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Jan Servaes^{a b c d} & Georgette Wang^e

^a Dean of the Faculty of Social and Political Sciences, Professor and Chair of the Department of Communication, Katholieke Universiteit Brussel,

^b Visiting Professor at Cornell University, USA

^c Director of the Research and Documentation Centre, Communication for Social Change (CSC),

^d President of the Participatory Communication Research Section, International Association of Mass Communication Research (IAMCR),

^e Professor and director of the Institute of Telecommunications, National Chung-Cheng University, Taiwan

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Jan Servaes
Georgette Wang

Privatization and Commercialization of the Western-European and South-East Asian Broadcasting Media

The European and Asian communications environments are undergoing a number of major structural changes. Nowhere, perhaps, are these changes more profound than in the field of broadcasting, which is ceasing to be an activity almost entirely governed by national legislation and market forces.

With rather different economic political infrastructures and broadcast traditions, there are intriguing regional differences and similarities when the course of development is examined. In Europe, with the strong presence of the European Community, international and supranational regulations have become increasingly important in regulating electronic media. While in Asia, wrestling with transnational media largely remains a domestic affair. However, in both regions there are worrying signs of the influences of commercialism over local cultural development.

■ The Western European and Asian Broadcasting Systems: Prey of National and Transnational Interests

In former days, broadcasting was a monopoly in both the European and Asian continents; in Europe it was monopolized by public service broadcasting systems, whilst in Asia by the government. The shortage of broadcasting frequencies was often used as the rationale for such policy measures.

Since the late sixties, the monopolistic broadcasting structure has come under severe pressure, mainly due to three interrelated developments: (a) the world-wide trend of transnationalization; (b) economic (and nowadays also political) pressures towards commercialization; and (c) the diversification and multiplicity of hardware

channels, and their availability to different public groups (either illegally or legally) at a relatively low cost. As a result of economic and commercial pressures, a mixed broadcasting system has emerged; a duopoly in which the public service, or the government-controlled, systems have to compete within a commercial system.

Political and economic pressures have led policy makers to think in terms of a broad consumer market, that must be captured by popular programming. The first indicators of these deregulation and de-monopolization trends, were the introduction of restricted advertisements on European public service TV, and the emergence of commercial channels in Asia. Traditional concerns, whether they be over pluralism, political balance, diversity in West Europe, or concerns over political and social stability, cultural integrity, or national security in Asia, are giving way to principles of commercialization and privatization. In other words, ratings, evaluation figures and viewer density are in high favour.

Because of the new market orientation of public service and government-controlled systems, the distinction between these and enterprises run on a private, capitalistic base has in fact largely disappeared. In Asia, the same orientation has also been held responsible for the rise of programme content modeled after those produced in a few other countries, i.e. the US and Japan, thus blurring the distinction between local and foreign products.

Another noteworthy development, both in Europe and Asia, is the initially illegally operating of national or local radio and TV stations on the one hand, and satellite TV systems like StarTV, Sky Channel or NBC-Super Channel on the other. These were a direct result of commercialization initially, and later new media developments that stimulated individualization and diversification of the so called narrow-casting systems, like pay TV, VCR, VOD (video on demand), teletext, etc. Very few of these new developments appeared because of public demand; they were developed as a result of the industry's pursuit of private interests. Consequently, in some of the poorer nations, new services such as pay TV are feared to have become toys for the rich and powerful (Nain, 1996).

■ Multimedia Cross-Ownership

In addition to market opportunities opened by deregulation, within the communications sector one can perceive a process of technological convergence, not only among different media, but also between

broadcasting and telecommunication services, offering justification for investments and ownership across media. As a result, in recent years there has been an increase in the participation of leading companies from one country, into related activities in other countries (that is, multimedia cross-ownership).

In most EU member states, existing media companies in the press or audio-visual fields are extending the range of their activities across borders (CLT, Bertelsmann, News International/Murdoch, Hersant, Hachette, Maxwell, Time/Warner), and newly created audiovisual companies are taking advantage of their entry into the industry, to extend their range of activity (Canal Plus, Fininvest/Berlusconi). Among the groups most actively involved in this kind of expansion are the Italian Fininvest holding of Berlusconi; the French Canal Plus, controlled by Hachette; and the Compagnie Luxembourgeoise de Television (CLT), the holding company of several RTL-stations. CLT was for many years, together with Tele Monte Carlo, the only private broadcasting system in Western Europe. It has taken advantage of the new deregulatory climate to extend its operations in the form of part-ownership of new television services in France (M6), Belgium (TV1-RTL), Germany (RTL-Plus), and The Netherlands (RTL-4 and RTL-5).

Similar trends were observed in Asia, where newspaper conglomerates and telecommunication monopolies were entering the broadcasting and video industry, e.g., *Strait Times* in Malaysia television (Nain, 1996) and Telecom Asia in Thai cable networks (see Ubonrat, this issue).

■ Contradictory EU Policies

This technology convergence will have considerable implications for policy formulation at distinct levels. However, in Asia the issue tends to be brushed aside by policy makers, partly due to the government's own vested interests. In Europe, it is feared that the EU is not really anticipating an overall policy on the problems of convergence within the EU. Only at operational levels is some concern expressed, and isolated initiatives are implemented. A more comprehensive and centralized structure is urgently needed to tackle this issue of convergence (Burgelman & Pauwels, 1991).

Furthermore, one could argue that different logics are guiding EC policies, as well as that of many Asian nations, in different hardware and software sectors. Therefore, the telecommunications policy, with an emphasis on liberalization and deregulation, differs from the policy

recommendations in the broadcasting field, where some measures (e.g., the quota system) could be interpreted as protectionist. For instance, with regard to anti-cartel legislation, there is at present no cohesive legislative provision in the European Union governing concentration of ownership in the audiovisual sector (Heinsman & Servaes, 1991; Servaes, 1992, 1993).

■ The Changing Role of the European Union and its Impact on National Media Systems and Policies

EU policy may be inadequate to deal with the problem of cross-media ownership, but its emphasis on competition and free flow of information is loud and clear. The Single European Act, adopted by all national parliaments in the European Community, and entered into force on 1 July 1987, introduced a strategic vision—the 1992 objective for completion of the internal market. It created the framework for 'Europe 1992', and therefore it can be said to be the most important reform of the Treaty of Rome, since its inception on 25 March 1957.

The Single European Act has introduced new dynamic elements to generate the convergence of the member states of the European Community. International regulations, as laid down in the Council of Europe's Convention on Transfrontier Television Broadcasting (1989), and supranational regulation, as expressed in the EC Council of Minister's Broadcasting Directive (1989), have contributed to a more competitive communications environment, both at national and supranational levels (see Servaes, 1991).

EU member states are required to ensure freedom of reception, and not to restrict retransmission on their territory of any EC broadcasts which meet certain minimum conditions. In general, the Directive conditions that broadcasts are to be regulated by those member states who have jurisdiction over broadcasters that operate in their country, or who make use of a frequency or satellite capacity within their state. The principle articles in the Directive stipulate that the broadcasting service may contain both advertising commercials and sponsored programmes (provided that the amount of advertising does not exceed 15 per cent per day or 20 per cent per hour, no advertisements for cigarette/tobacco products and medicines, etc.) Other conditions deal with the protection of minors, the right of reply, with copyrights in cases of retransmission via cable and with

conflict of broadcast laws. Such a policy seems to imply that the protection or safeguarding of a local cultural 'identity' is subject to the freedom of broadcasting.

■ Cultural Synchronization and Economic Oligopolization

As the Single European Market idea is based on the philosophies of mutual-recognition and subsidiarity—(mutual recognition by member states of the differences in national laws, so long as these do not distort inter-community trade, and subsidiarity whereby international bodies should not assume powers over national issues, and that national governments should not take control of matters better dealt with on a regional level)—one could, therefore, assume that regulations governing advertising, which for the most part does not distort inter-community state trade, would remain a matter for national governments.

For non-EU countries, national laws always predominate. However, for EU member states, the theory does not always correspond to reality. One striking example is the EU Broadcasting Directive mentioned above. Another example has to do with the kind of advertisements foreign stations are broadcasting. In order to protect its own advertisement market, the Dutch government, for instance, prohibited in its 1988 Media Law, the broadcast by foreign stations of advertisements which are aiming at specific target groups in The Netherlands only. Most advertising agencies and commercial stations attempted to bypass these restrictions by creating what they call 'global advertising'. The EU Commission has since questioned all the above regulations and imposed changes in the respective national laws and regulations. Most of these changes have been implemented since 3 October 1991, the day that the EU Broadcasting Directive was brought into force.

Most researchers evaluating the EU-proposals and directives, express the fear that deregulation of European information technologies may lead to the future cultural synchronization and economic oligopolization of Europe, with more services and more competition. One can already observe commercialization and internationalization of programming in both private and public broadcasting systems.

In Europe, one has to distinguish between the so called broadcasting programme services, and the satellite programmes. All networks distribute the national broadcasting programme services, and in nearly

all countries the cable networks are required to do so by law and/or regulations on cable. Besides, the majority of networks also distribute the services of foreign countries. The signal may either be picked up direct by cable distributors, or by the antennae of the national PTT, to be thereafter transmitted by microwave link to cable head-ends. Satellite programmes include commercial, as well as public service broadcasts, transmitted via communication satellites or DBS. In general, in most countries cable networks are allowed to distribute these programme services under certain conditions.

As a result, there is a marked growth in multinationalism. Small and centrally located countries, such as Belgium, the Netherlands or Switzerland, are very vulnerable to these developments. Therefore, researchers argue that the EU policies advocate total freedom to provide services across borders, and that, therefore, the broadcasting liberalization will mainly gear economic interests towards commercialization and privatization.

■ New Media Policy in Asia: Deregulation and Commercialization While Maintaining a Protectionist Approach

For most Asian nations, the regional flow of television programmes has had a significant growth with the expansion of new media, however, the major sources of foreign programmes were still transnational media which, as Hall (1991) pointed out, tended to be West-centered.

Although a resolution endorsing the free flow of information was adopted by the Asian Broadcasting Union (ABU) in 1994, in contrast to Europe, free flow of information has not received as much attention from policy makers in Asia. With the memories of colonization still fresh, political leaders openly demonstrated their distrust of transnational media. Malaysia's Prime Minister, Mahathir for example, was once quoted as saying: 'If he [Rupert Murdoch] is not going to control news that we are going to receive, then what is it?' (Atkins, 1995).

Reflected in this attitude is a protectionist policy regarding the sudden increase of foreign programme content channeled through new media. A survey of policies in twelve nations in the Asia-Pacific, found that two-thirds have maintained some degree of control over foreign television programmes (Wang, 1997).

The controlling measures may have served as a declaration of government determination, unfortunately, they seemed incapable of effectively turning the tide, despite the popularity of some local programmes. Technical difficulties in implementing controlling measures was one of the factors that led to their failure; the lack of a strong national or local industry, a predicament also plaguing the European broadcast systems was another.

■ The Changing face of Production

The European Commission has recognized the need to encourage independent production, and through its Media Programme is providing seed money for various television projects. About 75 independent companies are registered in The Netherlands. Of these 75, only 10 have a turnover of more than \$2 million per year. The total number of broadcast hours supplied by independents is about 800 hours from a total of about 21,000 hours per year. The major independent producer and The Netherlands' top entertainment producer, Endemol, a merger of two previously independent producers, JE Entertainment and John de Mol Productions, has become the second largest European independent producer. Endemol produces the highly popular and financially successful Blind Date style TV shows 'Love Letters' and 'All You Need Is Love'.

Given the fact that, generally, capital is lacking, financial incentives are limited, joint ventures have not been very successful, and talent is often neglected or unrecognized, it is perhaps ironic that it is the American production industry that is so far proving to be best placed to take advantage of the expanding market for independent production. US-European joint ventures enable US production companies to circumvent the much-feared 'European content' criteria, of quotas over American ones. NBC Super Channel is a case in point. These joint ventures may also be attractive to Europeans intent on breaking into the lucrative US market. While Europeans, it appears, are still struggling to come to terms with their different cultures, the Americans have much more quickly grasped the concept of 'Europe' as an attractive, and potentially profitable market for programming.

In a recent EU Green Paper, written by a group of top movie executives, led by Portugal's Antonio Pedro Vasconcelos and Britain's David Puttnam, a levy was suggested for cinema tickets, broadcasting revenues and video rentals. The levy system would recycle across the various film, TV and video sectors, to provide capital for future

production investment. However, this proposal has already been criticized for being impractical in raising and distributing funds. Furthermore, it starts from the wrong assumption that there is a need for the establishment of a so called European film industry. However, EC Commissioner Pity Joao de Deus Pinheiro, defends the paper's basic premise and suggests a policy built around three fundamental pillars: financial stimulation, a regulatory framework and the convergence of national systems.

In Asia, regional centres of film and programme production began to emerge since the 1980s, and the 1990s witnessed the rise of regional media with the development of satellite technologies. On the other hand, there has been much talk about 'Asian values' in contrast to 'Western values', among political leaders in the region. These developments seem to favour the formulation of a regional cultural industry, something similar to what has been discussed in West Europe. However, in Asia one cannot easily refute a contemporary history marred by military confrontations among neighbouring countries, and the diversity in cultures and religions. Therefore, for the time being, it seems too early for Asians to conceptualize a single marketplace for cultural products, let alone a single cultural identity or a common culture.

The suspicion and fear of an unlimited inflow of foreign films and programmes, have led to attempts to control them in the majority of Asian nations. However, plagued by a lack of talent and financial resources, as was the case with Europe, individual government have not been able to do much to promote the national or local cultural industry. In recent years, it seems that transnational media, such as StarTV and TVBS are the ones that have taken advantage of the new opportunities, like Americans in Europe. Joint venture agreements have been signed between transnational media and broadcast companies in several Asian nations, and 'localization' is expected to remain an important strategy for the regional and global media.

■ Conclusions

A first observation for the European and Asian situation, is that all the above outlined general trends have been introduced by private interests, and that government policies of regulation were most of the time, either behind these new trends, or extended in line with economic interests towards commercialization and privatization. For example, in reference to the EU directive, courts in European countries have

ruled that—without specific legislation—everyone should have free access to broadcasting. In most European and Asian countries, a completely new broadcasting structure is emerging.

A related second consideration is the evolution towards an oligopolistic situation, a market form in which only a few suppliers (which are controlling a wide variety of hardware) are competing with one another, while offering almost identical media services and products. Of note is the fact that they all have a stronghold in one of the larger European nations, or are simply transnational in nature, and do not limit their interests to just one medium. In other words, they attempt to establish a multimedia empire from a centrist perspective, preferably linked to other economic initiatives as well.

In addition, two more observations can be made with regard to the oligopolization of media products and services.

On the one hand, one observes a diversification, fragmentation and individualization in the hardware (video, cable, satellite, computer technology, etc.) as well as the software (special programme categories like news, sports, movies, drama, etc.) sector. In other words, distinct services and products are aimed at a distinct target or public groups.

On the other hand, looking at the content or quality, most of these services and products offer a uniform, one-dimensional, standardized recipe of mainly entertainment and soft human interest features.

It is expected by many observers (see, for an overview, Pauwels, 1995) that the above described trends towards transnationalization, homogenization, synchronization, and diversification of cultural products and services cannot be modified in the short term. Not only economic conditions, but also either the deregulating policies or the lack of any consistent and comprehensive policy in favour of cultural identity are responsible for this.

Many national or local political authorities and policy makers in Europe, do not seem to be overly concerned about their so called cultural heritage and sovereignty. Therefore, in general it can be concluded that as long as these European countries do not intend to start formulating consistent cultural policies, they may not only become culturally invaded by the US, but also by larger neighboring European nations. In Asia, the problem seems to be a little different; while policy makers may be aware of the danger of losing cultural integrity, no panacea is in sight.

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Georgette Wang is professor and director of the Institute of Telecommunications, National Chung-Cheng University in Taiwan. She received her PhD from Southern Illinois University, has worked as a researcher at the East-West Center in Honolulu, Hawaii and also taught in universities in Taiwan and Hong Kong.

Her research interest is in communication technologies and society. Her major publications include *Information Society: a Retrospective View* (co-authored with Herbert S. Dordick), *Treading Different Paths: Informatization in Asia*, and *Continuity and Change in Communication Systems* (co-edited with Wimal Dissanayake).

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Jan Servaes is Dean of the Faculty of Social and Political Sciences, Professor and Chair of the Department of Communication, at the Katholieke Universiteit Brussel, and Visiting Professor at Cornell University (USA). He is director of the Research and Documentation Centre 'Communication for Social Change' (CSC), and President of the Participatory Communication Research Section of the International Association of Mass Communication Research (IAMCR). He has been a Professor of International Communication and Development Communication at the Universities of Nijmegen (The Netherlands), Thammasat (Bangkok, Thailand), and Antwerp (Belgium).

He has taught, and performed research and consultancy work in countries all over the world, including Mexico, Sri Lanka, Bhutan, the Dominican Republic and Thailand. He is the author of journal articles and books on international communication, media policies, development communication, and critical studies. His most recent books include: *Approaches to Development Communication* (1994), *Mensenrechten en conflictbeheersing* (Human Rights and Conflict Resolution) (1996), *Communicatie in Sociale Verandering* (Communication for Social Change) (1996), *Participatory Communication for Social Change* (1996), *Deinterpretatieve benadering in de communicatiewetenschap* (The interpretative perspective in communication science) (1997).