The communications revolution has already started and it will transform our lives. But what is it and what should we do about it?

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Privatising Pleasure

As Mrs Thatcher announced to The Director last month, ‘there are great industries in other people’s pleasures’. Her Utopia of fast food chains and Disneyland parks built over an industrial wasteland may seem an unlikely solution to economic crisis. But it is almost visionary compared with most debate on the Left, which still discusses communications in terms of press hostility to Labour, bias in television news, and the continued failure of the Pressure Council. These are important issues, but they do not begin to grapple with scope and scale of current developments.

The emerging industries of video and cable may not be great as yet, but they are significant. They are part of a push to counter the crisis of profitability by restructuring production and consumption around the ‘golden triangle’ of new communications industries—telecommunications, computing, and television. Whereas the implications of this process for employment and trade unionism have been widely commented on, the impact on leisure and consumption has received much less attention than it deserves.

The restricting squeeze on public provision is part of a concerted effort to restructure the communications system to the maximum advantage of private business. The most important moves involve: transferring public money and resources to commercial companies both directly through outright sales and indirectly through grants and tax allowances; opening-up new markets of private enterprise; and allowing firms to operate with the minimum amount of public regulations. Enthusiasts claim that these changes will produce better services, increased choice and more responsiveness to consumer demands. The reality is the exact opposite. Many people, perhaps even most, will find themselves with fewer real choices, worse basic services, less chance of having their views and interests fairly represented, and virtually no chance of helping to shape future policy. To understand why however, we need to look at recent developments in more detail.

Because they are highly profitable and in growth areas, public companies in the new communications industries have been prime targets for de-nationalisation. So far the Government has disposed of: its 25% stake in ICL, the country’s leading computer company; a half share of Ferranti, the major electronics group; half of Cable and Wireless, the rapidly expanding telecommunications concern; half of British Aerospace, a key force in the development of communications satellites; and the whole of International Aeradio, the avionic and computer subsidiary of British Airways. And there’s more to come. There is talk of selling the Government’s stake in INMOS, Britain’s only producer of microchips, the basic building blocks of the new communications industries, and some of the more fundamentalist free-marketeers are floating the idea of hiving off the more profitable divisions of the BBC, such as Radio 1. In the meantime, firm plans to sell 51% of British Telecom by next autumn have already been announced.

These moves represent a significant loss to the public sector at several levels. By transferring strategic decision-making from parliament and government to private boardrooms, they make it difficult if not impossible to develop an effective and integrated public policy for communications. Rational planning in the public interest gives way to opportunist expansion based on the search for corporate advantage and maximum profit. Moreover, by disposing of some of the most profitable public enterprises, they sign away a significant source of revenue which could be used to improve and extend public communications services of all kinds. Nor have the short-term gains been particularly great. Not only have there been further reduced by the costs of arranging the sell-offs and by the money handed back to the newly privatised concerns. British Aerospace for example, received a cash injection of £100 million, which was only £50 million less than the proceeds of the share sale.\(^1\)

Restructuring

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Liberalisng thrust

As well as transferring public resources to private investors, the Government has opened up major new markets for commercial companies and relaxed the rules regulating their operations. The effects of this ‘liberalisng’ thrust are already evident in the key
Transforming British Telecom

Resisting the formal transfer of ownership and control is only part of the struggle however since BT has already started to move away from being a public enterprise. As the Government’s briefing document on telecommunications approvingly notes; after decades of monopoly, the prospect of competition and the advent of new technology are stimulating BT to respond to market opportunities. Or as one financial journalist put it, ‘BT is out-privatising private industry’ Even before the privatisation plans were announced, BT’s management had already considered hiving off some operations and financing them from private sources. This new commercially minded stance has led to an increasing concentration on equipment and services tailored to corporate requirements. Recent moves include the launching of the new Merlin office automation range and the Satstream network which transmits speech and text from country to country using satellites.

The tendency to favour business needs is also evident in the development of BT’s Prestel information system where subscribers use their telephone to call up ‘pages’ of information from a central computer store for display on a television screen. Prestel was originally conceived as a mass public utility offering an electronic reference library, but the high costs of using the system made it unattractive to most domestic subscribers, and in 1981 the marketing emphasis switched to business users. BT set out to provide more data for them (such as up-to-the-minute flight information from major airports) and to expand the facilities for private networks, such as the one linking 150 estate agents up and down the country. Recently there have been moves to bump up domestic use, though the emphasis is on the more affluent sections of the population. The Club 403 experiment which enables subscribers in the Birmingham area to order goods from more than 50 shops from home, is confined to the leafier suburbs such as Sutton Coldfield and Edgbaston where credit card holders are thick on the ground. Similarly, the Homelink electronic banking and shopping venture with Nottingham Building Society is only open to investors with at least £1,000 in their account.

As well as excluding poorer families from these new services, BT’s search for profit is increasingly putting basic telephone services beyond their reach. Traditionally, BT fulfilled its public service function of trying to bring a phone within the reach of every household by subsidising the losses on local calls (which are mainly made by domestic subscribers) out of the profits from long distance and international traffic (which is mostly paid for by companies). This has now changed and tariffs have been ‘re-balanced’ to favour business users to make ordinary subscribers pay a higher price for basic services. In November 1981, a combination of increased charges and reductions in the time allowed per unit raised the price of a three minute local call by an estimated 115%, while the first few months of 1982 saw 33% reductions in the price of calls to North America and on the 100 prime trunk routes for which Mercury will be competing. If

2 Department of Industry The Future of Telecommunications in Britain London HMSO Cmnd 8610 July 1982 p4.
4 Wrong Numbers at British Telecom The Economist September 3 1983 p77.
privatisation goes through, the search for profits will intensify producing more concentration on the needs of business and leading to higher local charges, increased connection fees, and extra payments for basic services such as directory enquiries. A domestic telephone may well become a luxury that more and more pensioners and poor families will be unable to afford, increasing their social isolation and reducing their ability to make complaints and press their rights. Nor can they rely on the present network of public call boxes. These are currently losing an average of over £2,000 a year and will be prime candidates for rationalisation.

Cable television

According to the Government, the rules governing the newly privatised telecommunications system will be ‘among the most liberal in the world’ and fully in line with their general commitment to de-regulation which allows the search for profits to determine the nature, pattern and price of provision. This stance also underpins their approach to another key sector of the new communications industries — cable television which is closely tied to telecommunications.

As Mrs Thatcher and her advisors have made perfectly clear, the main reason for installing advanced cable systems is to ‘provide new telecommunications-based services to homes and business’. However, to avoid damaging Mercury’s take-off, for the time being these issues need to be thought about now, but their full effects are still some way off. Initially, cable will offer extra television entertainment channels. These are the bait to get people hooked up to the system, but in the process the general public will lose both financially and culturally. The tax allowances currently being decided on mean that everybody will subsidise the cable companies out of the public purse, whether or not they can afford the services on offer. While the added competition for viewers and revenues will leave people with a basic television system that offers less choice, diversity and innovation. This is crucial since the BBC and ITV services currently provide the bulk of most people’s information and entertainment and play a key role in shaping political perceptions.

Public service television

Up until now, they have been shielded from the full impact of market forces by a regulatory system based on the ideal of public service. These rest in two cardinal principles: an insistence that the full range of provision should be available to everyone equally, and a commitment to diversity — the idea that programming should reflect the widest possible range of views and interests and provide space for innovation and experiment. These principles have not always been enforced as vigorously as they might have been. The IBA’s recent performance for example, has done more to reduce diversity than to extend it. They have consistently used an overly narrow interpretation of the balance requirement to undermine the credibility of innovations like the Friday Alternative in Channel 4 and block the screening of radical programmes such as Ken Loach’s series on trade unionism Questions of Leadership, while failing disarmament push button polling helps them to devise better ways of moulding the public mood. Moreover, the fact that more and more information on individuals will be added to computer files that can never be made totally secure, raises pressing problems for privacy and civil liberties.

While interactive cable offers convenient access to a range of useful services and information (for those who can afford them), it also increases the power of government agencies and large corporations. By providing detailed surveillance of consumer behaviour, electronic shopping will enable manufacturers to design more sophisticated marketing appeals. And by encouraging you to order goods directly after seeing them displayed on the screen, it gives you less time to reconsider or consult consumer advice services, and increases your reliance on advertising based information. Similarly, by giving government up-to-date intelligence on the state of public attitudes to disarmament say, push button polling helps them to devise better ways of moulding the public mood. Moreover, the fact that more and more information on individuals will be added to computer files that can never be made totally secure, raises pressing problems for privacy and civil liberties.

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to monitor the companies' performance adequately. Secondly, it is likely to be dominated by representatives of the industry. And most important of all, policing the operators is not its main job. Its first priority will be to promote the development of cable systems and services, which means giving the operators maximum freedom to manoeuvre. Checking their performance and considering 'representations from the public about the services provided' comes a poor fourth. Indeed, once a franchise has been awarded, the Authority is expressly directed to 'use a light regulatory touch and adopt a reactive rather than proactive style'.

The forces behind cable

Leaving the development of cable to market forces strengthens and extends the power of the large companies who already dominate the communications system. Not only are local authorities barred from holding shares in cable companies, but as financial analysts are fond of pointing out, cable is a 'deep pocket' investment. Start up costs for an advanced system can run to £24-28 million, annual running costs come out at £6-9 million, and investors may not see a return for up to eight years. Faced with these figures, only groups with large cash reserves can seriously contemplate entering the market. This is already clear from the list of bidders for the 12 year interim franchises which the Government is awarding before the Cable Authority is set up, to get the system off the ground. Applications closed on August 31 and the decisions will be announced in November. These will licence up to twelve new multi-channel services covering communities of not more than 100,000 households.

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Almost all the 37 bids are from consortia made up of major companies backed up by leading merchant banks and investment groups, and the list features many of the biggest companies in the communications industries. They include: multi-media conglomerates like Thorn-EMI, Philips and BET; major hardware concerns like Plessey, GEC, Racal, Ferranti, and BT; and leading publishing and entertainment groups like Robert Maxwell's British Printing and Communications Corporation, and the Virgin music and film interests. Consortia with these kinds of 'blue chip' names are at an advantage for two reasons. Firstly, by making 'financial soundness' a major criterion for judging bids, the Home Office guidelines automatically favour the richer groups. Secondly, the Economist Intelligence Unit who are acting as independent assessors are likely to give this factor a high priority.

Although the companies selected will be responsible for running the system in the areas covered by their franchise, most of their material will be bought in from programme providers. And here again, the big media groups are well represented in the plans announced so far. Two consortia have been formed to supply film channels. United Cable Programmes is backed by the country's two main cable operators — Rediffusion and Visionhire — plus Plessey. Rank-Trident, and UIP, which represents the major Hollywood studios of Paramount, Universal and MGM/UA. The other American majors, Columbia and Fox, plus CBS and Home Box Office (America's most successful cable channel) have joined the rival group set up by Goldcrest, the film and television wing of S Pearson and Son, who publish Penguin Books and the Financial Times, control the country's largest chain of weekly newspapers and own 25% of Yorkshire Television. Other firm contenders for space on the new cable system are the Musicvision rock music channel (backed by Yorkshire Television), and W H Smith's proposed video games channel. Cable operators will also be able to relay the general entertainment service provided by SATV, the new pan-European satellite operation which is now controlled by Rupert Murdoch. Consequently, though cable will be locally based, it will mainly operate as an extra distribution channel for the commodities produced by the major media corporations.

Community and access programmes, if they appear at all, will be very much on the margins.

Limited accessibility

However, unlike existing television services, cable systems won't be available to everyone. They will be mostly confined to places which are relatively affluent and/or easy to cable, leaving the poorer and more remote areas unserved. Moreover, even within the franchise areas, sizeable sections of the populations won't be able to afford the prices the operators will charge. It costs around £14 a month in rental and licence fees to receive existing television services. It will cost at least as much again to be connected to a cable system, which puts it well beyond the reach of people on low pay or state benefits, incomes which seem likely to fall in relative

10. Cable Systems and Services p59.

LABOURING UNDER THE LAW

The Fight for Union Rights

"LABOURING UNDER THE LAW" examines the implications of the Tories Employment Acts in the context of 150 years of trade union legislation. The film uses archive material and simple dramatised sequences as well as interviews, to illustrate the history of union struggle. An additional element is a discussion involving N.U.P.E. shop stewards, which highlights similarities between past and present anti-union laws.

Production: Trade Films

Format: Colour Video Cassette, U-matic or VHS.

Running Time: Part I 28 minutes
Part II 33 minutes

Available for sale or hire from:
The Northern Film & Television Archive, 36 Bottlebank, Gateshead, Tyne & Wear.
Tel: 0632 775532.

Trade Films acknowledges financial assistance from the British Film Institute and Channel Four.
terms over the next few years anyway. In the 'new' television industries, you not only have to buy or rent extra equipment, you have to pay for everything you view, and this acts as a massive deterrent to poorer households. They have already lost out on the video revolution. Only 1% of pensioners and 3.5% of unskilled and unemployed workers have a video recorder, as against 13% of professional and managerial households.\(^2\) They will lose out again with cable. By tying access directly to ability to pay, commercial cable increases the already sizeable gap in information and entertainment choices between rich and poor.

Many people already can’t afford trips to the cinema or the price of a new book. But two factors make current developments particularly crucial. Firstly, they are happening in television which provides most people with most of their information and entertainment. Secondly, they are occurring at a time when cuts in public services are making people more dependent on television than ever, and when the mounting pressure on audiences and revenues is restricting the range of existing television services. Already the ITV companies are lobbying to be allowed to show more imported material because it is relatively cheap and some are beginning to cut back on expensive programming such as documentaries, while Channel 4 is reducing the number of independent producers it deals with and giving a higher priority to light entertainment at peak viewing times. As cable spreads these pressures will intensify, leaving the poor caught in a pincer movement, unable to buy into the new information and entertainment services and left with a basic service which offers them less choice and diversity than before. Nor is the BBC immune from pressure.

**Satellite television**

It has responded to the falling real value of the licence fee by adopting a more aggressive stance to selling programmes overseas, by putting more effort into marketing books, records and other spin-offs from popular programmes, and by selling technology and services to the business market. According to one executive, ‘these ventures (or adventures) into profit making’ extend the ‘public broadcasters’ mission’ by making money that can be used to ‘finance the development of programme services at all levels’.\(^3\) This is a plausible enough argument, but it doesn’t apply to the Corporation’s latest and largest commercial venture — into satellite television.

This is a clear break with public service principles. The two satellite channels will only be available to cable subscribers or to those who can afford the £400 for a personal dish receiver and the £10 a month subscription fee. Moreover, in the short run they may well reduce diversity by taking resources away from basic programming. At the Government’s insistence, the Corporation has ordered a system built by the British Unisat consortium (comprised of British Aerospace, BT and GEC-Marconi), in preference to one of the cheaper American alternatives. The venture is intended as a shopwindow for British industry, but once again the general public could end up paying. In August the Government issued a supplementary charter allowing the BBC to borrow up to £225 million on the open market to finance the project. But according to one leading analyst, the total borrowing requirement could rise to £433 million by 1989, which would put considerable pressure on the Corporation’s finances and basic service.\(^4\)

**What’s to be done?**

The precise structures which will emerge from these various developments are difficult to predict. But the political implica-

\(^2\) Mike Kirkham ‘The need for VCR research’ *Admap* July 1982 p405.
