13.6	13.5	13.6	12.9	13.1	12.5
PB ARD Dritte	60er Jahre, 1962	10.2	10.1	10.5	10.7	10.4	9.0	8.8	8.3	7.9	8.9	9.7	10.1	11.6	12.3	12.5	12.7	13.0	13.1	13.4	13.7	13.6	13.5	13.5	13.2	13.5
PB RTL Tele	01/1984	0.4	0.7	1.2	4.1	10.0	11.5	14.4	16.7	18.9	17.5	17.6	17.0	16.1	15.1	14.8	14.3	14.8	14.6	14.9	13.8	13.2	12.8	12.4	11.7	12.5
PSB Sat.1	01/1984	-	-	1.5	5.8	8.5	9.0	10.6	13.1	14.4	14.0	14.7	13.2	12.8	11.8	10.8	10.2	10.1	9.0	10.2	10.3	10.9	9.8	9.6	10.3	10.4
PSB Sat	12/1984	-	-	-	-	-	-	-	0.8	1.0	0.9	0.90	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1
PB MTV	08/1987	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.4	0.4	0.4	0.5	0.5	0.4	0.4
PB DCF	01/1989 Tele	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PB ProSieben	01/1993 DSF	-	-	-	-	0.6	1.9	3.0	1.3	1.2	1.3	1.1	1.2	1.1	1.3	1.2	1.0	0.9	1.1	1.1	1.2	1.0	1.1	0.9	0.9	
PB Eurosport	02/1989	-	-	-	-	1.3	3.0	6.5	9.2	9.4	9.9	9.5	9.4	8.7	8.4	8.2	8.0	7.1	7.1	7.0	6.7	6.6	6.5	6.6	6.6	
PB Premiere	02/1991-09/1999	-	-	-	-	-	-	-	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.0	0.9	0.8	0.9	0.9	0.9	0.9	1.0	0.9	0.9	
PB DF1	07/1996-09/1999	-	-	-	-	-	-	-	-	-	-	-	-0.7	-0.7	-0.7	-0.5	-	-	-	-	-	-	-	-	-	-
PB Sky	09/1999	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PB Kabel eins	02/1992	-	-	-	-	-	-	-	1.6	2.0	3.0	3.6	3.8	4.4	5.4	5.5	5.0	4.5	4.2	4.0	3.8	3.6	3.6	3.6	3.6	3.9
PSB arte	05/1992	-	-	-	-	-	-	-	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.4	0.5	0.5	0.7	0.6	0.7	0.7
PSB n-tv	11/1992	-	-	-	-	-	-	-	0.3	0.3	0.3	0.5	0.6	0.7	0.7	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.7	0.8	0.9	0.9
PSB Vox	01/1993	-	-	-	-	-	-	-	1.3	2.0	2.6	3.0	3.0	2.8	2.8	2.8	3.1	3.3	3.5	3.7	4.2	4.8	5.7	5.4	5.4	5.4
PSB Euronews	01/1993	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	
PSB RTL II	03/1993	-	-	-	-	-	-	-	2.6	3.8	4.6	4.5	4.0	3.8	4.0	4.8	4.0	3.9	4.7	4.9	4.2	3.8	3.9	3.8	3.9	3.9
PSB VIVA	12/1993	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.5	0.6	0.6	0.6	0.6	0.6	
PB Super RTL	04/1995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.1	2.3	2.0	2.8	2.6	2.4	2.5	2.5
PB 9Live	08/1995 tm3, seit 09/2001 9Live	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.6	1.0	1.0	0.5	0.4	0.3	0.2	0.2	0.2	0.1	0.1	
PB Comedy Central	03/1995 VIVA Plus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	0.2	k.A.	0.3	0.3

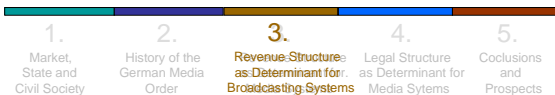
1. Market, State and Civil Society
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2. A Brief History of the German Media Order II: 1984 - 2011

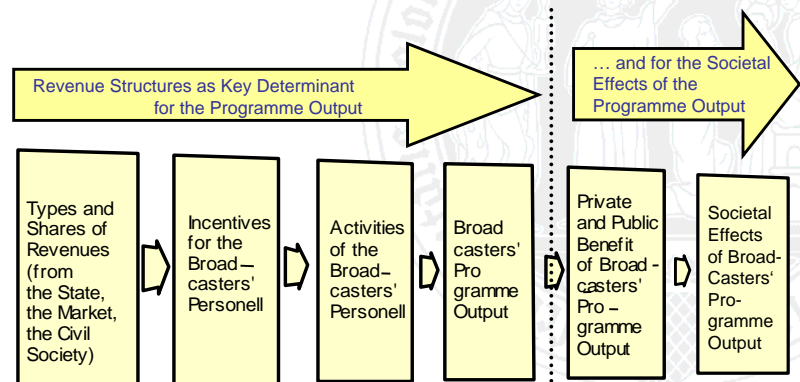
- 1984 Begin of the German „Dual Broadcasting Order“
- 1984 Number of Commercial TV Broadcasters and Market Shares Increase
- 1991 RTL and SAT.1 reach Break Even
- 1991 Function and Program Remit of Public Service Broadcasters are discussed
- 1991 Eastern PSB are Established and Integrated into ARD after German Re-Unification
- 1997 Market Share Model as a new Means against Opinion Dominance
- 2002 Market Shares of Commercial Broadcasters decline
- 2004 Introduction of Self Restriction of PSB Remit
- 2005 European Commission Objects against the Licence fee as a State Aid
- 2008 Agreement with the European Commission about State Aid Dispute
- 2009 „Three-Step-Test“ is Introduced to Control the PSB Remit for Online-Services
- 2010 „Three-Step-Tests“ are completed for Existing Online-Services
- 20?? „Three-Step-Test“ is introduced to Control the PSB Remit for Linear Services

1. Market, State and Civil Society
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3. The Revenue Structure as a Determinant for Media Systems

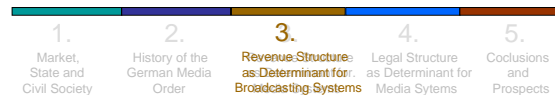


Revenue Structure as Determinant for Broadcasting Systems



Economists Approach: Regulate Broadcasters' Revenue Structures ...

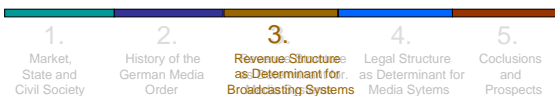
... in Order to Steer Societal Effects of Broadcasting



Revenue Structure as Key Determinant for Broadcasting Systems

Three (Pure) Types of Revenues

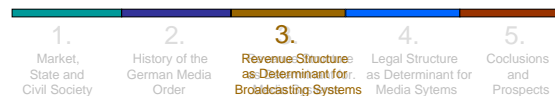
- a) Market Revenues
- b) State Revenues
- c) Revenues from the Civil Society (Voluntary Sector)



Revenue Structure as Determinant for Broadcasting Systems

Revenues from the Market:

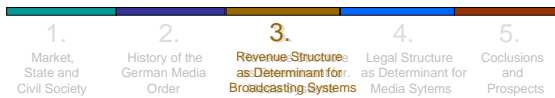
- Advertising and Sponsoring
- Subscriptions (Pay-per-View, Pay-per-Channel)
- Programme Sales
- Merchandising
- Other Transaction Revenues (e.g. from Telephone Call-Ins)



Revenue Structure as Determinant for Broadcasting Systems

Revenues from the State:

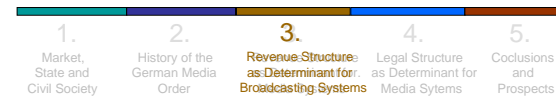
- Discretionary State Grants
- Discretionary Shares from Tax Revenues
- Rule-based State Grants
- Rule-based Shares from Tax Revenues
- Rule-based Devotion of a Public Revenue Source (e. g. of a Receiving Licence Fee)



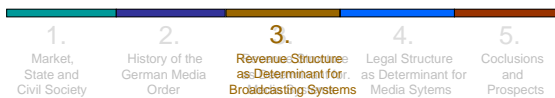
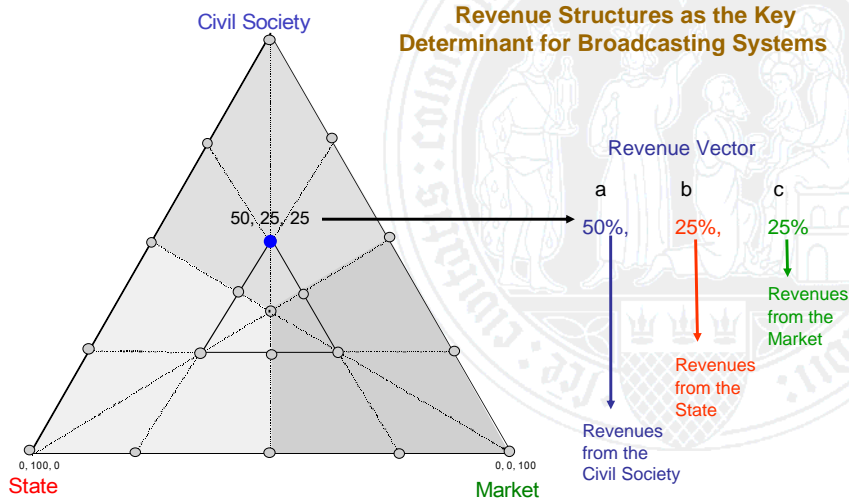
Revenue Structure as Determinant for Broadcasting Systems

Revenues from the Civil Society

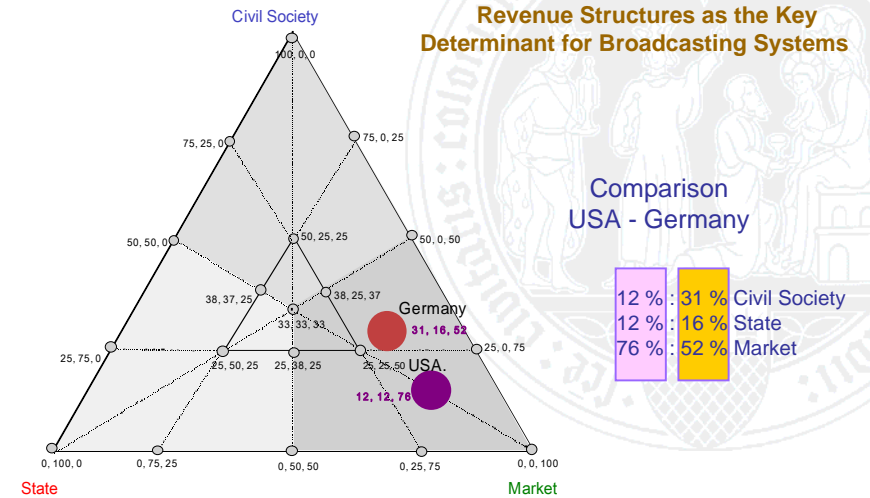
- Donations in Cash from Individuals
- Donations in Cash from NGOs
- Donations in Cash from Corporations
- Donations in Kind from Individuals (e. g. journalistic contributions)
- Donations in Kind from NGOs
- Donations in Kind from Corporations



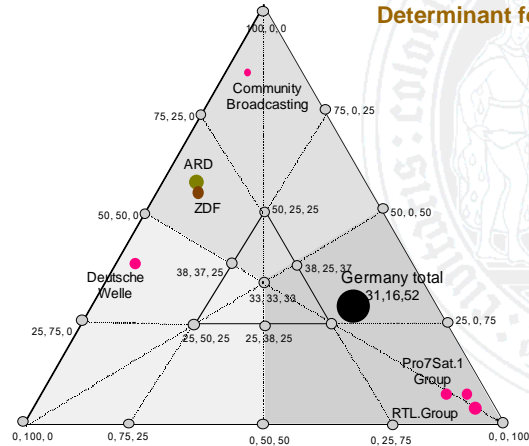
Operationalising the Theoretical Model I: Revenue Structures as the Key Determinant for Broadcasting Systems



Operationalising the Theoretical Model I: Revenue Structures as the Key Determinant for Broadcasting Systems



Operationalising the Theoretical Model I: Revenue Structures as the Key Determinant for Broadcasting Systems

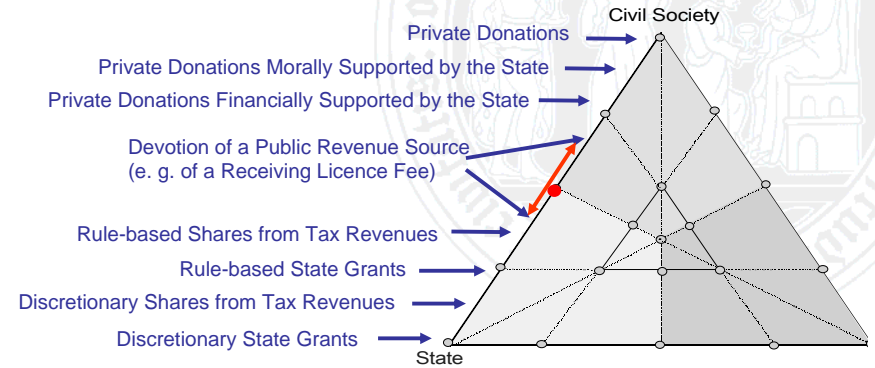


Civil Society: 0,00 Bill = CS
 State: 0,00 Bill = St
 Market: 1,23 Bill = Ma
 License Fee: 6,86 Bill = ?

1. Market, State and Civil Society | 2. History of the German Media Order | 3. Revenue Structure as Determinant for Broadcasting Systems | 4. Legal Structure as Determinant for Media Systems | 5. Conclusions and Prospects

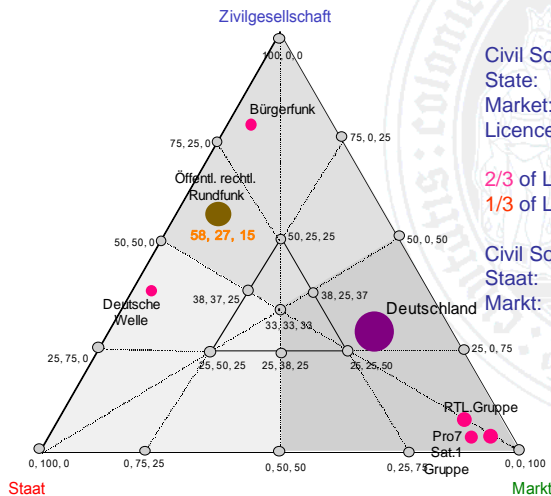
Operationalising the Theoretical Model I: Revenue Structures as the Key Determinant for Broadcasting Systems

Revenues from the State differ in State Distance



1. Market, State and Civil Society | 2. History of the German Media Order | 3. Revenue Structure as Determinant for Broadcasting Systems | 4. Legal Structure as Determinant for Media Systems | 5. Conclusions and Prospects

Operationalising the Theoretical Model I: Revenue Structures as the Key Determinant for Broadcasting Systems



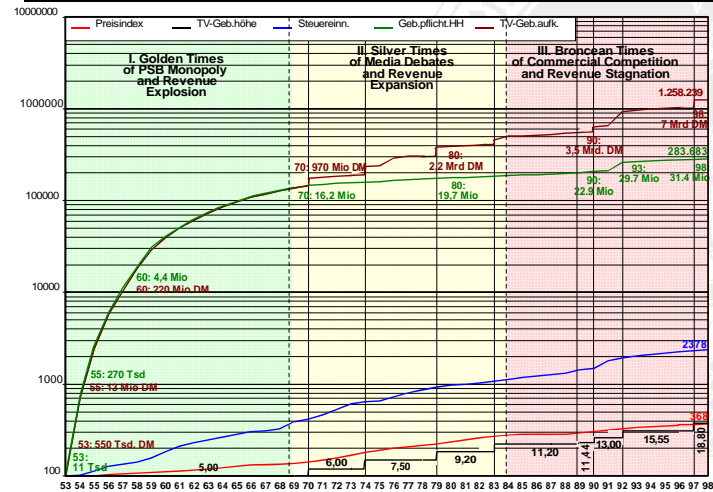
Civil Society: 0,00 Bill. = CS
 State: 0,00 Bill. = St
 Market: 1,23 Bill. = Ma
 Licence Fee: 6,86 Bill. = ?

2/3 of Licence Fee: 4,70 Bill. = CS
 1/3 of Licence Fee: 2,16 Bill. = St

Civil Society: 4,70 Bill. = CS = 58 %
 Staat: 2,16 Bill. = St = 27 %
 Markt: 1,23 Bill. = Ma = 15 %

1. Market, State and Civil Society | 2. History of the German Media Order | 3. Revenue Structure as Determinant for Broadcasting Systems | 4. Legal Structure as Determinant for Media Systems | 5. Conclusions and Prospects

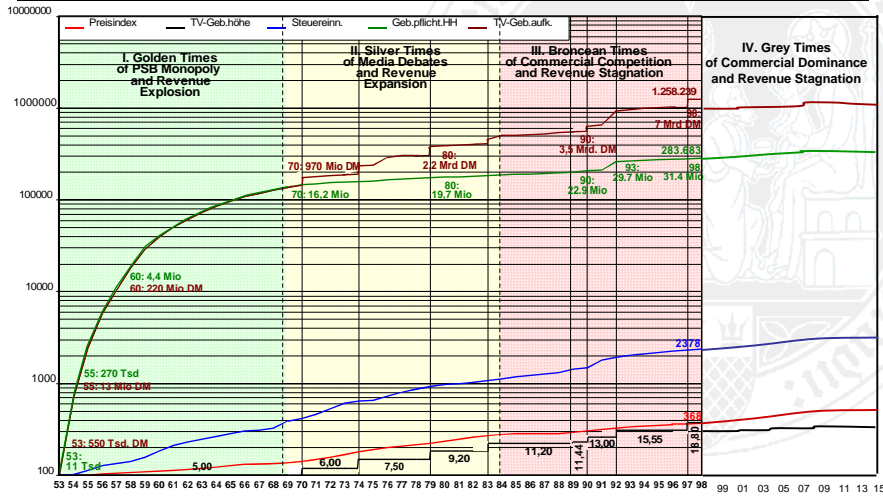
Revenue Structure as Determinant for Broadcasting Systems



Revenues from the Broadcasting Licence Fee: Exploding in the 50s and 60s, Stagnating after 2005, Decreasing after 2010

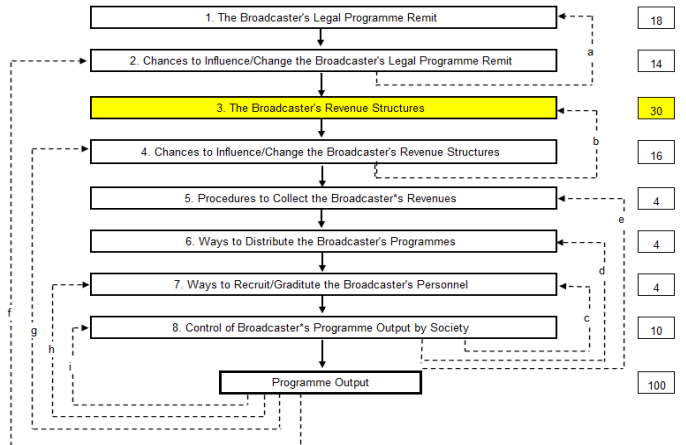
1. Market, State and Civil Society | 2. History of the German Media Order | 3. Revenue Structure as Determinant for Broadcasting Systems | 4. Legal Structure as Determinant for Media Systems | 5. Conclusions and Prospects

Revenue Structure as Determinant for Broadcasting Systems



4. Legal Structures as a Second Key Determinant for the Adjustment of Broadcasting/Media Systems

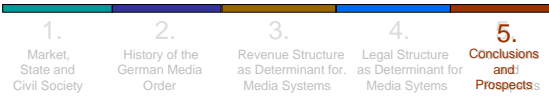
Revenue Structures and Legal Structures as the Key Determinants for Broadcasting Systems: Empirical Results. Internationally Compared



5. Conclusions and Prospects

Conclusions and Prospects

1. Broadcasting in Germany was established as PSB, in contrast to the economic mainstream view of market superiority
 - a) because of bad experiences with the role of the media during the Hitler Regime,
 - b) because of the allied forces' strong influence on reestablishing broadcasting after World War II,
 - c) because of the Constitutional Courts' jurisdictional rationalising of PSB
 - d) because of the overproportional growth of the licence fee
2. The Dual Broadcasting Order in Germany was established late,
 - a) because of the States' (Länder) Competences for Broadcasting,
 - b) because of the Constitutional Courts' scepticism against the publicistic and societal value of commercial broadcasting.



Conclusions and Prospects II

3. The dominance of PSB in Germany is threatened today,
 - a) because of the success of the market model in general,
 - b) because of attractiveness of commercial broadcasting programs for the viewers and listeners (and users),
 - c) because of the successful lobbying of commercial broadcasters,
 - d) because of the market friendly policy of the European Commission,
 - e) because of the decline of PSB revenues, especially of the licence fee.
4. The Future of the Public Service Model depends on
 - a) the popularity of the market model, compared to the Civil Society model
 - b) the PSB policy, as choice between mainstream programming and diversified minority programming,
 - c) In Europe it also depends on the member states capabilities to convince the community about its national solutions.

