

## **Decline in Public Sector Broadcasting: the 1990 Broadcasting Act and the Case of ITV**

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This address is largely drawn from the research for my book *The Dream that Died – the rise and fall of ITV*.

The decline, which we have all witnessed, in public service broadcasting, has its roots in the 1980s, in the Thatcher years and I want to identify a number of factors which were writ large in purposefully promoting that decline. They are causes from which we can learn for the battle that is to come in this decade which may well decide whether PSB survives.

Mrs. Thatcher's 1990 Broadcasting Act stands out as the single most malevolent cause – perhaps the worst piece of legislation of the last 50 years, discredited and disowned, even by its makers, as soon as it was operational. Some ITV bosses even felt it was designed to drive them out of business. One Government Minister, responsible for the Bill, told us: "I don't believe in this legislation, but my career is getting in the way; a Government adviser described it as "An Act of Vengeance" and a cabinet minister confessed: "The only good thing about this Act is that there will never be another one like it".

Mrs. Thatcher had been right to criticise the bad labour relations and restrictive practices in ITV in the early eighties but she refused to believe that ITV had reformed them. In the late eighties she even appointed a Monopolies and Mergers inquiry into ITV believing that it would produce evidence to justify her policy. When it did not and showed that the problems she complained of had been eliminated she refused to talk about it or to modify her legislation.

In the late stages of the Bill one ITV managing director, Harry Turner, South West, even made an eleventh hour personal bid to persuade the Prime Minister to change her mind. At a late night audience with her at the Carlton Club he didn't get much chance to speak. She launched straight into him. "Not afraid of competition are you, Mr. Turner?" "But, but but, Prime Minister surely..."he stuttered. Later he confessed he couldn't get a word in edgeways. He had considered a desperate tactic to halt the tirade. "I wanted to say", he said "I suppose a fuck is out of the question, Prime Minister".

But she swept out shouting: "If you have anything more to say, say it to Lord Young", (the Trade Minister). Life was like that. The image of Mrs. Thatcher at this time was well caught by a parliamentary sketch writer who described her entering the

Commons: “She was wearing an outfit of an officer in the junior hussars and the expression of a B-52 bomber”. And by a Tory MP who remarked: “She couldn’t see an institution without wanting to swing her handbag”.

Her 1990 Act introduced crazy, blind one-time bids for ITV franchises which did not even work for the Government and took a great deal of money out of programme budgets; it split up ITV and Channel Four to compete against each other for ratings and money rather than programmes; it fatally weakened the regulator opening the floodgates to lower standards and it introduced haphazard takeovers within ITV reducing competition, promoting monopoly and destroying the regional network.

All this made ITV and Channel Four even more commercial with an incentive to reduce public service commitments; to narrow their schedules, chase ratings and put advertisers before viewers. This put the BBC, defending its audiences, under pressure to follow suit – which they did.

Mrs. Thatcher and her senior ministers soon admitted the failure of the new Act but it was the law and when Channel Five was put forward, it would with disastrous consequences, actually be used again undermining the ambition of the new channel. It proved to be the most significant negative influence on today’s broadcasting.

It is worth examining all the privatisations of the Thatcher years, some successful, some not. They all have one thing in common – a formula is devised, sometimes against the public and the taxpayers’s interest, which is designed to make the flotation succeed even if it means giving away public assets. There is one exception and that is the sale of ITV (which was the equivalent of a privatisation). You have to ask why? Here the formula appears designed to pull the business apart.

It should be noted too that 13 years later under Mr. Blair’s New Labour Government in 2003 when the Communications Act was passed, essentially the same policy – deregulation – was pursued. Blair, following in Mrs. Thatcher’s footsteps, continued to treat broadcasting as though it was only an economic activity, failing to recognise its cultural and social and educational role. If you look at the preface of the Bill it lists 7 or 8 objectives. The first six claims, and several are false, are all economic. The real public service purpose of broadcasting is merely an after thought. It was notable too that the one word the Blairites fought hardest to keep out of the Bill was the word “citizen”, always wanting the word “consumer”. And astonishing as it may seem one of the most important and controversial clauses in the Bill – that which authorised the sale of British commercial channels to foreign corporations- wasn’t even debated in the Commons committee which was supposed to examine the Bill line by line. But bad legislation hasn’t been the only factor that has sold broadcasting short.

The “greed is good” climate of the late 1980s encouraged a new breed of entrepreneur to move into ITV. The existing leaders who had their roots in show business and in

public service moved out or were pushed out. They believed that broadcasting had a purpose; had to have standards; had to educate and inform as well as entertain.

They were replaced by accountants and financiers – Gerry Robinson, Michael Green, Charles Allen. None of these men had any broadcasting experience or seemed to care about what was made still less about public service. They saw it merely as an economic activity and their first and last interest was the bottom line.

What marks out the difference between these two groups is that the first sought to earn money to make programmes and the second merely made programmes to make money. As long as the leaders failed to see that broadcasting is the central cultural – not economic – experience of our age: if their first and last criterion was maximising returns, then it was inevitable that broadcasting, led by ITV, would lose its range and diversity of programming and thus decline.

Because they did not understand the business it was also inevitable too that the new men would make expensive mistakes that contributed to ITV losing its way. Hundreds of millions were splashed away on ill thought out schemes. But the problem was more fundamental than that. The underlying philosophy was bad. Because Robinson and Allen demanded short term profits before production they would neglect investment and training, diverting funds from television into unwise takeovers, foolish investments and mountains of debt leaving ITV as a crippled business. It was worthy of a programme title we always wanted to use at Granada “Trubble at Till” and another one for a programme about Malta which was “Anything Gozo”.

Two other factors contributed significantly to the slide in ITV. The regulator, the ITC, refused to recognise the enormity of what Mrs. Thatcher had done – that she had made the regional system of 16 licences untenable. They could have redrawn the map and advertised say just six licences, but they refused and saw the ITV companies gradually eat each other in chaotic amalgamations. They ceased to be creative; ceased to compete effectively against their true competition as they fought each other – a destructive process that would go on for 14 years.

But perhaps it wasn't surprising that the regulator should lose its way. Under Mrs. Thatcher a Conservative businessman and a Conservative politician had been appointed to run the ITC as chairman and deputy together, flouting accepted convention.

Finally Mrs. Thatcher consistently disadvantaged British broadcasting by privileging one of her favourite businessmen, Rupert Murdoch by allowing him to unfairly takeover satellite broadcasting in Britain and then to allow that business to trade on unfair terms against ITV and the BBC. Programmes of bought in pap could be scheduled against the terrestrial broadcasters public service slots to enhance Murdoch's profits and diminish those of ITV. Again this was a policy continued by Tony Blair for essentially the same reason – selling broadcasting and the public short in order to get support from the Murdoch Press.

These four factors hit public service programming hard especially in ITV but it also diminished C4 and the BBC.. Some will argue in a changing world with new competition and fragmenting audiences, what happened was inevitable but it isn't so. ITV lost its pre-eminent position by making very specific bad decisions and by adopting a bad philosophy. It lost audiences and revenue far faster than its rivals.

There was hope with the arrival of Michael Grade at ITV that the channel might be turned round. Others thought it far too late. I suspect that Grade tempted by huge financial rewards and a last big career move did not realise just how far his old network had fallen. The difficulties of fast receding audiences, profits and share price would be compounded by discovering a wave of programme fabrications, by incurring massive fines; the seizing of a stranglehold block of ITV shares by their arch rival Murdoch and by the mother and father of all recessions.

Although Grade claims to have stabilised the business this has been at the price of further reducing their PSB commitments, collapsing the remnants of their regional base and opting to leave.

But there is positive hope for the future. We have seen the complete failure of businessmen treating broadcasting as a pure economic activity. We still have, just about, solid structures in the BBC and possibly Channel Four. The BBC's development of Salford Quays is for example a big positive step for public service broadcasting even if it does not compensate for the decline of ITV. We have a tremendous talent base and we have quality technology.

But it has to be said that they exist in a frigid economic climate with the high probability of an unfriendly government taking power, again supported by Murdoch, seeking and likely to get, continued commercial advantage. The Conservative Party shows ominous signs of reviving their long standing dislike of the BBC (and it has to be said sometimes the BBC doesn't help itself) and the Conservatives may also in government be tempted to privatise Channel Four. They are currently denying it but they will be desperate for cash and it has been in their manifesto before.

However there are policies, if a future government is honest about speaking for the whole of Britain, which could do much to encourage PSB.

The first would be standing up to the Murdoch empire, breaking their monopoly and for the first time in 20 years creating a more level competitive playing field in broadcasting. You may be interested to know that John Major, in contrast to Thatcher and Blair, considered this during the dark days of his Government in the mid nineties. This would mean reversing the fruitless policy of deregulation pursued by Thatcher and Blair. There is no reason why the highly profitable Sky Broadcasting should not carry some public service responsibilities in line with the terrestrial broadcasters. What we need is more effective regulation not less. Imagine the opposition.

Thirdly Government needs to encourage more professional broadcasters and showmen supported not dominated by people with business skills to run television. Accountants running creative industries is a proven recipe for disaster.

Fourthly the decentralisation of broadcasting has much further to go and a few wiseacres in the BBC know that the future really rests in the low cost regions reflecting, representing and reporting the whole of Britain. Yet today we have still some 30 mainstream channels unbelievably every one in London.

These are all positive possibilities if only we had in both broadcasting and government leaders of vision who understood what broadcasting is for..

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He is the author of *The Dream that Died: the Rise and Fall of ITV Leicester*: Troubadour 2008