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Over 200 years ago, but just 30-odd miles to the west of where we gather tonight, Adam Smith wrote his Wealth of Nations. It provided the intellectual underpinnings for Britain's move to an industrial society, based on market economics and democratic politics, and it remains one of the most influential books of the modern world.

If Smith were writing today, he would probably call his book The Wealth of Information, for he would now be chronicling the move from being an industrial society, in which wealth was created by processing materials, to an information society, in which wealth creation will depend on the processing of information.

This information revolution is being generated by the microchip, and by the continuing and mind-boggling technological breakthroughs which have made it possible to store, transmit and process vast quantities of complicated information cheaply, and in seconds.

A golden age will come to those countries which turn this wealth of information into knowledge effectively. In future the ascendent nations with the highest living standards will be those that master not land and material but ideas and technologies. Physical resources will decline in importance, to be replaced by an information technology which will open new vistas for the human imagination.

Perhaps surprisingly, television so far has been left unaffected by this information revolution, for that revolution involves digital technology, while the TV set has remained a doggedly analogue device. Computer technology has advanced many times faster than television technology, and even the fourfold improvement in picture definition offered by high definition TV still involves analogue codes.
All this is about to change. The television set of the future will be, in reality, a telecomputer linked by fibre optic cable to a global cornucopia of programming and nearly infinite libraries of data, education and entertainment. All with full interactivity.

The arguments which have recently dominated British broadcasting, such as multi-channel choice versus public service duopoly, will soon sound as if they belong to the Stone Age. These telecomputers will bring a huge variety of television channels including the ability to order up whatever you want to watch, whenever you want to watch it.

But that is the least they will be able to do, for the telecomputer of tomorrow will revolutionise the way we are educated, the way we work and the way we relax. Consider these examples from Microcosm, a new book by the visionary author George Gilder. With digital technology, he writes, not only will a feature length film soon be held on one CD but any frame can be accessed and manipulated. For example, medical students could perform simulated surgery; student pilots could fly over realistic countryside; art students could walk through the Louvre at their own chosen pace, picking up any relevant information they want; and the football fan could record his favourite team, then watch the event from any chosen vantage point – on or off the field.

That is a seductive view of the future, albeit one that only the younger half of this audience is likely to see. What I want to address tonight is no more than an interim stage on the way there. It is a transition in which British television will come of age, reaching maturity by breaking out of its self-imposed duopoly and entering a time when freedom and choice, rather than regulation and scarcity, will be its hallmarks.

For 50 years British television has operated on the assumption that the people could not be trusted to watch what they wanted to watch, so that it had to be controlled by like-minded people who knew what was good for us. As one of these guardians, my distinguished friend Sir Denis Foreman, explained a few years ago, even so-called commercial television in Britain “is only an alternative method of financing public broadcasting, and that method itself has depended on the creation of tightly-held monopolies for the sale of advertising and programme production”.

So, even though the lure of filthy lucre was to become part of the British television system with the advent of ITV from the mid-1950’s, it was done by subordinating commerce to so-called public service. And it was done in a way which was very appealing to the British Establishment, with its dislike of money-making and its notion that public service is the preserve of paternalists.

Even then, many of the “top people” in British society bitterly opposed commercial television in the 1950’s, and commercial radio in the 70’s. Much respectable opinion seemed to see nothing wrong in retaining a government monopoly of television and radio, making broadcasting by anybody else a criminal act.
Such restrictions on the freedom to broadcast, of course, are not compatible with a mature democracy, though much of the British Establishment did not seem to realise that at the time, just as those who fight to restrict choice to the current duopoly do not appreciate how fundamentally anti-democratic their attitudes are. The arguments of the anti-ITV lobby 30 years ago seem absurd today, just as the arguments of the pro-duopoly lobby will sound ridiculous only a few years hence.

The sort of regime which has controlled British television during its first 60 years also governed the printed word for many decades after the invention of the printing presses. The established church, like today’s established broadcasters, feared that print would end its near-monopoly of what people read. The government of the day, like many governments of today, feared that it would lose control of what was published. Both were terrified that if printed books were not controlled, people might start to think for themselves.

So for some time, printing presses were subject to all manner of regulations and censorship, enthusiastically enforced by church and state. It is worth noting that quality literature could still emerge from such a stifling system, just as much quality television has emerged from TV’s regulated era.

But censorship of the printed word was not something that the infant English democracy of the 17th century could tolerate for long, just as the paternalistic television system which has been the norm in the 20th century could not survive forever in a mature democracy, especially when technological developments abolished spectrum scarcity, thereby allowing many more channels.

So in 1694 the English Parliament abolished pre-publication censorship of the printing presses, leaving the printed word solely to the general laws of the land, an event described by that great Whig historian, Macaulay, as greater in its contribution to English liberty than either the Magna Carta or the Bill of Rights.

I believe that British television has now begun its own 1694.

Like all great changes to this society, it is being opposed by some of the most respectable voices in the land, especially those who have a vested interest in keeping things largely as they are. I realise that I face many such people in the audience today, and I appreciate you giving me the opportunity to explain why I think you are wrong.

I start from a simple principle: in every area of economic activity in which competition is attainable, it is much to be preferred to monopoly. The reasons are set forth in every elementary economics textbook, but the argument is best proved by experience rather than theory.

Competition lets consumers decide what they want to buy; monopoly, or duopoly, forces them to take whatever the seller puts on offer. Competition forces suppliers to innovate continually, lest they lose business to rivals offering better, improved products; monopoly permits a seller to force outdated goods onto captive customers. Competition keeps prices low and quality high; monopoly does the opposite.
Why should television be exempt from these laws of supply and demand, any more than newspapers, journals, magazines or books or feature films? I can see no reason; which is why I believe that a largely market-led television system, with viewers choosing from a wide variety of channels financed in various ways, will produce a better television system than today's.

The consensus among established broadcasters, however, is that a properly free and competitive television system will mean the end of "quality" television and that multi-channel choice equals multi-channel drivell - wall-to-wall Dallas is the sneering phrase most commonly trotted out to sum up this argument. Put aside the fact that the BBC is happy to run Dallas at prime-time (and to repeat it as well); put aside, too, the simple economic truth that if 15 channels were to run it wall-to-wall, 14 of them would quickly go bust. I want instead to concentrate on the assumption that is behind the established broadcasters' case: that only public-service television can produce quality television.

There are real problems of definition and taste here. For a start I have never heard a convincing definition of what public-service television really is, and I am suspicious of elites, including the British broadcasting elite, which argue for special privileges and favours because they are supposed to be in the public interest as a whole.

Such special pleading tends to produce a service which is run for the benefit of the people who provide it, rather than the viewers who watch it, sometimes under duress, especially late at night, because there is nothing else to watch.

My own view is that anybody who, within the law of the land, provides a service which the public wants at a price it can afford is providing a public service. So if in the years ahead we can make a success of Sky Television, that will be as much a public service as ITV.

There remains, however, widespread scepticism in this country that a largely market-led system can produce "quality" television. This view was perhaps best put by my colleague, Simon Jenkins, writing in The Sunday Times of 18th September 1988, when he wrote that “to run a free market television company in Britain will be a grim, remorseless business, as it is in America”. He went on to accuse the Government of “dismantling a system that produces reasonably good television in favour of one which, on every scrap of available evidence, will produce incomparably worse television”. Well, so much for the monolithic Murdoch press!

But quality is in the eye of the beholder, or in the current debate in Britain, the propagandist.

Much of what is claimed to be quality television here is no more than the parading of the prejudices and interests of the like-minded people who currently control British television. It may well be that, at its very best, British television does produce what most viewers would regard as some of the world's best television.

Examples have been given to prove the case, though the fact that the same examples are trotted out all the time, and they are all getting a bit long in the tooth, suggests to me that the case is weaker than generally believed.
Moreover, the price viewers have had to pay for these peaks in quality has been pretty high. The troughs of British television, such as much of the variety, situation comedies, sporting coverage, and other popular fare, are not particularly special by international standards. In any comparison of the most popular programmes on both sides of the Atlantic, the British television system does not come out well.

The American weekly top 10 list is dominated by an excellent current affairs show, 60 Minutes, several situation comedies thought of sufficient high quality to be shown on Channel 4 in this country and some well-produced, high-budget series, representing the best of quality popular television. By comparison the British top 10 is dominated by several mundane, low-budget soaps both home-made and imported. Whatever else can be said about public-service broadcasting, it cannot be said to be raising the overall viewing standards of the British public. In terms of quality television, the most-watched programmes in the US are far more impressive than the most-watched shows in Britain.

Much of what passes for quality on British television really is no more than a reflection of the values of the narrow elite which controls it and which has always thought that its tastes are synonymous with quality — a view, incidentally, that is natural to all governing classes.

But this public-service TV system has had, in my view, debilitating effects on British society, by producing a TV output which is so often obsessed with class, dominated by anti-commercial attitudes and with a tendency to hark back to the past.

What I have in mind is best illustrated by many of the up-market costume soap operas which the British system produces, in which strangulated English accents dominate dramas which are played out in rigid, class-structured settings. They pander to an international desire, particularly to those Americans who watch PBS, to portray and freeze Britain as a museum.

This is drama run by the costume department. Of course Britain’s rich cultural heritage provides a natural source of ideas no writer can afford to ignore. It is all a matter of balance.

Is it really healthy for British society to be served up a diet of television which constantly looks backward? Too much major drama, it seems to me, is set pre-World War One; indeed anything post-World War Two is a major achievement these days.

In The Third Wave, Alvin Toffler pointed out that, whereas Japanese TV was concerned with the future and American TV with the here and now, British TV consistently looked back to the past. This has not been healthy for a nation that needed to modernise, especially by throwing off its class structure.

This obsession with the old Britain is combined with constant sneering at the new Britain. The socially mobile are portrayed as uncaring; businessmen as crooks; money-making is to be despised. As a result, in the values it exudes, British television has been an integral part of the British disease, hostile to the sort of culture needed to cure that disease.
The fact that those who control British TV have always worked in a non-market environment, protected by public subsidy and state privilege, is a major reason why they are innately unsympathetic to markets and competition. So films like "The Vision", and documentaries like "The Television Explosion", shown by the BBC, and a host of similar programmes on ITV and Channel 4, have been broadcast in which a new breed of television businessmen are portrayed as greedy, power-hungry thugs, while the current broadcasting elite comes out as something akin to Plato’s Guardians.

People often say to me, however, that the current British system encourages creative risk-taking, and that a market-led system would not fund all manner of excellent programming currently on show.

"Without public-service television, there would be no Dennis Potter plays on television" was how the argument was put at a recent seminar organised by the Broadcasting Standards Council. Of course, a Potter play is very much part of the cultural values of the broadcasting elite, and whereas it is true that the market-led American television system does not produce the US equivalent of a Potter play, it cannot be a serious criticism of American TV that it does not do things that are very much the product of British cultural values.

My argument, however, is not that television can be left entirely to the market. In a market-led TV system there is still room for a public-service element to provide programming that the market might not provide, such as the Potter plays. What I am arguing for is a move from the current system of public broadcasting, in which market considerations are marginal, to a market system in which public broadcasting would be part of the market mix but in no way dominate the output the way it does at present.

In the United States the programming of the Public Broadcasting System has added to the choice of American viewers. PBS has helped enrich the American TV scene just as the BBC will no doubt continue to do in a more market-led British TV system, even if it will find it hard to justify the compulsory poll tax that finances it when its charter comes up for renewal in the multi-channel world of the mid-1990's.

So I do not dispute that there will be a future role for public broadcasting, though in a scaled-down form. But I suspect that the market is able to provide much more variety, and risk-taking, than many of you realise. The heyday of PBS in America, for example, was when US TV was dominated by three networks, and it was able to provide a real alternative to their commercial fare. But as a recent article in The Guardian pointed out, now that there are a plethora of commercial channels in America offering much of what used to be the preserve of PBS such as the arts, news, drama and documentary, PBS is struggling to retain its distinctive role. In other words, the market is now filling much of what was thought, even in America, to be the special role of public-service broadcasting.

This brings me to my next point. Contrary to conventional wisdom in this country, there is much to admire about American television. I want to dwell on this for a moment because America provides the best example of a market-led television system and because it has been so disgracefully misrepresented by propagandists in this country.
We are told, for example, that if American-style choice and diversity came to British television it would just be for the rich. But cable is now in 56% of American homes and rapidly approaching 60%; it has become the dominant form of television distribution in the United States. The average fee for a cable service in America is now just under $15 a month. So, to convert to sterling, for an optional £112 a year you can get two dozen or so basic channels on your cable system, and pay more only for the premium channels you want. That compares to a compulsory £66 licence fee in Britain, which brings you two channels whether you want them or not. We should leave the public to decide what the bargain is.

Then we’re told that all the new channels promised for Britain will be doing nothing but re-runs. But in the United States that is clearly not true of Cable News Network, Financial News Network, C-Span’s two channels on public affairs and Headline News, which are all original, and live.

Nor is it true of the sports and film channels which feature original material. Nor is it true, increasingly, of most cable channels. A channel called The USA Network, for example, has this year commissioned 24 original made-for-cable movies. TNT is doing the same. The Arts and Entertainment Network this year will co-produce 104 hours of drama, documentary and the performing arts. And 70% of The Discovery Channel consists of programmes never seen before in the United States.

In Britain, Sky Channel alone has commissioned 50 hours a week of original British programming. Eurosport brings many new and mainstream sporting events to the screen and Sky News, Europe’s first 24-hour news station, is dominated by live news and current affairs.

And of course there is much more than wall-to-wall Dallas on American television. Take current affairs and factual programmes. In Britain the ITV network for the year ending April 1989 ran an average of 19 hours 55 minutes a week. That is exceeded by one programme alone on CBS Nightwatch, which broadcasts 20 hours of news programming a week; add on to that the three hours a week of prime-time programming on factual affairs on CBS; add on to that another 20 hours or so for non-prime-time news and factual programming and it quickly becomes clear who is being better served. And that is without taking into account the other networks, independent terrestrial broadcasters, the Discovery Channel, CNN, Arts and Entertainment, C-Span, ESPN, and FNN. Clearly, when it comes to news the market system is providing the better public service both in quantity and quality.

Now taken religion. On the New York over-the-air stations there are some 300 hours a year of religious programmes broadcast on Sunday morning alone. That compares to less than 200 hours of religious broadcasting on BBC1 and BBC2 at all hours and combined.

Take the ethnic and racial minorities. How are they served? In Britain, by one or two token programmes, usually in the wee small hours. But in the United States, 80% of Hispanics have access to at least one Spanish-only channel; most have access to two. There is a Black Entertainment Network and there is National Jewish TV. In New York television alone, there are 10 hours each week of Korean, Chinese and Japanese television. The diversity of multi-channel TV is real.
Take educational and instructional programmes. On PBS in the United States, there are more than 700 hours of pre-school broadcasting a year, compared to 125 hours on Britain's public-service ITV. The diversity is there.

Take local news. In Britain local news broadcasts are not noted for being well resourced or strong on journalism. In the United States market realities have made local news an essential part of all but the smallest television stations. Local news services are big audience and revenue winners, providing a real local service in which investigative journalism is increasingly strong.

Take informative programming as a whole. On ITV, information programming accounts for 32% of its output. On WCBS, the CBS affiliate in New York, it accounts for around 40% and closer to 60% on Sundays.

I watch television regularly on both sides of the Atlantic; when there were only four channels on this side, I was regularly frustrated by the lack of choice; and given the quality of much of the prime-time programming it was always difficult to believe that I was tuning in to a cultural citadel which had to be preserved at all costs.

These are, of course, my personal views, views with which the shapers of British television in this hall will differ. I don’t ask you to accept my judgement as against your own, though I can guess whose side the Saturday night TV viewer would take. But I do believe that the people should be allowed to decide, and that the choice should be put before them.

At News International, we stand for choice. I say this aware of the fact that some of our critics accuse us of stifling choice in the media because we are supposed to own so much of it. That, I contend, is nonsense.

Consider first, newspapers. We have three daily and two Sunday national titles, some serving the quality market, some serving those who prefer the tabloid format. Some profitable, some unprofitable. Every one of our readers is free to choose between our newspapers, other national newspapers, and provincial newspapers owned by powerful chains.

Of all the newspapers bought on any given day, ours represent only 24% of the total – hardly a monopoly. Add to this the fact our newspapers have widely divergent views, and that our readers also buy magazines, watch television and listen to radio. It is clear that we are but one of many competing voices. This is as it should be in a democracy.

As in newspapers, so in television; our role is that of a monopoly destroyer, not a monopolist. At present, we have less than 1% of the TV audience. Our critics cannot make up their minds if Sky Television is a threat to the existing broadcasters or destined to be seen by fewer people than have seen the Loch Ness monster.
The truth is that, even by the time Sky is in several million British homes and becomes a commercial success, it has no prospect of dominating the medium. For just as Wapping so lowered the cost of newspaper production as to enable The Independent and others to enter, so Sky has paved the way for non-Sky channels. By leasing transponders of the Astra satellite system, which has the technical capability eventually to offer over 50 channels, and by investing heavily in persuading viewers to equip themselves with receiving apparatus, we are opening the door for other organisations to seize the opportunities to become national broadcasters at a fraction of our cost.

So we see ourselves as destroyers of monopoly power, whether it be in print or broadcasting, and as creators of choice. Yet we now face calls for legislation to prevent newspaper companies from participating fully in the opening up of broadcast markets. If we had a monopoly of newspapers and the potential for obtaining one in broadcasting, we would understand and share these concerns. But we don't: nor does anybody else.

The fact of the matter is that in the circumstances in Britain cross-ownership of media is a force for diversity. Were it not for the strength of our newspaper group, and our human and capital resources, we surely could not have afforded to have doubled the number of television channels available in Britain from February 5th. We could not have created Sky News, which has become a third force in British television news alongside the BBC and ITN.

The same was true in reverse in Australia 25 years ago, when profits from a small television station in Adelaide allowed me to start and support The Australian.

And with today's technologies, fears of a television environment dominated by one or two media barons draws attention away from the present monopolisation of television.

And the campaign orchestrated by our rivals to kill Sky by limiting our participation in the satellite television business is nothing more than a cynical effort to win in the political arena what has been lost in the marketplace.

We began this decade with television in the hands of two powerful groups which shared the same values and objectives; we start the new decade with the possibility of enormous diversity, with monopoly control blown apart by market forces.

It is a revolution with huge positive benefits for society, above all in the realms of freedom and education; for a multi-channel broadcasting system in the hands of a diversity of owners is a bulwark to freedom and not susceptible to the sort of state control that has dogged British television throughout its life.

As British television develops, governments will increasingly lose their influence over it. Public-service broadcasters in this country have paid a price for their state-sponsored privileges. That price has been their freedom.

British broadcasters depend on government for protection; when you depend on government for protection, there will come a time when that government, no matter its political complexion, will exact a price. The pressure can be overt or, more likely, covert. The result is the same either way: less than independent, neutered journalism.
I cannot imagine a British Watergate, or a British Irangate, being pursued by the BBC or ITV with the vigour that the US networks did.

British broadcasters are now constantly subject to inhibiting criticism and reporting restrictions. BBC staff have even been vetted by government security services. Examples of broadcasting suppression abound in our public-service system. Enormous pressure succeeded in stopping a programme on Count Tolstoy's book about British involvement in the forced repatriation of anti-Communist Russians and Yugoslavs after the War. There was also the successful censoring of a critical programme on the IBA itself.

In another era, Churchill's warnings on the dangers of Hitler were kept off the BBC to please the Chamberlain Government. Mr. Neil Kinnock recently let out a few Nixon-type expletives in a radio interview. Yet this tape, although it became public knowledge, was not broadcast by the BBC. There is no question in my mind that any American network would have broadcast his words. But if, like the BBC, you're dependent on the government to set the licence fee, you think twice before offending powerful politicians.

But this kind of government control will become increasingly impossible in the new age of television. The multiplicity of channels means that the government thought-police, in whatever form, whether it is the benign good and the great in Britain, or the jackboot-in-the-night elsewhere, will find it hard to control more and more channels. Like the little Dutch boy with his finger in the dyke, the government will run out of fingers, and the harder it will be to bring effective covert pressure to bear.

We are some way from real freedom in British broadcasting; but a start has been made in the move to a multi-channel system. It is important to place this move in its proper context.

All across the world in the 1980's, a revolution has been taking place, as totalitarian societies on the right and the left have succumbed to the strength of democracy and thereby feeding unprecedented world-wide economic growth.

Dictatorships are giving way to democratic governments. Communism, the ideology which so many intellectuals saw as the system which would transform man in the 20th century, now looks as if it might not even survive the century.

Across the world there is a realisation that only market economies can deliver both political freedom and economic well-being, whether they be free market economies of the right or social market economies of the left.

The freeing of broadcasting in this country is very much part of this democratic revolution and an essential step forward into the Information Age with its golden promise.

It means freeing television from the lie of spectrum scarcity; freeing it from the dominance of one narrow set of cultural values; freeing it for entry by any private or public enterprise which thinks it has something people might like to watch; freeing it to cater to mass and minority audiences; freeing it from the bureaucrats of television and placing it in the hands of those who should control it - the people.
The new age of television offers untold opportunities for those equipped to grasp the future; those who would prefer the past will find the world leaving them behind.

In the new Information Age, a country's prosperity will depend on the free flow of information and the resultant harnessing of its intellectual capacities. Countries that try to restrict that free flow will become technically, intellectually and economically backward.

I urge you to stop harking after a better yesterday and to appreciate what tomorrow has to offer.

As British television is transformed by this new multi-channel diversity I believe that consequent new freedoms will bring forth a television system of choice and quality the like of which has never been seen.

Rupert Murdoch
 Edinburgh International Television Festival
 25 August 1989