Media Policy for the Digital Age

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The Netherlands Scientific Council for Government Policy (WRR) was established on a provisional basis in 1972. It was given a formal legal basis under the Act of Establishment of June 30, 1976. The present term of office runs up to December 31 2007.

According to the Act of Establishment, it is the Council's task to supply, in behalf of government policy, scientifically sound information on developments which may affect society in the long term, and to draw timely attention to likely anomalies and obstacles, to define major policy problems and to indicate policy alternatives.

The Council draws up its own programme of work, after consultation with the Prime Minister, who also takes cognisance of the cabinet's view on the proposed programme.

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WRR

*Media Policy for
the Digital Age*

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PREFACE

This booklet provides the reader with an extensive summary of a Dutch report on the future of media policy, published earlier in 2005, by the Netherlands Scientific Council for Government Policy (known as WRR in Dutch). The WRR is an independent advisory body, which regularly publishes reports. They seek to propose a critical, future-oriented reappraisal of the assumptions that guide current policy strategies of the Dutch government (WRR 2005).

The Council's research on future media policy has sparked off intense debate within the Netherlands. Many countries are currently starting a similar process: digitalisation and economic and technical forms of convergence are changing the media landscape all over the world. In all countries, traditional government policies that seek to pursue democratic values such as pluralism and accessibility in the media are challenged by new developments that are transforming the media landscape at great pace. These transformations are provoking many uncertainties: empirical research and future-oriented reflection on what governments should and can do to support the further development as well as the democratic nature of the media is one of the ways to cope with these uncertainties.

The Council believes that the report it has published may also be relevant for policymakers in other parts of the world. Therefore, since the bulk of the WRR findings appeared in the Dutch language, the Council has decided to publish this synopsis in English. This version gives an overview of the global issues at stake – and the solutions suggested by the WRR.

Media policy, in particular, urgently needs such a future-oriented reappraisal of the current paradigm. As the report shows, the current paradigm is highly medium-oriented. Policymakers pay separate attention to the press, radio and television, the Internet and so on. Major trends that affect the media landscape seriously challenge this paradigm. These include not only digitalisation but also convergence of media infrastructures, including those normally considered to be in the telecommunications sector. Traditional concerns and public values (like accessibility) will have to be safeguarded, for the media landscape is changing rapidly as a result of new technologies. Traditional, medium-oriented policies are seriously challenged in a world where, for example, many newspapers are shifting their focus to the Internet. Traditional business models, value chains, regulatory regimes and jurisdictions are all challenged by a new 'digital logic'. This affects both the production and consumption of all kinds of contents.

The digital age offers many promising opportunities, but new areas of vulnerability are also emerging. The traditional approaches to policymaking in this field seem to be more and more inadequate for the digital future.

The main purpose of the original report was to develop new concepts for future-oriented and sustainable policymaking in this rapidly changing field. The Council concluded that it will make less and less sense to take the separate media as a basis for policymaking (e.g. radio or television). Instead, the foci of attention should be the *functions* that the media landscape is expected to fulfil in a democratic society. These include for instance independent news, debate and public opinion, education and culture. In the new media landscape, these functions will enable us, much more than technical media do, to search for and determine the public interests that demand and legitimate a role of government in the media landscape.

The original WRR report was entitled *'Focus op Functies: uitdagingen voor een toekomstbestendig mediabeleid'* (Focus on Functions: Challenges for a Future-Proof Media Policy). The complete Dutch version of this WRR report, as well as the several associated studies (e.g. on legal, technological as well as socio-cultural and cultural trends and issues), can be found online at the WRR website: www.wrr.nl. The Council has collaborated with several leading research institutes in the field to compile this report: the IVIR Institute at the University of Amsterdam and the TILEC Institute at Tilburg University. Furthermore, the Central Economic Planning Bureau carried out part of the research that we used to write this report.

The WRR is very grateful to Jonathan Marks, an international media specialist working in the Netherlands. He has helped us with the editorial and translation work needed to give the right context for this English language compilation.

Prof. Wim B.H.J. van de Donk
Chairman WRR

1   INTRODUCTION AND ABSTRACT

The Netherlands is a small, densely populated nation. It is not a powerful country, but it does exert influence far greater than its size would suggest, through trade, aid and cultural exchange. It has a very productive and innovative 'cultural industry' that is increasingly active in offering both specific content and formats on international markets. It has a 'unique' media landscape. Yet, like other countries, the Netherlands is currently facing the challenges of digitalisation and the many changes this implies (McQuail and Siune 1998).

Traditionally, the Netherlands has enjoyed being an international test market for many new ideas in the media. But over the last decade, progress and further innovations have been severely hampered by lengthy discussions on the future structure of just one domain in the broader media landscape, namely, public broadcasting via radio and television. In the last decade, public broadcasting has rapidly lost its dominant position in the field. The same holds true for the print sector (especially quality journals).

Dutch regulatory regimes reflected the clearly defined media pillars (radio, television, Web) and the different infrastructures (cable, ether, wireless LAN, Internet, etc.). They were often an effective hindrance to the innovative, multi-media strategies of major content-providers. The technical and economic forms of convergence that were furthered by digitalisation were not reflected at all in the regulations. Most of the regulations still reflect a focus on specific media, such as press, television and radio.

The complexities of the landscape are also mirrored by the fact that at least four government ministries have a say in different parts of media policy. The Netherlands Ministry of Culture, Education and Science[1] has issued concessions to the public broadcasters and is preparing the public broadcasters for the digital age. However, it is the Netherlands Ministry of Economic Affairs that issues the FM radio and TV frequencies for (commercial) broadcasters. Economic Affairs is also examining issues regarding convergence between media and telecommunication as well as the consequences of infrastructure, convergence and competition. Moreover, the same ministry is considering measures to protect media consumers and relevant security issues regarding the Internet. The Netherlands Ministry of the Interior covers constitutional aspects like freedom of speech. The Netherlands Ministry of Justice handles intellectual property issues that, in this domain, are becoming more important for the viability of the business models and value chains.

All this has led to a very fragmented picture within government of the major media trends. Moreover, political attention and public debate have been focussing mainly on public broadcasting and its governance. This is a focus that has not always acknowledged the increasing importance of the Internet and of commercial players in this sector. Policymaking is lagging behind new developments and definitely not anticipating the future.

However, many players in the administrative and political arena, as well as those in the private sector, have stressed the necessity of a more comprehensive and future-oriented reappraisal of existing media policies. They are all confronted with rapid changes. They often find their innovative projects (e.g. for cross-media approaches and projects) blocked by outdated media-oriented pieces of legislation. These policies and laws discourage and even halt several kinds of innovations suggested by the new technologies, often unintentionally. A fragmented policy approach is confronting a more and more convergent reality: a confrontation that often does not reflect deliberate policy goals at all.

In 2003, the Netherlands Scientific Council for Government Policy decided to address this challenging endeavour. It embarked on a major research project that would help the Dutch government and other actors in the field to design and examine alternative policies and routes for the future. In a series of reports and research-documents papers published in February 2005, the Council argues for a very different approach to policymaking (see www.wrr.nl to download the full series of reports).

The Council's recommendations are not only much broader than 'broadcasting' (let alone public broadcasting); they tackle the challenges of making robust policy from new angles. The Council is convinced that a new paradigm is needed not only to solve existing and future problems. Such a new approach is also needed to prepare for a more 'technology-independent' and sustainable policy strategy. Instead of trying to repair the old compass, the approach has been to find new instruments to help policymakers navigate the bumpy and often confusing terrain that lies ahead.

This booklet does not pretend to be as comprehensive as the original report. But it may help to inform and provoke a debate beyond the borders of the Netherlands. The Council welcomes feedback.

This extensive summary starts (in Section 2) with a general overview of the media landscape in the context of modern Dutch society. It points out the growth of the commercial marketplace and shows how the government has wrestled with its role to design regulatory policies in the field. Furthermore, this section outlines the route to be taken for a sustainable media

policy and stresses the main research questions of the report. The importance of this endeavour is reflected in the primary values that guide media policymaking in the Netherlands. The more general and abstract values such as freedom and equality are recognised in the specific values that have traditionally inspired media policymaking: pluralism, accessibility and independence. The Council believes that these values will remain important as the key values that inspire media policymaking in a democratic society.

Section 3 gives a short overview of the main trends that will affect the future media landscape. The trends discussed here are based on an extensive empirical analysis of economic, technological and socio-cultural developments undertaken for this report by partner organisations on behalf of the Council. Taken together, they give an overview of the main changes that are affecting the current media landscape. They show that more than just a 'new map' of the landscape is necessary. They make clear that the normative framework (the compass, if you like) that guides future policymaking in this field should be enlarged by the addition of new values: *privacy* (because digitalisation and the convergence of broadcasting and telecommunication are blurring the boundaries between public and private forms of communication), *social cohesion* (because of the risks of an accelerated fragmentation of both the supply and demand for media consumption) and *'quality'* (because future developments in the media landscape seem to affect different dimensions of quality, such as professional quality and the way the media landscape will be able to contribute to a democratic society).

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Later in this booklet, we will show how these values are leading to new approaches and priorities in government policies. Let us first examine the characteristics that have dominated media policies in the Netherlands so far. In Section 4 we pay attention to the main features and issues of (public) broadcasting policy. In Section 5, we will see how these broadcasting policies are embedded in a broader set of policies that address other traditional media (like the press). As mentioned before, this leads to a highly compartmentalised approach increasingly challenged by the phenomenon of (technical as well as economic) convergence. This compartmentalisation is also seen in the policies that more explicitly refer to infrastructures for content distribution.

A discussion of these policies in Section 6 draws the conclusion that this compartmentalised approach to policymaking will cause all kinds of problems for policymakers who try to safeguard values like access to the media. On the other hand, we can conclude that some of the other values that influenced policies in the recent past (e.g. variety and pluralism) will be

sufficiently realised to an increasing extent by autonomous (technological and economical) developments in the future.

In Section 7 we show how (future) developments are changing the institutional characteristics of the media landscape. Dominant actors, interactions, strategies, value chains and business models are in a state of flux. They reflect fundamental strategic ambiguities and uncertainties. We are sure, however, that these changes are already affecting the viability of present regulatory strategies and instruments. In other words: they seriously challenge the government's ability to design and implement sustainable and effective media policies.

From an institutional perspective, developments like internationalisation ('Europeanisation') and commercialisation come to the fore. On the one hand, these developments seriously undermine existing possibilities for policymakers to design and implement coherent legislation. On the other hand, these developments also give rise to important new challenges for those intending to define and safeguard policies that aim to ensure that the future media landscape functions well. They also provide opportunities to consider the further necessity of policymaking: some more or less autonomous developments seem to contribute to the improvement of the overall media landscape (e.g. variety of supply, enhanced accessibility). For some players, however, these trends and developments also present some serious threats (e.g. quality standards, independent journalism in an increasingly highly competitive and commercial media landscape).

Finally, in Section 8, we propose a new paradigm for policymaking. This will be able to overcome the current inconsistencies, as well as confront the new realities of the media landscape discussed in earlier sections. The Council believes this approach to be much more effective than the current (medium-based) paradigm.

Instead of taking separate media or infrastructures as a point of departure, the Council is convinced that a new paradigm for media policymaking should focus on the functions that the media landscape fulfils in a free and democratic society. Such an approach is better able to confront the developments in the media landscape with the normative framework of the values that should guide policymaking in this field. It enables a more precise detection and formulation of public interests that ultimately legitimate the role of government in this sector. Because such an approach is 'technology-independent', it is more sustainable in a field that will continue to change as a consequence of technological developments.

The Council discerns six functions that have to be fulfilled by a media landscape in a free and democratic society:

a   News and (background to) current affairs (independence and quality are especially important);
b   Opinion and debate (pluralism is especially important);
c   Special information (information for consumers, special interest groups; independence is especially important);
d   Culture, arts, education (a function that comes in many 'genres'; traditionally seen as vulnerable genre of content, which is less interesting for commercial players);
e   Entertainment (especially important in the audiovisual domain of the media landscape, a function that refers to a specific genre of content)[2];
f   Advertisements, persuasive information and communication (important in nearly all business models that contribute to the economic viability of the media landscape and the economy as a whole).

Many of these functions are fulfilled by commercial players: they are growing in importance at great pace. Whether (and what) government policies will still have a legitimate role to play in the future depends on their ability to define clear 'public interests' that need to be safeguarded by one or more government policies. The main aim of the report of the Council is to design a strategy to help government to define its role. The functional approach gives much better opportunities for a systematic detection and precise formulation of those 'public interests'. Policymakers can formulate a future-oriented strategy that encompasses the media landscape as a whole. The approach leads to a method to examine systematically and periodically the risks that might occur if the government were to withdraw completely from policymaking in this field.

The functional approach also offers a path to look beyond the current emphasis on public broadcasting and its organisation, in political and public debates as well as policymaking. Furthermore, it suggests some very specific new challenges and priorities that should have, according to the analysis by the Council, a prominent place on the agenda for policies that anticipate the digital age. The section concludes with some specific recommendations for such an agenda (including the Council's recommendations for the future of public broadcasting in the Netherlands).

NOTES

1   A government paper with more extensive information about the tradi-
     tional media landscape in the Netherlands is posted at:
     http://www.minocw.nl/english_oud/bsc.htm.
2   The Council makes a further distinction between functions of the media
     landscape and the genres of specific media content. Most of the functions
     can be served by different kinds of genres (e.g. entertainment), and large
     parts of (especially audiovisual) content are in fact hybrids between differ-
     ent genres (e.g. infotainment, docudrama and edutainment). As a genre,
     entertainment is also used to fulfil other functions, such as news and opin-
     ion. Some audiences are difficult to reach without using the entertainment
     genre. For more about this, see Geerardyn and Fauconnier 2000.

2   MEDIA AND SOCIETY: SOME GENERAL REFLECTIONS

2.1   A DYNAMIC BUT COMPLEX MEDIA LANDSCAPE

The Dutch media landscape is rather unique in many respects, especially its complex 'pillarised' public broadcasting system. But it is certainly not unique when it comes to being affected by global change. The Dutch media landscape is evolving rapidly, heavily influenced by technological advances both in Europe in general and the Netherlands in particular. For some aspects, such as entertainment and gaming, the Dutch market is already far too small – developments here are already happening in the context of a global market.

Traditional and emerging media imitate each other, getting intertwined in all sorts of new and surprising ways. Today, you can watch TV via the Internet (IPTV) or time-shift radio and television programmes to enjoy them in the train on a personal MP-3 player or video player (integrated in a mobile 'phone' (e.g. 'Podcasting' and 'Vodcasting'[1]). Dutch newspaper publishers are introducing digital subscriptions on the web and even wondering if the paper edition is financially viable in the long term.

The traditional domains of broadcasting and telecom are also moving closer together. Cable companies in the Netherlands are now offering advanced telephone services, television and broadband (high-speed) Internet (e.g. 'triple play'). Telecom companies are doing trials with (mobile) Digital Video Broadcast services. Over the last decades, there has been an explosive growth in the total media offering to the public. An increasing proportion is interactive and originating from abroad. Not only is a large percentage of TV programmes acquired from suppliers outside the Netherlands, foreign interests increasingly control these production and media companies.

The landscape is not just limited to over-the-air broadcast television. The Netherlands has a very high degree of cable penetration (around 99%). Foreign investors own many of these cable companies, as well as popular commercial radio stations.

Some of the leading Dutch newspapers, which until recently were the most 'national' of the media offering, are now owned by publishing groups outside the country. Free newspapers, given away to commuters at train stations, put severe pressure on the editors and publishers of the existing quality press.

2.2   FAST COMMERCIAL MARKETPLACE, SLOW GOVERNMENT RESPONSE

Commercial enterprises are making more and more of an impact on the media landscape. Not only is it becoming more of a marketplace, but also the offer to the public has become more and more diverse. At the same time, commercial interests are more important to commercial outlets. The drive for maximum audience figures – and the demands by advertisers – is not always the same goal as those set by the journalists and programme makers. The emergence of new platforms means that advertisers are no longer limited to buying expensive airtime on traditional radio and TV networks. New forms of advertising and sponsoring (like 'price sponsoring', 'billboarding', 'in-script sponsoring' and forms of 'product placement' in games and other media content) are developing fast. Many commercial players are organising more personalised, viral campaigns via SMS or the Web. Some clothing and car manufacturers prefer to do deals with programme producers to ensure that their products are 'placed' in drama productions and that actors are seen 'using' their products. This means the audience is exposed to the brand as part of a story, without the message being labelled as a commercial. Job sites on the Web are taking away some of the life-blood of newspapers, namely personnel advertisements. Yet, despite this rapid pace of change, much of it will outstrip the ability and willingness of many members of the public to keep up with it all. Technology is a major driving force, but it is still far from certain how the larger public will react to all the new opportunities on offer.

National governments in Europe watch these developments unfold. They are increasingly confronted by the fact that media companies are operating in a European or increasingly global environment. On the other hand, newspaper companies that want to move with the times, such as investing in TV stations and/or new media, find themselves up against restrictive national legislation, most of which was written to govern a very different era.

In the Netherlands, the discussion of the media landscape is dominated too often by just a part of the whole scene, namely the future role (and governance structure) of public broadcasting, its dwindling influence and its mixed funding by both taxpayers and commercial revenue. Commercial TV broadcasting has grown since its legalisation in 1989, without access to any analogue terrestrial transmitters. Cable and satellite distribution have been sufficient for commercial networks to command substantial market shares. Digitalisation means convergence between several types of media, making legislation per medium more and more obsolete. On top of all this, glaring inconsistencies are emerging. You need to obtain a licence if you plan to transmit a TV programme over the air. The government also imposes strict

quotas on the content, such as the level of advertising. Yet, a similar TV operator distributing content via broadband is not (yet) governed by any government media restrictions or guidelines.

In the meantime, mergers and acquisitions that occur in the commercial production and distribution sectors are often analysed in isolation – there is no analysis of what these developments could do to the 'bigger picture'. Bearing all of these developments in mind, fundamental questions need to be asked about how government policy will be able to cope with these enduring forms of change.

2.3   AIMS AND SCOPE OF THE REPORT

The Netherlands Scientific Council for Government Policy aims to realise the following objectives with its media report:
- The first objective is to offer a scientifically backed picture of how developments in the fields of technology, policy and law making, economy, civil society and culture will impact on the media landscape over the next five to ten years. These developments are, of course, not isolated but heavily interlinked with each other.
- A second objective is to develop a fresh look into the values that have shaped (and will shape) media policymaking. Explicit attention to values is necessary to assess the impact of the trends mentioned above. It is these values that enable the formulation of specific public interests that have to be safeguarded in the media landscape. Traditional reasons (and legitimation) for public interventions (e.g. technical scarcity) will be less valid in the future. The Council assumes that values like accessibility, independence and pluralism will remain the central values that inspire media policy. They reflect the more fundamental values of freedom and equality in the specific context of the media landscape. As we will see later on, the Council also proposes some new values that should be taken into account.
- A further objective of the report is to develop a sustainable ('technology-independent') policy strategy that will enable the detection and formulation of the specific public interests that have to be safeguarded by media policy. As outlined above, the Council argues that in order to achieve such a technology-independent strategy, an analysis of these public interests should start considering the functions and not the specific media types.

Media policy must move with the times. Indeed, the way the media landscape functions directly affects the quality of democracy, economy and society. Media policy cannot – and should not – determine the entire communications landscape. But it does make a significant impact on the

way it develops. It also impacts directly on the quality of life. Media policy helps fashion an answer to the question: what sort of society do we actually want to experience?

2.4 DEFINITIONS OF THE MEDIA LANDSCAPE

Media landscape is a term that is well understood in the international literature (McChesney and Nichols 2002, Chomsky 2002, Bardoel and Van Cuilenburg 2003). It describes the tools that society can draw on to communicate. It is important, however, to make a clear distinction between public and private communication. According to Bardoel and Van Cuilenburg, this is also the major distinction between media policy and communications policy. Not only the communications method is important, but also the nature of the content. Public, open media are defined as written press, television, radio and various technologies in the World Wide Web – HTML pages, blogs and wikis.

Initially, private forms of person-to-person communications, such as e-mail and the (mobile) phone, were not considered part of the media landscape. However, if empirical studies show that public and private forms of communication are overlapping, there could be sound arguments to include non-public communications forms in the analysis, too. The domains of (public) media and (private) communication are very likely to become more integrated in the near future.

2.5 VALUES THAT INSPIRE AND LEGITIMATE THE DEFINITION OF PUBLIC INTERESTS

Policymakers in the last century used a general set of values to define what they meant by a proper, socially responsible media landscape. These are deliberately abstract descriptions of the kind of society that was deemed good, valuable and desirable. Since various countries have interpreted these values in different ways, here is an inventory of the way they are viewed in the Netherlands.

2.5.1 FREEDOM AND EQUALITY

Freedom and equality are seen as abstract values with a broad meaning. In the context of the media landscape, the most important aspects of freedom are *freedom of expression* and *freedom of opinion*. These are more or less clearly defined in the Dutch constitution and in international law. Values such as *accessibility, independence* and *pluralism* are considered the specific 'translations' of these more abstract values (freedom and equality) for the media world.

The interaction of freedom and equality is summarised as follows: Freedom is seen as a basic point of departure. Equality is considered a given right, embodied in the rule of law, which forms the basis of all policymaking. Equality, in the context of the media, is often coupled to accessibility. If people do not have equal access to information, there may be inequality in society. Independence is an institutional interpretation of one of the fundamental aspects of freedom. Since freedom and equality are such broad terms, the Council's report concentrated on the three more operational terms of accessibility, independence and pluralism.

2.5.2   ACCESSIBILITY

This value of accessibility can be expressed by making a difference between accessibility as defined by the providers and by the users. This leads to the question: access to what? In this context it means access to infrastructure, markets and content. It is clear that this value needs to be considered in a completely new context: how do we interpret the notion of access in the new media landscape? Accessibility has both a technical and economic dimension.

2.5.3   INDEPENDENCE

In the first place, independence is associated with providers. These fall into many categories. Providers can be publishers, journalists, programme makers, artists, performers, etc. A second question now arises: independence from whom? Independence refers to the distribution and separation of powers. It refers in this respect to economic, political and legal dimensions of positions and relationships. In the context of a democratic society, independence from political pressure (from local or national government) and economic independence (from monopolies or cartels) come to mind. Independence from advertisers and production companies are also important factors in the media context. In addition, the citizen should also be independent within society and able to form his or her own opinion.

2.5.4   PLURALISM

This refers to the pluralism of both infrastructure and content. This can be interpreted in different ways, but the most common definition implies a number of providers as well as variety in what is actually provided. Variety and avoidance of ('opinion') monopolies are important conditions for healthy democracies and markets alike. A range of supply and real opportunities to choose are crucial conditions for freedom, for both citizens and consumers.

NOTE

1   In July 2005, 3VOOR12, the online pop magazine of Dutch public broad-
      casting organisation VPRO, claimed to be the first with the concept of
      VODcasting; see www.vodcast.nl.

3   A CHANGING LANDSCAPE: SHORT OVERVIEW OF THE DOMINANT TRENDS

To obtain a well-informed picture of the future characteristics of the media landscape in the digital age, the Council commissioned a series of preparatory studies. These studies cover the different aspects and disciplines that are needed to draw up a new map of the media landscape: law (international and European), technology, economy, social and cultural aspects of media consumption and behaviour. As mentioned earlier, developments in these fields are most likely to show complex interactions. All of them still exhibit many uncertainties and ambiguities. However, a cross-impact analysis as well as many interviews and specialist meetings did enable us to identify the more robust trends. We are in a position to draw a new chart of the complex and bumpy field that lies ahead of us. In this version of the publication, we have limited ourselves to the major conclusions of the analysis.[1]

The research came up with five major trends that are changing the media landscape:

1   An increase in the level of competition and commercialism (a larger part of the landscape is controlled by commercial partners that are motivated by profit);
2   Technical and economic forms of convergence (furthered by both technical digitalisation and economic internationalisation, which also lead to a further integration of the domain of traditional mass media and telecommunications);
3   A strong trend towards globalisation of the media industries and the growth of several very large media concentrations (which may actually become new players in the field, and might push out more traditional players);
4   An explosion in the available content, much of it with a link to merchandising and entertainment (but also: a new opportunity for all kinds of fragmented niche markets);
5   Increased possibilities for interaction and 'individual' use of media content (pay-per-view, conditional forms of access).

The media landscape is developing more and more ties with culture, events and amusement. In the Netherlands, there is also a strong rise in both local and regional media, especially in radio (but also regional and local websites are gaining importance).

3.1 MAJOR CHARACTERISTICS OF THE MEDIA LANDSCAPE IN THE DIGITAL AGE

A more detailed analysis of the general trends mentioned above yields the following fundamental shifts that are currently shaping the media landscape:

- A shift away from a nationally regulated media landscape to a more internationally (or inter-regionally) oriented and regulated media landscape (e.g. European Union competition policies, WTO, GATTS, etc.);
- A shift from a public-oriented media landscape to one that is increasingly dominated and organised by the private sector. Public-private partnerships are blurring the distinction between public and private, at least in the minds of most consumers;
- There is a breakdown of the traditional dividing lines between traditionally separate services and genres. There are more mixes and mash-ups between genres that up until now could be more or less clearly distinguished. This is reflected in the new jargon such as 'infotainment', 'edudrama', 'docutainment' and 'infomercial';
- There is a shift, if not a complete reversal, from a supply-oriented media landscape into a more demand-oriented market. In some areas, it is better to speak of a demand-driven market. Many content producers have integrated interactivity into the production process. Thus, audience involvement is part of the original strategy, not an enhancement that is added later;
- The importance of a specific distribution medium has waned as content is being designed and distributed across a multitude of platforms. Increasingly, several types of terminals, devices and infrastructure carry a mix of services with steadily improving quality. Recent examples include TV programmes broadcast to new types of mobile phones (DVB-H and DMB services) and via broadband Internet;
- There appears to be a trend away from a 'public logic' towards 'market logic', and from 'mass media' to 'cash media', mainly in the form of gatekeepers asking for money for access to particular types of content. The supply shift is in the direction of entertainment and games at the expense of other genres;
- The media landscape of the future is likely to be more 'fun-oriented': all kinds of interactive games and other forms of entertainment will dominate the field much more than in the past.

A future-oriented policy for the media landscape will have to take these shifts into account. These findings are based on more extensive empirical surveys and an analysis of the major trends in the fields of technology, regulation, media markets and social and cultural behaviour of media consumers. There are similar trends in many other countries, although the

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extent of the shift away from 'public logic' will depend on the extent that public-owned media still command a sizeable market share. For this reason, the situation in Japan, Denmark, Belgium and the USA differs greatly. As Chomsky has shown, regulatory regimes do matter in this field (McChesney and Nichols 2002).

3.2 WILL TRADITIONAL VALUES DO? A FRESH LOOK AND THE NEED FOR A BROADER PERSPECTIVE

Reflecting on the trends mentioned above, the Council has decided that a fresh look and a broader perspective are needed to inspire and evaluate future policymaking in the field. If the media landscape actually develops into an entertainment-driven, highly competitive and international market, a new perspective is needed on what the public interests are and how these could be safeguarded. It is very unlikely that media policy could be restricted to interventions that mainly concern the governance of the public broadcasting system or that ensure the pluralism of the press. Until now, Dutch media policy was largely restricted to these fields and was also characterised by a fragmented and disjointed approach used by separate ministries and supervising authorities.

Firstly, the findings have exposed serious shortcomings in the perspectives and overview of current Dutch government policy. By concentrating solely on traditional media and its infrastructures, the government is ignoring major developments in other mainstream sectors of the media. The tendency for politicians and regulators to adopt a tunnel vision is worrying. If this attitude continues, this will lead to more and more legal loopholes and policy inconsistencies which are difficult, if not impossible, to justify. This is an undesirable development in terms of implementation, law-making and public legitimacy. In the Council's view, a new perspective is needed for a sustainable media policy. Until now, the public interest was mainly seen as developing and protecting the actual facilities for public broadcasting (see the notes in the next section). A reflection on the trends and shifts discussed above leads to the conclusion that policymaking should be geared towards a more general strategic level, which explicitly disconnects the notion of public interests and the current facilities for public broadcasting. It should seek to develop a strategy for the media landscape as a whole.

Secondly, the trends discussed above give rise to some questions about the normative foundations that have, up till now, inspired policymaking in this field. As we pointed out, the traditional values (independency, pluralism and accessibility) will remain important, but they will have to be reassessed in the light of the new landscape. As we will show later on, this

reassessment will ask for a systematic confrontation of these values with the functions of the media landscape instead of a confrontation with specific media (e.g. pluralism of news or pluralism of the press). This functional approach will also lead to new strategies of oversight and supervision.

More importantly, however, the characteristics of the new landscape point towards some new values that should be taken into account. The normative evaluation framework for media policy needs to be expanded by three supplementary values. Anticipating the digital age not only means that a new map is needed to guide policies, but also that the compass has to be changed. The Council concluded that future policymaking in this field should be inspired by three additional values: *privacy* (because digitalisation and the convergence of broadcasting and telecommunication are blurring the boundaries between public and private forms of communication), *social cohesion* (because of the risks of an accelerated fragmentation of both supply and demand for media consumption) and *quality* (because future developments in the media landscape are affecting, at least potentially, some of the relevant dimensions of quality, such as professional quality and the way in which the media landscape contributes to the important functions needed in a democratic society).

Before we turn to the specific role the values and functions will play in a new, future-oriented paradigm for policymaking in this field, let us examine one of the topics that have dominated Dutch media policy in these recent years. The next section will focus on the history of Dutch public broadcasting policy, Section 5 will sketch a more complete picture of other relevant policies, and Section 6 will give an overview of the major policy problems that have been discussed in the Netherlands recently. Section 7 will provide some more empirical details of the changing Dutch media landscape.

NOTE

1   The preparatory studies – in Dutch – are available on the Council website: www.wrr.nl.

4 A SHORT HISTORY OF THE DUTCH BROADCASTING POLICY

4.1 EARLY COMMERCIAL DAYS

Many countries claim to have been involved in the early days of broadcasting. In the Netherlands, historical records show that an early Dutch radio pioneer, Hanso Schotanus à Steringa Idzerda, was perhaps the first in the world to broadcast programmes on a fixed schedule. Experiments elsewhere had been on a purely ad-hoc basis. On 5 November 1919, Idzerda put an advertisement in the *Nieuwe Rotterdamsche Courant* (a Dutch newspaper that did not survive on its own and ultimately became part of a larger newspaper, NRC *Handelsblad*) that advertised a broadcast the following evening. At 8 pm on Thursday, 6 November, he broadcast a programme from his home in The Hague using an AM transmitter. From the outset, his broadcasts were commercial, advertising his own brand of radios. He also had a 'sponsorship' deal with the *Daily Mail* newspaper in London, since the signal was clearly propagating across the North Sea. However, early appeals for listeners to send in money to allow expansion were not enough to balance the books, and Holland's first broadcaster filed for bankruptcy in 1925.

Recognising the success, other broadcasters emerged in the 1920s. In Hilversum, a maritime equipment manufacturer branched out into making consumer radios. In July 1923, the Netherlands Wireless Broadcasting Company was established, later renamed AVRO.

At that time Dutch society was very clearly divided into various groups, separated by religious or political convictions (one could speak of segmented pluralism or *pillarisation* as documented by the work of the Dutch political scientist Arend Lijphart).[1] Each sector in society quickly saw radio as a way not only to reach its own group, but also to persuade others that their beliefs were the way forward.

In late 1924, Abraham van der Deure set up a foundation to broadcast programmes of a 'protestant religious' character. The Nederlandsche Christelijke Radio Vereeniging (NCRV) hired airtime for a few nights a week on a transmitter in Hilversum. A year later, they were joined by the Catholics, with the foundation of the Katholieke Radio Omroep (KRO) by Father Lambertus Hendricus Perquin.[2] The Catholics also hired airtime, but on different evenings.
In the same month that the KRO went on the air, the socialist society of workers formed the Vereeniging Arbeiders Radio Amateurs (VARA), which

began their broadcasts on Saturdays. In 1926, they were joined by the VPRO, based their traditions on Christianity and humanism, without committing themselves to any specific book, such as the Bible. The VPRO initially broadcast erratically with no fixed schedule.

Attempts in 1928 to unite the broadcasters onto one network failed. Both KRO and NCRV had no interest in sharing airtime with AVRO. The Dutch government of the day was against a national network. They felt that since each major member of society was represented on the radio and controlling its own identity, that overall balance in society was being maintained.

4.2 PERCEIVED SCARCITY

The Radio Law determined in 1928 that the broadcasters should serve a cultural and/or religious purpose. Advertisements were forbidden. The extent of the split went much further than in Dutch schools or in libraries, where there was a public standard of education and national government inspectors for schools. The government vision in the 1920s was that a small percentage of programmes were to be made in the 'general' interest, but required each of the existing broadcasters to take it in turns to make them. The broadcasting policy was brief, preventing only programmes that were in very bad taste or might disturb the peace. There was no public financing; money for programming was collected from those who paid a membership fee to their broadcaster of choice.

The media policymaking in the Netherlands at the start of the 1930s also had a technical argument stimulated by international agreements. Radio frequencies on medium and long wave were co-ordinated to avoid mutual interference between European stations in different countries after dark. Hence, each country was allocated a set number of frequencies. The Netherlands got two national frequencies, although by then there were five national broadcasters. Since there were not enough national frequencies to give each organisation their own transmitter, policymakers decided to develop a system whereby organisations were allocated their own airtime on two national radio networks, rather than adopt a single public broadcasting model which had been established in neighbouring countries (e.g. BBC in the UK).

4.3 POST SECOND WORLD WAR

Immediately following the liberation of the Netherlands, the Dutch government under Prime Minister Schermerhorn toyed with the idea of a national public broadcaster. Proponents of such a system had been active in organising broadcasts from London by the Dutch government in exile under the name Radio Oranje (Radio Orange). But in 1947, the pre-war

situation was restored for radio, and nine years later, the system was declared suitable for organising television broadcasts as well. The only opposition to this development came from the liberals, but they had only a minority influence in the Dutch government of the 1950s.

There were some changes to the system, though. The post-war Dutch government kept the licence fee system introduced by the Nazi occupying forces, which required anyone owning a radio to pay an annual fee. When TV was introduced, the licence was extended to include owners of television sets as well. This system also affected the private character of the broadcasting system.

Alongside the existing broadcasters, the Dutch government created the NTS, an independent organisation that tried to bind the existing broadcasters together by requiring them to work together. The NTS had to use the programme talent within the contributing broadcasters, rather than hiring its own staff to make programmes. The development resulted in the breakdown of some of the barriers between the various broadcasters, driven by audience figures. Members of the KRO, for instance, no longer just watched programmes from the KRO.

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4.4 THE 1960S – COMMERCIAL PRESSURE FROM THE NORTH SEA

At the end of the 1950s, there was further criticism of the Dutch public broadcasting system. Two main discussions emerged:
*   The right to freedom of speech, an increasing dynamic in the centre of political activity, new political movements and the reduction in technical scarcity (e.g. FM radio created new spaces for programmers) did not match the closed nature of the public broadcasting system.
*   The general post-war economic expansion spawned several movements to introduce commercial broadcasting. Some entrepreneurs started broadcasting popular radio and TV programmes from transmitters on board ships and disused concrete platforms in the North Sea. This unlicensed activity put further pressure on the public broadcasting monopoly.

Two successive Dutch governments in the 1960s decided against a fundamental restructuring of the public broadcasting system. The Christian Democrats and Socialists were opposed to commercial activities in broadcasting. In the mid-1960s a compromise was developed within the Christian Democratic/Social Democratic majority in parliament.

4.5   NEW BROADCASTING LAW 1967

The Netherlands Broadcasting Law of 1967 was still conceived with the
view of ensuring only public broadcasters had legal access to radio and TV
airwaves. Three main points arose from the new law:

a A Consolidated and More Open System

The public broadcasting system was now open to any organisation that
could prove they had a minimum number of 'members' and represented a
particular sector in society, i.e. a significant religious, social or spiritual
thread. Broadcasters were granted exclusive copyright on their programme
details, and each offered subscriptions to their programme guide. Broad-
casters shared programme details amongst themselves, but not with news-
papers. Thus, each broadcaster offered its supporters a comprehensive
radio/TV programme guide. By signing up for a subscription, you became a
'member' of that broadcasting society.

There were three different categories of public broadcasters, based on their
size and therefore their allotment of airtime on domestic national radio and
TV networks. Commercial broadcasting was still forbidden.

b Commercials Appear on Public Radio/tv, but in Blocks

The government offered an annual subsidy for programme making based
on the allocation of transmission time. This subsidy was financed using a
mixed model. Owners of radio and/or TV sets were still obliged to pay a
licence fee to own the equipment. But separate blocks of airtime sold to
advertisers supplemented this income. A new organisation, the STER, was
set up to sell and programme the commercial airtime to ensure a clear divi-
sion of commercial and public content. Advertisements were grouped in
blocks around news bulletins and never interrupted long-format
programmes or films.

c The NOS is Born

The NTS was renamed the Netherlands Broadcasting Corporation (NOS)
and was given the task of providing programmes which brought the vari-
ous sectors of society together, as well as making programmes to fill gaps
not made by other broadcasters. This meant that as well as drawing on staff
working in the broadcasting societies such as VARA or AVRO (as in the days
of the NTS), the NOS could now hire its own personnel to complete its
statutory obligations.

The NOS was governed by a board, half of which was made up of represen-
tatives from the broadcasting societies while the other half was appointed
by the Netherlands Minister of Culture and large social organisations
embedded in Dutch society.

4.6 POLICY IN THE 1970S

In 1975, the government of Prime Minister Joop den Uyl published a paper on Mass Media Policy. It argued that because of the nature of the different media, a common media policy across all platforms was not desirable. Integrated media policy, it reasoned, implies that some general points of departure have been agreed upon and that the operational policy in the various subsections is somehow co-ordinated. There were fears that an integrated approach would have repercussions on the advertising world.

The main aims of the new policy were defined: democracy, freedom of expression (which implies an active policy to protect that right), pluralism of the media, expansion of public participation in society and the media in particular, purpose and policy intended to reduce social dysfunction of the media. Cultural political aims were specifically reserved for the broadcasters, mainly because the broadcasters were required to produce 'quality'. The editorial freedom of the broadcasters was also enhanced. The rules that outlawed programmes that could be a danger to safety on the streets, civil order and general decency were abolished.

4.7 DIFFERENT STRUCTURE FOR REGIONAL BROADCASTING

The government made interesting choices when it came to legalising local and regional broadcasting stations. A decision was made to allow internal pluralism, so that each local authority only had to issue one licence for a radio/TV station representing all sectors of society. The regional stations were not allowed to have commercial motives, nor were commercials allowed in the programmes.

De facto, the 1975 paper also implied major changes to the press law. This legalisation is concerned with concentration of ownership, the possibility for government to intervene in mergers, an editorial charter and the increase in the funds available for supporting certain publications (mostly small circulation regional newspapers) going through difficult times. There were also specific rules about loans to entrepreneurs just starting their business.

4.8 PSEUDO-COMMERCIALISM AND INCREASING DOMESTIC COMPETITION

Several factors led to strong internal competition within the Dutch public broadcasting systems in the 1970s and especially in the 1980s. The Broadcast Law in 1967 had linked the number of members to the allocation of airtime and financial subsidy from the government. That stimulated

marketing campaigns by all the broadcasters to ensure a maximum number of subscribers to their programme schedules.

TROS and Veronica, both commercial organisations which had joined the public system, used their marketing background to aim for a mass audience, with a simple format of entertainment programmes targeted at a broad audience. Veronica had to win a court case to get access to the public broadcasting system, against the will of the Dutch government of the time. Their entry set a precedent – the official entry requirement that a broadcaster should represent a spiritual stream in society was now rather weak.

The Den Uyl government, and subsequent coalitions, decided to reverse this development by tightening the qualitative rules for entry and functioning within the public broadcasting system. During this period, aspirant broadcasters had to prove they represented a specific social or cultural sector in society, that they contributed to the overall pluralism of the landscape and that they really had something new to contribute. The supervisory authorities were instructed to be stricter in their interpretation of the programme requirements. But one suggestion was rejected. Subscribing to a programme schedule magazine still automatically made you a 'member' of the respective broadcasting organisation (De Goede 1999: 100).

4.9 MORE COMPETITION FROM ABROAD

In the 1970s, the cable system was seen as an extension of the standard antenna on top of a TV or radio. It provided stronger signals than could be picked up with a rooftop antenna. In 1971, permission was needed from a government minister to allow any programme other than one of the national channels to be put onto a cable system. By the end of the 1970s, some cable stations were starting to improve the antennas at their main headquarters so as to provide signals from neighbouring areas, such as off-air signals from Belgium, Germany and (in coastal areas) the UK. This development received a boost in 1981 when cable stations discovered they could receive communications satellites carrying TV programmes using their own dishes. Under pressure from both the government and the courts, legislation was passed to forbid the re-distribution of any foreign commercial satellite channels through Dutch cable systems. The national government did not want to be accused of allowing activities which would distort and maybe destroy the public system.

In 1984 that strict regime was relaxed slightly. Cable companies were allowed to receive and distribute foreign (commercial) satellite TV programmes providing they did not contain commercials specifically

targeted at a Dutch audience and that they did not contain programmes with Dutch-language subtitles. The last ruling led to fierce opposition from the liberals in the Ruud Lubbers coalition government. In 1988, the European Court of Justice ruled this regulation to be in contradiction with European law, namely the free flow of services across borders.

4.10 SCIENTIFIC COUNCIL REPORT 1982

The report that is summarised in this booklet is not the first report that the Council has published on media policy. In 1982, the Dutch government consulted the Netherlands Scientific Council for Government Policy (WRR) on reforms needed to the 1975 government paper. The Council defined a much broader concept of integrated media policy.
The recommendations can be summarised as follows:
1   The need for a more liberal policy 'at arms length'; government should only intervene in exceptional circumstances, such as when informative and cultural forms of expression are threatened.
2   The government media policy should be based on both media-political and cultural-political goals. This means democracy, freedom of expression and pluralism on the one hand, as well as the protection of the Dutch cultural heritage and the expansion of its expression on the other.
3   There should be a possibility to offer more programmes matched to individual choices, i.e. pay-TV services should be possible.

An important argument is contained in the report that is very relevant for the study of subsequent media policy in the Netherlands. The WRR 1982 report states that the government can achieve its objective and gain support if it uses culturally motivated arguments rather than media-political ones. This advice was followed extensively in subsequent legislation.
As the media landscape broadened and scarcity diminished, the cultural argumentation provided a much more robust case for politicians.

4.11 1987 AND FURTHER: THE NEW MEDIA LAW AND ITS LATER MODIFICATIONS

In 1987 a new Media Law replaced the Broadcasting Law of 1967. In accordance with the mentioned Scientific Council report of 1982 the law was based on a strong connection between media-political and cultural – political goals. Secondly the possibility of commercial pay-TV services was introduced. For the general broadcasting the non-commercial system was maintained and intentionally better protected. To provide a full and balanced programme schedule programme quota's for the different genres (information, culture education etc.) were put in law. The supervision of this act was delegated to a new instance, the Dutch Media Authority,

in order to minimise the intervention of the politically approachable government.

Mainly due to European developments in 1989 the government decided to an important break-through by allowing domestic commercial broadcasters to the cable. Neither the construction of national protection against foreign commercial providers proved to be sustainable in the new European context and was abolished.

Increasing competition from the commercial sector led to a law in 1994 to strengthen public broadcasting. The profile of the public broadcasting system was determined as: broad reach, visible cooperation between the existing broadcasters (the 'omroepen' making programmes) and quality.

The Ververs Commission was established in 1996 to review the general media policy in the Netherlands. They pointed out that, until that point, the government had limited itself to defining media policy as broadcast policy, plus some limited policy to support sectors of the written press. Ververs demonstrated that ever since modern government came into existence, it had been taken for granted that communications and the mass media were matters for government regulation since society needed to communicate with itself. It was therefore a normal procedure to examine how pluralism and accessibility should be translated into government regulation and public services. The media policy has a certain overlap with cultural policy, but there must be differences between the two.

This vision led to a Concession Law in 2000 where, for the first time, the mission and programming goals of public broadcasting were incorporated into legislation. The concession to broadcast would be granted to public broadcasting in general for a period of ten years. Individual broadcasters would be reviewed every five years to determine if they should remain in the public broadcasting system.

In 2004, the first review was carried out by a so-called 'visitation committee', chaired by Dr. Alexander Rinnooy Kan, a member of the Executive Board of a leading Dutch bank. The committee concluded that most 'omroepen' functioned quite well, but it had some severe concerns about the functioning of the Dutch public broadcasting system as a whole (see the details in Section 7). Although the committee supported the notion of 'external pluralism' and a role of the traditional 'omroepen', it criticised the way they succeeded in mutual cooperation and also noted that they did not adequately represent the Dutch population anymore. An atmosphere of crisis grew when it was realised that many Dutch inhabitants (especially youngsters and minorities) hardly ever tuned in to the public broadcasting

system. The conclusions of the report have led to new legislative initiatives that provide a more important role for the Executive Board of the public broadcaster. This consequently reduced the role of the contributing 'omroepen' in steering and programming the system as a whole.

In 2004/05, during the debate of the proposals to reform the Dutch public broadcasting system, some members of parliament requested the government to provide a more thorough and broader reassessment of the Dutch media landscape. Such an assessment automatically demands a more comprehensive look. The report of the Council has tried to develop such an approach.

In the following sections, we will see how fragmented traditional media policymaking becomes when compared with the main elements that make up media policy. In the next section we also look at different policies that address the different 'pillars' or compartments of the current media landscape.

NOTES

1   The Politics of Accommodation: Pluralism and Democracy in the Nether-
        lands, Berkeley University of California Press, 1968.
2   In recent months, one of his present-day colleagues, Father Roderick
        Vohhögen, has been pioneering with the same spirit as a podcaster
        (see: www.catholicinsider.com).

5 OTHER DOMAINS OF MEDIA POLICY

The members of parliament mentioned above questioned whether the current media law is out of touch with the changes in Dutch society and the broader media landscape. Although the law of 2000 is supposed to govern all printed and electronic forms of mass media, in fact there is different legislation for public broadcasting, commercial broadcasting and the press. As far as the Internet is concerned, the question of whether this should be seen as a medium or an infrastructure has not yet been asked, nor do policymakers have any answers. It is precisely the language of media and infrastructures that has made it almost impossible to answer the question in a policy-oriented manner. We will return to this later on.

In the following part of this booklet, we give a short overview of the broader spectrum of Dutch media policies, while in the next section, we will focus on policies that relate to infrastructures. Both sections confirm the fragmented nature of policymaking. They add to the contrast between policymaking and the actual developments in the media landscape.

5.1 BROADCAST POLICY IN 2005

The national public broadcasting system gets the lion's share of attention in the legislation. That is precisely the reason we pay scant attention to it in this publication, which is specifically aimed at a non-Dutch public. This emphasis has to be explained by the relevant Dutch political history.

The current media law says that organisations which want to apply for access to the public broadcasting system should represent a particular sector in society, i.e. a significant religious, ideological, social or spiritual thread. Organisations need to prove they have at least 300,000 paying members in order to be granted airtime. Airtime for commercials on the public networks is restricted. There is a fund designed to stimulate high-quality cultural productions. To summarise, the mission of Dutch public broadcasting is 'made by everyone, for everyone'. That this is a goal more than a reality was shown by the visitation committee discussed in the previous section.

In the Council's report, some recommendations were made for the future of Dutch public broadcasting following the lines of the new approach (the functional approach). We will return to this in the final section of the booklet. Let us first say a few words about the other 'media policies'.

5.2 COMMERCIAL BROADCASTING

In section 7 (see especially table 7.2) we can see that commercial broadcasters have succeeded in playing a very dominant role in the Dutch media landscape. In the previous section it was shown that Dutch politics had long succeeded in protecting the public broadcasting system by blocking the advent of commercial broadcasting until 1989. Now, they play an important role, and it is not unthinkable that they will overwhelm the public broadcasting system within a few years. In August 2005, John de Mol (the former CEO of Endemol) started a new television channel (Talpa) in an already overcrowded playing field.

Legislation for commercial broadcasters is taken directly from the European guidelines called 'Television Without Frontiers'. It covers restrictions on the levels of advertising, protection of minors, the right to reply and rules governing quotas of European content. These rules also apply to the Dutch public broadcasters. This policy is the responsibility of the Ministry of Culture, Education and Science.

5.3 PRESS POLICY IN 2005

The Dutch government legislation on the press can be summed up as simply stimulating pluralism. In 1974 a fund[1] was set up to give financial injections to publications where it is felt there is a need for several voices, or where there is a danger that certain types of information would be controlled by a monopoly. This policy is the responsibility of the Ministry of Culture, Education and Science.

5.4 CABLE POLICY IN 2005

At the moment, cable systems are the dominant way in which Dutch households receive TV signals. Cable penetration has saturated at 99 per cent of the population, with only a tiny fraction of the market being too remote to be connected. The current legislation is designed to stimulate analogue to digital conversion of the networks and to promote competition between network providers and over each other's networks. Cable policy is a divided responsibility between the Ministry of Culture, Education and Science and the Ministry of Economic Affairs.

5.5 POLICY FOR NEW MEDIA IN 2005

Policymaking for new media organisations has not yet taken shape, but legislation providing quality, accessibility and diversity is clearly the general aim. In 2000, public broadcasters in the Netherlands received extra

funding, and an expanded remit, to include the development of websites
and other new media services. Developments here are recent and precede
policymaking.

5.6 MEDIA CONCENTRATION IN 2005

Apart from the work carried out by the Dutch Media Authority,[2] a separate
Netherlands Competition Authority examines mergers and ownership. In
brief, newspaper companies that own more than 25 per cent of the daily
newspaper market are restricted in their ownership of or involvement with
a (public) broadcaster.

NOTES

1   See: http://www.bedrijfsfondspers.nl/english.shtml/.
2   See the information, also available in English, at www.cvdm.nl.

6   INFRASTRUCTURE IN THE NETHERLANDS: CHALLENGES AND POLICY QUESTIONS

Apart from the developments in media policymaking mentioned in the previous sections, many changes have taken place in the domain to be discussed here: infrastructures. Politicians and other policymakers who are responsible for the media domain have not always recognised this. Usually, they regard digitalisation of infrastructures as something that only applied to colleagues responsible for telecommunications policy. The developments in this domain, however, form one of the most important reasons for the fact that traditional goals and instruments of media policymaking are being seriously challenged. That is why we have expanded on this in a special section of this booklet.

The various forms of content distribution in the Netherlands have all developed separately, be they cable, broadcast transmission, ADSL or the written word. The traditional media landscape reflects both the different 'media pillars' (e.g. press, radio, television) and the different layers (technical infrastructures, distribution). Legislation governing them has also developed in parallel (created by separate ministries, as we have noted previously) with no single piece of legislation covering it all. More recently, policymakers in the Netherlands have been stimulated by their colleagues at the EU in Brussels to reconsider the situation. On July 1, 2003, the EC Electronic Communications Framework went into effect, which recognises that separate policy is needed between content and the infrastructure required to propagate and distribute that content.

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According to the Framework policy, the different distribution channels should be technology transparent, so that different infrastructures can compete in the marketplace. This clause is putting pressure on Dutch policymakers to re-examine totally obsolete legislation governing cable and frequency management. Arguments about scarcity and impact may explain how the existing legislation was passed, but in many cases have been superseded by advances in technology.

The Internet, especially peer-to-peer exchange software such as Kazaa, has shown that definitions of 'the source' are more difficult to define than legislators had ever imagined. In the cases of illegal downloading of content, application of existing legislation as applied to broadcasters is either not valid or not enforceable.

6.1 DIGITALISATION AND TECHNOLOGICAL CONVERGENCE

Two technical developments have had a direct influence on the longevity of the current approach to the media landscape and are inextricably linked to each other. They are digitalisation and technological convergence, along with spectrum scarcity.

6.1.1 DIGITALISATION

Digitalisation's main benefit over analogue is that the distribution infrastructure is used in a far more efficient way. For instance, analogue TV channels need to operate on their own unique frequency to avoid one channel interfering with each other. The 'receiver' is basically a dumb terminal, which simply plays what it finds in the air. In the digital world, both the transmission and reception sides of the chain can contain software not only to improve the quality of the audio and/or video, but also to share bandwidth with other digital signals. Since the digital receiver now has built-in intelligence, it is able to follow the signal selected by the user and actively reject signals that it doesn't need.

Since the bandwidth needed for the same audio/video quality is drastically reduced, the price to hire the digital infrastructure has also dropped by several factors in the last decade. This allows content producers to consider servicing new (niche) audiences that would be totally uneconomic with analogue distribution.

New forms of services have emerged as concepts such as personalisation and interactivity have been developed. Consumers have more detailed control over the content being delivered to them, and companies can seize on opportunities to personalise and localise the service. An example would be websites that can give more accurate local weather forecasts if they know the postcode of the user. Such detail is impossible through traditional mass-market TV weather bulletins. These systems make use of a back-channel (through the phone or the Web) to obtain feedback, becoming two-way rather than unidirectional.

These possibilities have major consequences for the earlier forms of policy that made an easy distinction between broadcasting and telecommunications. Broadcasting has been traditionally defined as point-to-multipoint. It is assumed that one action (transmission of programmes) starts at one point and is distributed simultaneously to many other points within the target area (reception by viewers). This action was defined as unidirectional and did not include ways for the audience to interact through the same infrastructure.

This contrasts with the telecoms infrastructure that is a 'point-to-point communication' with a clear two-way character. Such interactions have fallen under a telecom law, with rules about privacy and access to telecommunications. Broadcast policy, on the other hand, assumes universal access and directs itself on matters such as freedom of expression and the right of reply (Larouche 2002). ·

Digitalisation has made these distinctions far more vague. Most people would regard a mobile phone conversation as a form of telecommunications. But software and services are being launched allowing TV producers to spread material via mobile phones. Should this be governed by the same restrictions as applied to TV broadcasters, such as rules governing violence or protection of minors?

6.1.2   TECHNOLOGICAL CONVERGENCE

Coupled with the digitalisation of analogue systems, we're now seeing convergence of infrastructure. In the past, the telephone was a discrete system for transferring voice communications. If you wanted to watch a TV programme, you expected to receive this via a cable connection, satellite dish or over the air. Now, digital forms of the phone line (ADSL) are able to deliver 'broadcast quality' pictures, similar to cable or satellite companies. On the other hand, cable companies are starting to offer services such as voice-over-internet-protocol (or phone calls via the Web) and peer-to-peer sharing of information. Examples are services such as Skype that are enjoying tremendous growth in mid-2005. Cable companies are now marketing themselves as 'triple play' operators, offering broadcast services, Internet connectivity and telephony.

6.1.3   SPECTRUM SCARCITY

One of the arguments used in many countries to prevent further growth of radio services (including broadcasting) has been the 'lack of available spectrum'.[1] Since regulation of the airwaves began in the Netherlands in the 1930s, regulators have assumed that each existing service that used radio waves – military, maritime, broadcast, etc. needed to be protected from interference by any new users. With nearly the entire usable spectrum allocated either to commercial or public bodies, the airwaves (especially the FM portion from 87.5 -108 MHz) have been assumed to be full. Yet, because of the transfer of some services from ether to satellite, parts of the electromagnetic spectrum are being used well below their capacity. At the same time, high capacity wireless networks such as Wi-Max are being developed that allow the distribution of high-quality audio, visuals and text to users across the country. Indeed, their

functionality resembles that of broadcasting, albeit on a different part of the spectrum.

Digital technology enables a completely different and far more efficient use of the spectrum. Some countries, such as the USA, are freeing up large parts of it (such as the frequencies used for analogue television) so that they can reallocate the space to far more efficient users. This spectrum explosion is one that will cause major shifts in business models and services.

6.2   RELATED POLICY QUESTIONS

All these developments demand a rethink on policy. Digitalisation and technological convergence are leading to a grey area between different forms of infrastructure and distribution channels. But policy demands clear definitions.

We do not intend to give a complete overview of the questions and policy problems arising at the moment, but only highlight 'paradigmatic problems'. These make clear that the current regulatory regimes are seriously challenged by many of the new developments, including this part of the media landscape.

In theory, a TV provider can start distribution of his programmes today through an ASDL service, without having to operate under the legislation of the current Dutch Media Law. If the same provider wants to distribute his programmes over the air, then he first needs a licence from the Ministry of Culture in order to do so.

Another point that also becomes unclear is the so-called 'Must Carry Rule'. Traditionally, the government has demanded that certain channels be carried on cable systems, in order to ensure that citizens have access to a pluriform range of media. The digitalisation process has caused an explosion in the number of channels, so many in fact that an electronic programme guide (EPG) is essential in order to find specific content. There is no legislation to prevent a cable company burying 'must-carry channels' (such as the public TV channels of Nederland 1, 2 and 3) somewhere at the bottom of the EPG. Does a must-carry rule therefore still make sense? Technology is also capable of excluding certain subscribers from selected content, thus making it possible for cable and satellite operators to put some popular content into a pay-TV scheme.

6.3   ECONOMIC CONSEQUENCES

The technological consequences of digitalisation and convergence also show up in the Dutch economy. The first noticeable trend is a growing

interaction between the various players in the media sector. Providers of content and infrastructure have begun fiercely competing with each other, thanks to the technical possibilities allowing them to own parts – or all – of the value chain (Appelman et al. 2005). The growth in the number of channels means that the reach per channel drops, which in turn has consequences for advertisers used to mass-market audiences. Online and mobile advertising are taking budgets away from traditional advertising platforms in print, radio and television.

In order to remain competitive, companies either merge or are acquired by others. They do this to gain 'economies of scale'. It is often argued that this is needed in order to cover the higher costs of popular programming, especially sports rights. This extra cost must also be put alongside the increased opportunities programme suppliers have to recover some of the costs through interactive SMS games and services, online contests, etc. Mergers between companies in the Netherlands are subject to cross-media ownership rules, which limit these companies in their competitiveness against foreign media. These horizontal concentrations have led to difficult decisions in the area of accessibility and pluralism. The number of vertical mergers has also increased in the last few years.

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Technological advancements have also made it possible for production companies to develop an idea for one market and then adapt the multimedia concept for another market for very little extra costs. This happens in the field of music, as well as popular TV entertainment. The programme material is not only broadcast, it is recycled and redistributed on a multitude of platforms, such as DVD, CD-ROM, mobile and online. Again, the distinction between media and telecom companies is indistinct.

6.4 SUMMING UP: ROBUST TRENDS AND UNCERTAIN DEVELOPMENTS

The further analysis of the media landscape presented in this section, which has focussed especially on the infrastructure that influences it, can be reformulated in two clear trends:
1 There will be a further decoupling between the service and the way that service is distributed.
2 The differences between distribution channels (in terms of capability, for instance) will continue to become smaller. Some distribution channels that are now still separate (such as electric power) may also try to enter the media market by delivering high-speed Internet through their infrastructure.

These two trends can be added to the calls for a thorough reappraisal of strategic media policymaking.

The uncertainty lies in how these new technologies will be accepted and used by the general public. Will we reach a stage where there is no difference between, for instance, the TV and the PC? Many observers think that, at least in the short term, this will not be the case (De Jong 2005). The Dutch media entrepreneur, John de Mol, who has arranged a close alliance with Versatel (a telecom operator) is expecting a lot of the convergence of television and the Internet. A study that was carried out for the European Commission showed that one of the variables that explains the difference between a slow or a more rapid uptake of this kind of technology is the growth rate of the economy (Andersen 2002).

Social and cultural dimensions of media consumption also play a role here. For most people, watching a football match on the tiny screen of a mobile phone cannot be compared to the larger TV screen. But (how) will this change as the younger generation grows older, special 'mobile content' is made available on the market and the definition of these smaller screens is further improved? Many youngsters did grow up playing games on very small screens…

6.5   CONCLUSIONS

The expected changes in the media landscape will most certainly lead to more and more crossovers between media and telecommunications. In terms of the traditional values that inspire policymaking in the media field, these changes create both threats and opportunities.

The increase in the number of infrastructures, in combination with increased bandwidth into the home, has a positive effect on plurality of content. But it is questionable as to whether it has the same effect on pluralism. The fact that there is more on offer does not mean there is automatically more variety and greater breadth in the content being offered (Appelman et al. 2005, Broeders and Verhoeven 2005). Different content markets seem to behave quite differently in this respect. Especially the market for news tends to support uniformity more than variety when competition is high.

It will become more and more difficult for governments to force producers to produce quotas of certain genres of content. They will find it impossible to require broadcasters, for example, to restrict their productions to purely traditional 'broadcast' outlets. Other content suppliers, such as mobile operators and the written press, have never had such restrictions put on

them. In short, in a period when there is so much technological convergence, it is increasingly difficult to use the territorially oriented and medium-specific regulatory regimes of broadcast policies to ensure sufficient levels of pluralism in the media landscape. This may not be a problem for many of the functions it is expected to fulfil, but it might pose problems in the specific domain of news.

Another concern regards the degree of accessibility. The increase in the number of infrastructures for distribution ensures there is a greater amount of content being offered to the public. This does not necessarily mean the public has access to that content. Conditional access systems (e.g. viewing cards for pay-TV services) can act as gatekeepers, preventing general access to certain types of content, unless money is paid. At present, conditional access is not causing major problems in the Netherlands. It is more important that once electronic programme guides (EPGs) come into widespread use, consumers and citizens are able to find the content they want in the easiest way possible. The debate on what kind of content should be freely available for all has hardly begun in the Netherlands. In the meantime, all kinds of media players are developing advanced facilities for digital rights management.

Again, there is little point in making an analysis of accessibility on the basis of a purely technological perspective. The question remains: access to what? Are there certain essential basic services that citizens should always be able to access? How should we define this? Clearly, here we are leaving the domain of research and entering the domain of politics. Does accessibility mean that it should be possible for the citizen to have access to all the distribution possibilities? If not, which ones are regarded as non-essential? The answers to all these questions have less and less to do with the media landscape's technical infrastructure.

Let us end this section with some remarks on independence. The digitalisation of the media landscape not only ensures an increase in the amount of content, but an increasing diversity in the form of that content. Personalisation of the content enables the content supplier to tailor the offer to the perceived needs of the client. Niche marketing becomes more useful to certain advertisers that traditional mass-marketing. The possibility to time-shift content also means that consumers can choose the right place and moment to listen, to watch or read the content. The consumer is less dependent on the transmission schedules of broadcasters or the deadlines of publishers. As far as the independence of journalists is concerned, we refer to the next section, in which we approach the changes in the media landscape from a more sociological perspective (actors and institutions).

NOTE

1   More on this in an article by Gregory Staple & Kevin Werbach (IEEE Spectrum, March 2004). http://www.spectrum.ieee.org/WEBONLY/ publicfeature/mar04/0304scar.html

7 THE MEDIA LANDSCAPE: AN INSTITUTIONAL PERSPECTIVE ON CHANGE

7.1 INTERNATIONAL LANDSCAPE

The media landscape is increasingly governed by international regulation, and much of the policy is determined by the European Union. The Council of Europe, the European Court of Human Rights and the European Court of Justice protect the rights of the media to exercise their freedom of expression, whereby the freedom of the press is central. Apart from these approaches based on human rights, media policy is generally regulated by laws governing the internal European market and legislation governing competition and monopolies (Larouche and Van der Haar 2005).

At the level of the European Union, there is in fact no evidence of a specific media law or policy. Instead, general market regulations are in force. The influence of the World Trade Organisation is increasing. This reinforces the shift of emphasis from a national, cultural and legal approach to policy-making to one that examines the marketplace. This is regarded as a shift from a more particularistic approach to a more liberal universalistic approach. The media landscape has, therefore, become just another 'market'.

The harmonisation of national and European legislation has reduced the 'bandwidth' for national policymakers to make exceptions. In addition, the European regulations force national governments to justify their continued support and subsidy for public institutions, such as public broadcasting. There are strict guidelines that force EU members to show that the public broadcasting systems in their countries are not receiving unfair subsidies that inhibit healthy competition from the commercial sector (Van Eijk et al. 2005).

The Netherlands Media Policy, which for the most part consists of legislation governing broadcasting, has traditionally taken a defensive position against the developments at the EU level. It engenders some interesting tensions with EU legislation. In the past, the Dutch government has tried to use cultural policy to avoid commercial competitors breaking open the complicated Dutch public broadcasting system, even though this contradicted guidelines for the free exchange of goods. As of mid-2005, the future form of public broadcasting is being debated in the Dutch parliament. More than ever before, the EU regulation is explicitly considered as one of the relevant boundary conditions.

Thanks to the market approach, EU legislation offers commercial parties various options in the way they operate within nation-states. Media companies who are primarily targeting audiences in the Netherlands (or any other member state) can use the 'land-of-origin' principle, making it possible to operate from a base that has the most favourable legislation for advertisement arrangements and/or oversight regime. For the legal standpoint, RTL Nederland (as it has recently been renamed) is a company operating from Luxembourg and operating according to the laws of Luxembourg. The possibility for member states to fight such 'bases of convenience' is actually more limited than is commonly thought.

At the same time, several commercial companies have launched vocal as well as legal campaigns against their counterparts in public broadcasting, accusing them of unfair competition. The Holland Media Group (which owns properties such as RTL4 and RTL5) submitted a complaint to the European Commission regarding the level of government support for Netherlands Public Broadcasting. The Netherlands Daily Press (Nederlandse Dagbladpers) also complained about what it termed 'excessive financial support from the Dutch government for the Internet activities of the public broadcasters'. Media companies and their legal council have certainly found the route to challenge EU legislation and what they believe are market elements which distort fair competition.

Commercial media organisations operate legally not only on a national level. Their normal company activities are also becoming increasingly international. Clearly, both a vertical and horizontal integration is taking place. Media activities are also embracing other branches, so that live events, gaming, entertainment parks and merchandising are becoming part of the core business. In some cases, the profit from the merchandising associated with a TV or film production is greater than the money made on the production itself. This international orientation is partly due to the ambition of the companies concerned. In some cases it is also because the national legislation on cross-media ownership means the only way the company can grow is to expand beyond national borders.

Mergers are now commonplace. Commercial media companies that want to avoid national ownership quotas often spread their activities across the European Union so as to keep below monopoly regulations. This means that, for example, the commercial media companies serving the Netherlands are, for the most part, controlled by foreign interests and investors. This applies not only to broadcasting companies but also to the large Dutch production company Endemol, which was acquired in 2000 by the Spanish telecom company Telefónica.

In the daily newspaper market in the Netherlands, international acquisitions have also been prominent. In 2003, the Belgian Persgroep took shares in the Dutch newspaper *Het Parool*. In 2004 the British APAX acquired the press conglomerate PCM that owns several newspaper titles in the Netherlands. Shareholder value therefore becomes much more central in the way these businesses are run.

Figure 7.1   **Dutch Newspapers with their own editorial teams and independent publishing houses, 1950-2002**
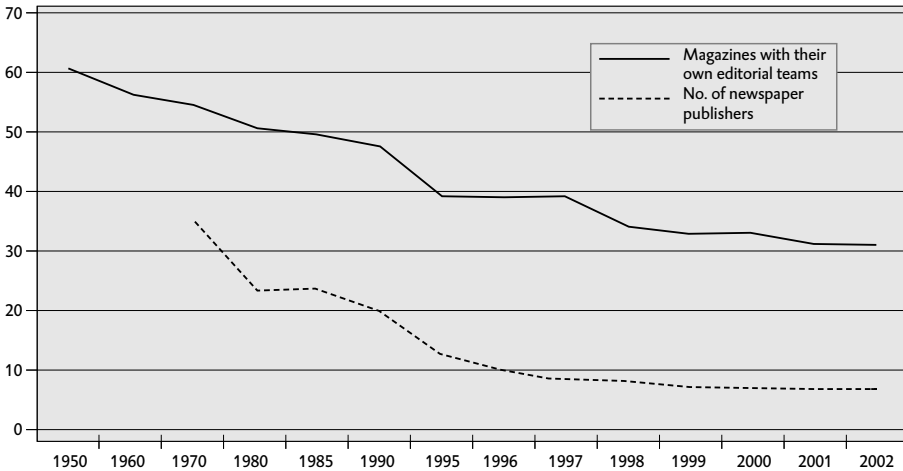
Source: Bakker & Scholten 2003, Illustration WRR

It is still unclear how member states and the European Union intend to react to the influential role large European media companies like Bertelsmann are playing in the world market. In these global markets, the main players like Disney and Time Warner are managed from the USA. One of the difficult problems that still have to be resolved is the question of how these markets should be defined.

7.2   NATIONAL LANDSCAPE

The domestic Dutch media landscape is currently very uncertain, mainly thanks to political debate on the future of public broadcasting, but also thanks to new initiatives in the commercial sector. John de Mol, the media entrepreneur we mentioned earlier, successfully negotiated the licences to broadcast the Dutch football league.

The concentration of content providers has reached its legal ceiling. In each of the newspaper, TV and cable sectors, there is fierce competition by three major players for a slice of the market. The Dutch Media Authority

describes the situation as a 'law of threes' which prevents further mergers and/or integration.

Despite the fact that a few big players dominate the media landscape, the total number of TV channels, radio stations and newspapers remains high and growing. If we include the explosive growth of content from the new media industry, the offer to the consumer is in fact gigantic. The explosion in the number of players has also had an effect on the most important income sources for traditional channels and players. Advertisers are becoming increasingly critical as to which medium they choose and are demanding influence in the content of programmes through activities such as 'non-spot advertising'. Fragmentation of the market also means that advertisers need to make more careful choices in the media mix in order to reach their target audience.

Table 7.1   Media usage in the Netherlands: watching TV (including videos, DVD, teletext), radio listening (all forms of audio), reading, computer usage (including Internet) in Dutch population, 12 years and older, 1975-2000 (in hours per week)

	1975	1980	1985	1990	1995	2000
Main Activity						
Media use per week (hrs per week)	18,5	17,8	19,0	18,8	18,8	18,7
Watching TV	10,2	10,3	12,1	12,0	12,4	12,4
Radio listening	2,2	1,8	1,4	1,2	0,8	0,7
Reading magazines and newspapers	6,1	5,7	5,3	5,1	4,6	3,9
Computer and internet usage	-	-	0,1	0,5	0,9	1,8
Secondary Activity						
Media use per week (hrs per week)	-	-	-	16,7	18,5	14,9
Watching TV	3,1	3,1	3,6	3,4	4,5	3,7
Radio listening	12,8	13,5	12,6	12,1	12,4	9,6
Reading magazines and newspapers [a]	-	-	-	1,2	1,3	1,2
Computer and internet usage [b]	-	-	-	0,0	0,3	0,4
Main and Secondary Usage combined						
Media use per week (hrs per week)	-	-	-	35,5	37,2	33,8
Watching TV	13,3	13,4	15,8	15,4	16,9	16,1
Radio listening	15,0	15,3	14,0	13,3	13,2	10,3
Reading magazines and newspapers	-	-	-	6,3	5,9	5,2
Computer and internet usage	-	-	-	0,5	1,2	2,2

a Reading of printed media has only been split into main and secondary activities since 1990.

b Computer usage has only been split into main and secondary activities since 1990.

Source: SCP, Tijdsbestedingsonderzoek (1975-2000)

If the cost per advertisement does not drop as a result, then advertisers start to look for alternatives. In the Netherlands, the largest migration has been away from the newspaper industry. People who want to place small ads, especially for cars, now prefer auction sites on the Internet rather than the newspaper.

The power wielded by the consumer is growing, both directly and indirectly. Consumer websites and blogs act as a back channel to manufacturers. Thus, manufacturers are also involving customers in the co-creation of new products as part of their business model.

7.3   THE ROLE OF THE DUTCH GOVERNMENT

The most visible part of current Dutch media policy is, as we have stated earlier, the part that concerns the organisation of public broadcasting. Most of the political debate and regulatory effort is focussed on regulating the broadcasting organisations ('omroepen') that operate within the complex structure of the Netherlands Public Broadcasting. A history of how this developed was given in Section 4.

The current public broadcasting system is the result of a compromise between political views on the world and the technical scarcity of radio and TV channels. The political tradition of 'pillars' has, until now, dominated the debates on the organisation of public broadcasting. This tradition reflects the fact that the Netherlands has always been a segmented society, in which different groups could organise a series of 'public' services by their own private organisations (e.g. in the fields of education, health care and so on). This 'pillared' structure still dominates the organisation of public broadcasting.

Despite many changes in Dutch society and in the media landscape, Dutch politicians have never made choices for a radically different structure (so far). The rule seems to have been: keep what's possible, patch up where it is unavoidable. The unique Dutch public broadcasting system, with its noble aims to maintain and regulate pluralism in the content offered to the Dutch citizen, has lost touch with the realities of the media landscape for a variety of reasons.

The connection between social pluralism (external pluralism, often referred to as pillarisation in the public broadcasting system) and the Dutch public broadcasting system has been severely weakened by the latter's resistance to change and its increasingly isolated and unrepresentative character. New broadcasters wishing to join the public system have been met with resistance; not surprisingly, because existing broadcasters

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all stand to lose airtime and government finance as a consequence of such an enlargement.

As mentioned previously, with the late arrival of commercial TV broadcasting in the Netherlands (1989), the Dutch government strengthened the 'cultural' function of public broadcasting, using a broad and not very specific definition of the term. The problem is that both broadcasters and the government find it difficult to justify this overemphasis of the link between culture and media policy (Hoefnagel and Den Hoed 2005).

The biggest arguments undermining current government policy come from the developments within the media landscape itself. The arrival of commercial and international channels on the cable system has de facto broken the public monopoly, starting an inevitable downward spiral in audience share figures. The national government is therefore influencing policy on public broadcasters who reach only part of the population, and whose share of that audience is decreasing. The fact that the football matches will be transferred to a new player is expected to reduce that even more.

In the shadow of the broadcasting policy, the Dutch government has also enacted policy for the press (see also Section 5). This policy is very much 'at arm's length' to avoid being accused of interfering with the independence and freedom of the press. In this respect, there is a major difference between the 'press model' and the 'broadcast model'. The main instrument is a special fund, the Bedrijfsfonds voor de Pers, which has the ability to give temporary financial support to those titles that need it. The fund is running into problems coping with the economies of scale within the newspaper business (it cannot support a weak title in a strong concern). Again, this is another case of a widening gap between the original aims of the policy and the realities of the modern market.

The other challenges facing the Dutch government lie in the fact that policy for different parts of the media landscape are handled by different ministries.

• In the Netherlands, the competition policies as well as laws concerning the allocation of licences for cable, AM/FM radio & TV transmissions and other distribution infrastructure are handled by the Ministry of Economic Affairs.
• The Ministry of the Interior and Kingdom Relations covers aspects linked to the Constitution.
• The Ministry of Justice handles intellectual property issues.

This situation, too, as we have seen before, leads within government to a rather fragmented picture of the major media trends. The same holds true for monitoring and supervision.

Table 7.2   Market share in the Netherlands of public & commercial tv broadcasters 1990-2002 (in percentages)

Broadcasting	1990		1994		1998		2002	
Nederland 1	24		16		13		12	
Nederland 2	25		17		17		17	
Nederland 3	13		18		10		8	
Total share public TV		62		51		40		37[1]
RTL 4	21		26		18		17	
RTL 5	--		6		4		5	
Yorin / Veronica	--		--		10		6	
Total share of Holland Media Group		21		32		32		28
SBS 6	--		--		10		11	
Net 5	--		--		--		5	
V8	--		--		--		4	
Total share SBS						10		20
Total for all domestic commercial channels		21		32		42		48
Others (foreign channels, video, DVD etc)		17		18		18		15

Source: Bakker & Scholten 2003: 137

7.4   FRAGMENTED SUPERVISION

Supervision of the media landscape is also fragmented in the Netherlands. The list includes the Dutch Media Authority, OPTA (Independent Post and Telecommunications Authority) and the Dutch Competition Authority (NMA). OPTA and NMA are both supervisors with limited regulatory competences.

OPTA takes sector-specific, ex-ante measures, in order to promote competition in the markets for post and electronic communication.

NMA enforces the prohibition of cartels or abuse of a position of economic power in all markets. It determines, after the fact, whether a violation to the Competition Act has taken place. NMA also decides whether companies that submit merger application will be allowed to do so.

Also on the list is the Dutch Data Protection Authority, which is an independent institution that checks whether personal data are used carefully and citizens' privacy is sufficiently guaranteed. The Dutch DPA advises the government, tests codes of conduct, studies technological developments, gives information, handles complaints, evaluates processing of personal data and, if necessary, takes enforcement action.

Then there are the Advertising Standards Foundation (regulating advertisement claims) and the Netherlands Institute for Audio-Visual Classification (Kijkwijzer). There are some forms of formal co-ordination, but this appears to be the exception rather than the rule (Van Eijk et al. 2005).

There is a less than ideal connection between the general purpose of the Netherlands Competition Authority and the specific properties of the media landscape where other arguments also play a role (many of them not economic). Several times, the Netherlands Competition Authority has been involved in heated disputes with the newspaper publishing industry. Some of the decisions forced through were based more on pluralism and the protection of editorial independence than on normal economic and business considerations.

7.5 CONTENT PROVIDERS TO THE MEDIA LANDSCAPE

Those making content for the media are no longer limited to a select few in soundproof studios. Nor is it geographically limited to the traditional broadcast centres, such as Hilversum. The high penetration of broadband Internet in the Netherlands was pinpointed in an OECD study of broadband penetration published in May 2005. This has had an enormously enabling effect in creative circles.

The availability of high-speed bandwidth has enabled many content producers to publish material themselves, either distributing video and audio through traditional channels or going to hosts, in the Netherlands and beyond, in order to reach consumers directly. A few years ago this was limited to a few users: now, multi-media home computers and all kinds of mobile devices are further speeding up this process (e.g. the Podcasting and Vodcasting mentioned already). Digital photography has also enabled citizens to freelance news pictures to agencies and/or publish their own 'photoblogs' (as well as 'weblogs') and other types of 'egocasting'. Internet-journalism and all kinds of other developments can only be hinted at in the context of this booklet.

Some observers think that we are only at the beginning of a little revolution that will have profound impacts on 'journalism'. The debate is still awaiting

Table 7.3   **Broadband subscribers per 100 inhabitants, by technology. December 2004**

	DSL	Cable	Other	Total	Rank	Total Subscribers
Korea	14.1	8.5	2.2	24.9	1	11 921 439
Netherlands	11.6	7.4	0	19.0	2	3 084 561
Denmark	11.8	5.5	1.6	18.8	3	1 013 500
Iceland	17.4	0.2	0.7	18.3	4	53 264
Canada	8.6	9.1	0.1	17.8	5	5 631 714
Switzerland	10.8	6.5	0	17.3	6	1 282 000
Belgium	9.6	6.0	0	15.6	7	1 618 944
Japan	10.4	2.3	2.3	15.0	8	19 097 172
Finland	11.2	2.2	1.6	15.0	9	779 929
Norway	12.3	2.0	0.5	14.9	10	680 000
Sweden	9.5	2.6	2.5	14.5	11	1 302 861
United States	4.7	7.2	0.9	12.8	12	37 258 608
France	9.9	0.7	0	10.6	13	6 529 997
United Kingdom	7.1	3.4	0	10.5	14	6 256 300
Austria	5.5	4.7	2.2	10.2	15	827 675
Luxembourg	8.9	0.9	0	9.8	16	44 145

Source: OECD Paris, May 2005

more research, but the first worries about 'quality standards' have been noticed. And the shocking photo of the murder of the Dutch cineast Theo van Gogh (November 2004) that was printed on the front page of *De Telegraaf* (a Dutch national newspaper) was not taken by a professional photographer, but by a citizen who had the presence of mind to take it with his mobile 'phone'.

More research has already been done into the impacts that the severe competition and commercialisation are bringing about in large parts of the media landscape. Commercialisation has had an enormous effect on content producers, especially in the profession of journalism. Two aspects are important to mention:
- One is the growing conflict of interest between programme maker/journalist and commercial interests (shareholders, advertisers).
- The other is the tension in the relationship between journalists and politicians (the 'drama democracy') (Elchardus 2002).

Newspapers have been especially hard hit by economies of scale, dwindling circulation and a reduction in advertising revenues. Economic and marketing arguments to run certain stories have started to play a more prominent role in editorial decision-making. Despite firewalls such as editorial charters and the existence of a public broadcasting system (that is

expected to set certain minimum standards), the form and content of the story in a competitive environment have shaped modern journalism. Some journalists are already longing for a return to 'slow journalism', inspired by those who detest the negative effects of 'fast food' for 'the health of nations'.

The explosion of the number of brands in the advertising world has meant advertisers are faced with different challenges to get their message across. The general trend seems to be from 'scarce advertising with a lot of restrictions, to a lot of advertising with just a few restrictions' (Bakker and Scholten 2003).

The relationship between journalists and government is becoming sensitive in many countries, the Netherlands being no exception. The growth in the number of communications officers and spindoctors employed in government has matched the growth in the number of journalists. To a certain extent, this can be seen as a response to a change in the overall media culture, as well as to the perversities brought about by the severe competition in the media field. The Dutch government employs around a thousand communication specialists – and that is just at a national level. Some observers believe journalists have become far too dependent on press officers and texts in press kits that are ready to drag-and-drop into their articles or broadcasts (Prenger and Van Vree 2004).

The relationship between some journalists and individual politicians is also under pressure. Power struggles to get points over as well as pressure from editors for 'soundbites' mean the content is often separated from the context. It would seem that both professions are finding it difficult to create a balance between their respective roles. Several observers have criticised the close symbiosis of the political and journalistic elites. In earlier times, the demarcation lines were far clearer for both sides (Broeders and Van de Donk 2004).

7.5.1   QUALITY AS A PUBLIC INTEREST

Professional standards of journalism in the Netherlands are based more on gentlemen's agreements than a written journalistic code of ethics and conduct. There is often a delicate relationship between journalism, press freedom and freedom of expression. Journalistic organisations, unions and training institutions sometimes have a code by which they operate. However, the exact details of editorial charters are not readily accessible to the public. It is often unclear how complaints can be addressed or how they will be handled independently of the complainant or the publication. This is even truer for all new kinds of Internet journalism.

Several branches within journalism have formed their own foundations or unions, but membership is voluntary and is often seen more as a way to socialize and network amongst colleagues. For both inside and outside the industry, there is mounting criticism of the standards attained by journalistic training courses offered in Dutch schools and colleges. Many institutions are very traditional in their outlook, with a clear separation between radio, TV, online and newspaper journalism. They are unable to cope with the different editorial demands needed in the world of 'cross-media'.

But it is not only the professional journalist who is struggling with the new realities of the media landscape. As has been shown throughout this booklet, all those who are responsible for strategy formulation in the media field are confronted with compelling uncertainties and challenging ambiguities. This is especially true for government policy, which cannot neglect the threats and opportunities that these developments bring about for the crucial role of the media landscape for democracy, economy and society.

What has become evident is that a clear view on the 'public interest in a digital age' demands a new approach to policymaking in this field. The Council suggests that a defensive strategy that looks for a piecemeal adaptation of the compartmentalised regulatory regimes will not do. Nor is it possible – too much is still highly uncertain – to formulate a new 'grand design' for policymaking in this field. It may very well be that many existing policies can be stopped. A new approach must be wise and oriented to the obvious risks that are visible. Such an approach does presuppose a new way of looking that confronts the traditional values with the new realities of the media landscape. Such an approach will be necessary to detect and to define the public interests that have to be safeguarded. In the final section of this booklet, we present the 'functional approach' that the Council has developed for this endeavour. Furthermore, we will see what the public interests are that come to the fore using the risk assessment that is the basis for this approach. What will be the main points of the agenda that can properly anticipate the digital age? We also pay attention to some specific recommendations and the future of 'public broadcasting' in the Netherlands.

NOTE

1   In 2003, this share further declined to 34.4%.

8 A NEW PARADIGM: A FUNCTIONAL APPROACH TO THE MEDIA LANDSCAPE

The earlier sections of this book show the enormous pace of change: the media landscape is almost synonymous with technological innovations. Digitalisation is the driving force behind new equipment, new formats, new services and new relationships. Trying to create media policy to follow each of these new developments is not the approach that the Council considers very promising. It will not be effective, nor very efficient. It will be outdated before it can be seriously implemented. Moreover, there are still many uncertainties. The success of any new technology is not only linked to the technology itself, but to how people will use the technology in the context of their daily lives. The Council therefore believes that making a separate policy to regulate content on the Internet, a separate policy for mobile, a new policy for digital broadcast systems, etc. will result in the policy being continually challenged and finally outdated by reality – and therefore of limited use. Furthermore, a policy should stimulate useful innovation in the industry and not be seen as a barrier to progress.

The Council has therefore taken a different approach to that used in all previous studies by asking the question, what is the role or function that media play and are expected to play in our society now and in the coming decade? The Council proposes a new policy paradigm that takes these functions as a strategic starting point. The Council has defined the following six functions:
a News and current affairs (independence and quality are especially important);
b Opinion and debate (pluralism is especially important);
c Special information (for consumers, special interest groups; independence is especially important);
d Culture, arts, education (a function that comes in many 'genres'; traditionally seen as a vulnerable kind of content and less interesting for commercial actors);
e Entertainment (especially important in the audiovisual domain of the media landscape, a function that refers to a specific genre of content more than the others do);
f Advertisements, persuasive information and other forms of commercial communication (important in nearly all business models in the field, contributes to the economic viability of the media landscape and the larger economy).

8.1 REASONS FOR RENEWAL

There are three main reasons for choosing such a functional approach.

8.1.1 FUTURE-PROOF POLICYMAKING

The six functions listed above are abstract but stable analytical categories that can be used to detect and define public interests. They can be used to build a sustainable strategic policy approach towards the media field. People will always need news to participate in social interaction. The world would be a dull place without any form of arts and entertainment. The media that will be used to convey these contents to consumers will be changing constantly, however. Already, we see that youngsters use quite different media than their parents and grandparents.

Indeed, the containers in which these functions are brought to the market-place are not as stable as these functions are. They may be larger or smaller depending on the demands of the market. They may get mixed up into new packages (such as infotainment).

Serious questions now have to be asked when a government decides to intervene (when one of these functions is seriously flawed) by subsidising a specific medium and the infrastructure associated with it. Won't the disappearance of one form of communication (such as a science magazine) be replaced by information on another medium (such as an easily accessible science e-zine on the Internet)? Infrastructures and the choice of the medium used have become less important as determining factors for deciding about the success or failure of one of the functions mentioned above. The Internet is crowding out traditional media for news. It is therefore important to take the discussion out of specific media and examine what is happening in the media landscape by looking, functionally, at the level of media services and products.

The Dutch Central Planning Bureau (CPB) (in a research memorandum that was commissioned by the Council) and the European Commission (in its approach to monopolies) both support this approach from an economic point of view. The important threads that define the different markets are not the discrete technical devices (media) but the different types of content. Content in this context is understood in the way the Council speaks about functions. In reality of course, functions, content and markets can never precisely be seperated. There will always be some overlap.[1]

In the approach that is being developed by the Council, these functions are not empirical but analytical categories that enable us to determine what

risks would occur if the government were to refrain from any intervention in the media landscape.

Both the Council and the CPB acknowledge that the infrastructures for distribution are not yet fully interchangeable but that the situation is moving rapidly in a direction where that will be the case (Appelman et al. 2005).

8.1.2 THE RELEVANCE OF VALUES

A second important point is the validity of normative elements of media policy. The values, as well as the public interests and goals linked to those values, are also increasingly divorced from the type of infrastructure or medium. In fact, they are moving much closer to the functions that the media landscape should fulfil. We do not have strong opinions about the accessibility of television or MP3-players, but we might have an opinion on the pluralism in public opinion. In order to make this approach work, values will have to be tested against functions. Moreover, a sustainable steering philosophy is needed. It will have to confront the turbulent changes in the media domain and has no other choice than to concentrate on values: concentrating on instruments and technical regulations would lead to a policy that will never catch up with the latest technological innovations. Media policy should be decoupled from the legislative and operational orientations that now dominate it. It must be seen more and more explicitly as a strategic policy.

At first, the values for independence, accessibility and pluralism might appear to apply equally to all of the six functions defined above. However, a closer examination reveals that in determining and defining public interests, there are important concerning between how each of these values should be seen, for example, in relation to news provision and when linked to entertainment. The functional approach provokes policymakers to be more explicit: it will no longer be possible to hide behind general statements of, for instance, the 'pluralism of the press'. In order to legitimate public interventions, one has to be far more specific.

8.1.3 HYBRIDISATION

It is perfectly possible to use entertaining ways to involve the public in important debates on difficult social problems – indeed that may prove to be the most effective method of getting ideas across to some audiences. All other kinds of hybrid mixes of media are emerging as a result of creative experiments by many of the media players – journalists and programme makers finding new platforms for their ideas and new forms of expression.

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Consumers are using existing media in different forms (person to person) than the suppliers of infrastructure had originally anticipated (i.e. the use of SMS messaging and social media such as blogs).

It is possible to question whether the emergence of these hybrid forms is a positive development for society. If news provision, opinion and entertainment are mixed together, what does this say, from a social perspective, about the trustworthiness of the news? Is news no longer as reliable when mixed in this new form than when it is delivered and labelled as a separate service? It may not be as trustworthy – but there are also several reasons why it could be.

However, the good news in all this is that society and government are able to measure, discuss and evaluate these developments against the vital functions and values defined for the media landscape. There may be cases where hybridisation leads to a conflict of public interests. But once identified, they can form the basis for open, public debate. Government should allow this debate to be as broad as possible and not try to introduce policy to stifle the social conversation.

8.2   THE STRATEGIC MATRIX – COMBINING FUNCTIONS WITH VALUES

The functional approach to policy thus complements the value methodology developed earlier, whereby values at the heart of media policy are used to diagnose the levels of social risks and public interests in the media landscape. Both approaches, i.e. values and functions, are necessary and complementary elements of the new paradigm. They are intertwined like the horizontal and vertical threads of a fabric. Indeed, the values only acquire true significance when linked to various functions. Hence, the quality of news services has a very different meaning than artistic quality, independently of the medium used to distribute the news.

The full report tentatively applied the 'horizontal and vertical threads' model to developments in the media landscape. There are examples in the report showing where application of this kind of analysis can guide the discussion. Here, we present the gist of the argument and the results of the analysis undertaken in the original report.

The Council stresses that these exercises need to be repeated at regular intervals and will ask for extensive research and empirical date. Monitoring (of both supply and consumption of media, see further notes) will become more important. It will also be more difficult.[2] But only in this way will important social media trends, good and bad, become visible. However, the

final analysis and determination of public interest should always be a matter for political, democratic decision-making. How pluralistic should the news function of the media landscape be? Those kinds of questions need to be backed by monitoring and careful scientific research. The final answers will have to be found in the outcomes of public debates and political decision-making.

8.3 DEFINING THE FUNCTIONS IN DETAIL

8.3.1 NEWS PROVISION

Informing the public at large is one of the oldest and most important functions of the media. The social, economic, democratic and political functioning of society is only possible thanks to access to sources of reliable, accurate, impartial news and current affairs. Reporting the news and the background to the facts presented appears to be one of the most important functions that a media landscape will always have to fulfil in a modern democratic society. That this has to be done in an impartial way and that a democratic society cherishes professional, independent, high-quality journalism are truisms. In the field of news, independence is the most important value.

8.3.2 OPINION AND DEBATE

The second function refers to the fact that we love variety and freedom. Without a well organised opportunity to express and form opinions, democracies die. People with different views of the world should be able to express themselves in the public domain. A democratic society organises platforms in order to express, form and exchange opinions about news and all kinds of other things that are happening in society. Together with news provision, opinion forming plays an essential role in the democratic process. Accessibility (both to express and to form opinions) is highly important.

Although closely linked to news provision, the expression and discussion of opinions on news developments is a separate function. News is about informing individuals in the most objective and accurate way, feeding them with information for debate. News is about the what, when and where of life. It refers to specific crafts and codes: the crafts and codes of independent journalism. Opinion is more concerned with why, and asks for choice and colours. In an open society with open public debate, opinions may differ within and between communities. Opinion and debate are a condition sine qua non for dialogue and mutual understanding. Background material to form opinions needs to consider this diversity and

realise that a mix of different approaches to the same topic is a good thing. In the field of opinion, pluralism is the most important value.

8.3.3 ENTERTAINMENT

Entertainment is a third important function of the media landscape. More and more, the 'cultural and entertainment industries' are visible actors in the media landscape. It now takes many forms, from cartoons and magazine shows on TV channels to popular electronic games. Entertainment is a popular pastime and, as such, of great interest to advertisers. Consumer markets usually decide for themselves what is good or bad entertainment, although some role exists for professional criteria. The entertainment market is thus, essentially, a consumer market. Entertainment as a genre is often used to convey content that expresses other functions (e.g. infotainment is in many situations the best means to reach audiences that prefer (or have to be seduced) to consume news in the form of an entertainment formula.

8.3.4 ARTS AND CULTURE (AND EDUCATION)

Arts and culture have a special place in the media landscape. Culture has, of course, a very broad definition. It is the way in which various groups can make themselves distinct from each other, by having different behaviour, language, values and standards. It can also mean culture in the artistic sense. Culture refers to the reflexive capabilities of a certain society. Social aspects also play an important role in this function.

Culture plays a clear role in sharing interpretations of reality that makes human communication possible. Most of the time, culture plays a more explicit role than the other functions do. Culture also gives meaning to communication. It stimulates a shared way of thinking and action. For all these reasons, culture cannot flourish without communication, on a one-to-one basis or a one-to-many form. The various contents reflected by this function are often vulnerable content; although for some of them new markets are arising quickly. For this function, we should not only look at the audiovisual part of the media landscape but also recognise the role of books and libraries.

8.3.5 SPECIALISED INFORMATION

The media landscape must offer far more than news, opinion, culture and entertainment. Human beings cannot be reduced to citizens or consumers. They are social beings who have a variety of interests. It is these uneconomic and non-political interests that are also satisfied by the media landscape.

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This type of specific information provision is also different to news and opinions in that it is not always linked to a deadline or a current debate. This function has an important educational dimension. Of course, such an educational dimension can be recognised in all of the functions mentioned. But it is explicitly important for 'culture and specialised information' (or communication). Examples are:

- TV programmes about hobby interests, history, sports, etc.;
- Consumer information to enable citizens to make informed choices;
- Information about other countries which might be interesting for a holiday;
- Internet sites which offer comparative price information about mortgages, house prices, etc. (Appelman et al. 2005).

There are also less obvious examples of specialised information, such as an electronic programme guide, allowing individuals to find programmes that might interest them. The definition of specialised information is as follows: the provision of comparative and/or non-comparative information about specific interests, products and services where the sale of these interests, products and services is not the primary goal. This is the difference between this function and the next.

8.3.6   **ADVERTISING AND PUBLIC RELATIONS (PERSUASIVE INFORMATION OR COMMUNICATION)**

Commercial messages have many forms, but all are designed to influence. Whilst commercial organisations are the main actors, governments and social groups also use similar advertising techniques to get their messages across. Adverts in newspapers and on television are the most traditional examples. In addition, digital media have brought new phenomena such as spam, pop-ups, banners, home-shopping channels, programme underwriting and product placement. Once again, these forms can be separate from the actual content used to perform the function. If someone wants to advertise a product, a single advertisement in a magazine may be sufficient. It may also take the form of a campaign, including ensuring that stars in a soap series are seen using that product as part of the story. Several forms of advertising may also be amusing.

The Council considers it important that advertising and public relations are seen as a separate function and not combined with the other five functions. In a functional approach to media policymaking, it is important to clearly separate this function, for it requires specific attention (what kind of risks can be discerned in the perspective of the values that inspire general media policy: in the case of advertising, a special role for privacy seems to become very important in the digital age, where consumer information is more and

more valuable). This function has a clear goal for those who produce content to support this function of the media landscape, namely economic gain – to influence a consumer or organisation to buy a certain product or use a specific service. The government's aims to influence behaviour may be more for social than economic gain. But these kinds of aims can also produce risks and may require specific policies or regulations.

8.4 USING A FUNCTIONAL APPROACH TO DEVELOP DUTCH MEDIA POLICY

In future media policy, the Dutch government should regularly determine the social risks in the media landscape. It should do so for each separate function. For instance, the pluralism issue should no longer be viewed exclusively in terms of a single medium, such as television. The answer must also involve the supply of content and its use via other media, whether public or private, separated by function.

This will not be a simple monitoring process and it will ask for a well organised public and political debate, too. It will mean that the values that are brought in to interpret and assess the data will have to be more explicitly discussed. A debate about abstract values (e.g. pluralism) can be informed by empirical data and should lead to more or less concrete zones of tolerance that can guide those who are responsible for monitoring and evaluation. Media policy should be a continuous learning policy. Of course, one cannot change the opinions about the desirable levels of pluralism every year, but neither can one say that such a concept can be operationalised for eternity. Furthermore, such a debate will more and more be a European debate.

This way of thinking will expose possible inter-media dependencies and/or compensations and enable their inclusion in later deliberations. Using this approach, the so-called 'impoverishment of the press' is linked to possible compensations by other media including the World Wide Web, for the function of providing news and influencing public opinion.

In this new approach, the *emphasis is on social risks and public interest per function*. The approach transcends dichotomies and distinctions like the public-private one and those between separate media. The private, commercial sector of the media landscape is seen as no less important than the public sector, subsidised mainly by government. Although, with hindsight, the fixation of Dutch government policy on existing media institutions financed by public resources is understandable, it is also seriously outmoded.

The report conducted for this study yields a largely optimistic picture, provided policymakers remain alert. Notable areas of concern surround the

values of pluralism and independence combined with the functions of news services, background to current affairs, opinion forming and specialised information. Moreover, news services in the Netherlands appear to be suffering from a clear threat to quality and independence. Where the future turns out to be more optimistic, the current policy could be cut back, in areas such as medium-specific subsidies. Other areas offer grounds for new policy initiatives.

Conceptual Consequences

The classical approach of creating policy per medium is no longer valid, nor is it viable. It is important that policymakers conceptualize the media landscape as a whole, not as a collection of vertical pillars of information that each deserves a specific regulatory regime. This has important consequences for the way they detect risks, define public interests and legitimate policies.

Thus, a traditional question as to whether a broadcaster or a newspaper contributes to a pluralism of views within their specific sector is no longer relevant. A much more interesting question would be to ask whether the loss of a provider in one medium (say a newspaper) is adequately compensated by the pluralism of views expressed in another (a news site on the World Wide Web). Is there truly a case of 'real substitution'? This approach needs to be systematically applied – and frequently repeated – in order to ensure that the policy remains up to date and relevant.

Thinking beyond the Public-Private Distinction

Increasingly, all kinds of players (new and current) in the media landscape are capable of contributing to the six functions previously described. In the approach developed by the Council, it is not a priori the case that only publicly financed organisations are capable of providing content that serves or responds to a public interest. Nor should the policymakers' attitude be that for every function, policymaking or the organisation of a public provision is needed. In the analysis that this approach suggests, policymakers responsible for determining the public interests are invited to carefully look at what is offered in the media landscape seen as a whole.

It will be clear, then, that several commercial parties (broadcasters but also, and traditionally, newspapers and so on) are fulfilling a far more important role than before. The current, historically based fixation by the Dutch government on creating a separate public broadcasting system – separate from the commercial media world – can therefore be discontinued. The government does not need to treat publicly financed organisations in a different way (or with different legislation) than private ones. All the empirical evidence presented so far indicates that this no longer makes

sense. Commercial organisations are playing an increasingly important role in the overall landscape and have shown themselves capable of reaching a broad range of the population, especially younger generations. Policymakers have so far ignored the 'public' contribution of private radio and television stations in the Netherlands. The possibility of using market forces within a specific market segment to ensure that public interest is served is generally ignored.

Secondly, this approach allows policymakers to tackle the problem that the provision of too many public services with their own economic and technical impact can distort the market. Giving public organisations priority and backing this with legal protection are very hard to justify. Some argue that this has been the case with FM frequency allocations for radio in the Netherlands, where public and private broadcasters were not subject to the same procedures or legislation.

Thirdly, whilst it is true that commercial operators are primarily in business to provide increased value for shareholders, this does not imply that their social importance and input are so small that they can be ignored. Public institutions do not have a monopoly on serving the public. Commercial broadcasting organisations now enjoy wide reach and popularity, so it is difficult to justify the position that they play no role in social and political democratic opinion forming. Indeed, commercial organisations should be encouraged to demonstrate their social responsibility in society.

8.5 MORE EXPLICIT AND PRECISE LEGITIMATION FOR PUBLIC BROADCASTING IS NEEDED

Increased attention by policymakers to the private commercial providers in the media marketplace also implies clearer justification for the existence of public institutions. The following steps seem to be most appropriate:
• Which functions can be defined in the media landscape?
• What does the empirical analysis[3] say about the social risks and public interest for each of those functions?
• Which modality is the most effective to protect those public interests?

In light of the last question, the legitimacy of public broadcasting needs to be redefined from scratch. Even if it is decided that public broadcasting is in the public interest, the question remains about whether it has to be coupled to the financing of separate, public institutions to do the job.

Using this argumentation, a specific public function might also find itself as part of the commercial, private segment. Take an example of embedding

a publicly financed independent news service for the younger generation as part of a commercial institution running a popular music network.

8.6   VALUES, RISKS AND PRIORITIES: A FUNCTIONAL ANALYSIS OF THE MEDIA LANDSCAPE

In the full report, the Council has extensively backed the new approach with an empirical analysis of current and future developments in the Dutch media landscape. In the context of this booklet, we present only the results, which are summarised in the following table.

In essence, the matrix in table 8.1 gives specific indications for priorities for a future-oriented policy agenda. An indication of a risk to society in general is based on a weighting of the empirical developments in the media landscape within the framework of values and functions.

Table 8.1   The risk analysis as a matrix of functions & values

	News	Opinion	Specialist	Arts & Culture	Enter-tainment	Advertising & PR
Pluriformity	++	++	-	+	-	-
Accessibility	+	+	-	++	-	-
Independence	++	++	++	+	-	+
Social Cohesion	+	+	-	+	-	-
Quality	++	++	++	+	-	+
Privacy	-	-	+	-	+	++

Key: ++ = risk   + = no direct risk, but reason to monitor   - = no risk

8.7   GOVERNMENT MEDIA POLICY: THE NEED FOR SELECTIVE AND CAUTIOUS INVOLVEMENT

On the basis of the results presented in the table, the Council has proposed a series of substantive points that should be put on the policy agenda. Before we go into these points in detail, we should first highlight another topic. The profound changes in the media landscape not only ask for a change of paradigmatic basis and the substantive priorities of future media policy, they will also force us to rethink the way these policies are formulated and implemented. The new realities of the media landscape seriously invite us to rethink the way governments and laws actually steer and regulate.
As has been said earlier, the complexity and volatility of the current media landscape reveal the failings of a policy model based on detailed regulation

and centralised management. The new situation demands constant monitoring of the media landscape to identify bottlenecks and suggest changes. A rigid, self-enclosed policy model ('command and control') no longer fits. Instead, a 'variety and selection' model is more appropriate, involving more of a learning-without-prejudice implementation of policy (Van Gunsteren 1994).

This model broadens the number of policy options; pragmatically and selectively, it picks the best course of action based on what has been proven to work in practice. Instead of detailed prior regulation, the government needs to develop broad policy frameworks, more closely connected with the social values in the media. This means the social impact of the entire media landscape becomes more important, and this, in turn, demands new ways of monitoring change.

Also, this has consequences for the spread of responsibilities within new policy. It also influences the scale and instrumentation needed to carry out that policy. In terms of operational responsibility, the government traditionally takes on the burden itself. This approach has far too many limits to it. Professionals, non-profit organisations and individuals should also be explicitly brought into the picture, thus avoiding the danger of tunnel vision. The mere decision that a public interest is defined does not automatically lead to the conclusion that it should be a government organisation that is safeguarding it. Government could very well ask some private or non-profit organisation to do that.

The time-honoured dominance by national policymaking will be equally anachronistic in the development of future media policy. Media policy will often be a matter for multiple levels of government. Public interests will more frequently need to be managed at European and/or regional and local levels. Enhanced levels of monitoring and diagnostic methods will need to be linked with more creative and varied instrumentation. On one hand, monitoring will become more important. This is especially true of new media such as Web, mobile and broadband where measurement and research methodology are still being discussed and refined. On the other hand, supervision will also take on a more regulatory role. A clearer identification of risks and public needs will lead to a more selective policy. Government should only act in circumstances where social values dictate that it is really necessary. At the same time, when government responds, it must be able to respond effectively to cope with real problems.

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8.8 SPECIFIC RECOMMENDATIONS

The main goal of the report summarised in this publication was to develop a new policy strategy. Apart from that, the Council has formulated six specific policy recommendations that should play a prominent role in the agenda for a future media policy. The first three mainly come from considerations around the pluralism of the media landscape; the last three are concerned with improving the quality and overall independence of the media.

1   Arrangements must be put in place for independent, public, regular and cross-media monitoring and research of the plurality of suppliers, the pluralism of supply and the actual consumption. This is particularly important in relation to independent, high-quality news services and current affairs (those supplying background opinion as well as hard news). The supervisory task would be best organised under a single body covering the entire media sector. In the Dutch context, this would come about from a merger of the present regulators, including all or parts of the OPTA, the Dutch Media Authority and the Netherlands Competition Authority. Media supervision would include issues arising from competition and mergers.

2   Current Dutch regulations restrict the scale and concentration of suppliers. There should be a thorough review of these restrictions and, where possible, a major increase in flexibility. This is certainly the case where restrictions prevent Dutch organisations playing a significant role in other European markets and beyond, while hindering potential for cross-media ownership.

3   A European media policy is desirable and, in due course, essential. Policy surrounding the supervision of competition and market regulation should be formulated more specifically to cover media markets at a European level. National supervisory bodies should work within European frameworks.

4   The accountability mechanism for professional journalists in the Netherlands needs tightening up. In the first instance, this means enhancing, reinforcing and supporting self-regulation by the relevant professional bodies, such as the Press Council in the Netherlands.

5   In the view of the Council, there needs to be a broad, comparative study into a law that would reinforce the legal position of parties who may have been disadvantaged by the media. Hence, issues around appropriate conditions for the implementation of full or limited strict liability for providers must be dealt with explicitly.

6   In the years ahead, the place and position of training for journalists must receive special attention within higher education policy. On the one hand, this is necessary in order to strengthen their professional profile.

On the other hand, they really should prepare for the digital age. The marketplace, where journalists are able to share their stories and ideas across several platforms, requires more 'cross-media' thinking.

8.9 RETHINKING PUBLIC BROADCASTING

8.9.1 QUESTIONS

As we have stated in earlier sections of this booklet, discussions about the future of public broadcasting have largely dominated the debates on media policy in the Netherlands. This is not surprising, given the political history of that debate. This focus has led to a dominant role of questions concerning the governance of public broadcasting (as an organisation). This has taken attention away from the more fundamental questions regarding the future of public broadcasting (as a provision). The latter questions, however, are becoming more and more important as a result of the developments described in the original report and this summary. This is also reflected in the literature reporting on comparable debates on the future of public broadcasting in other European countries (McQuail & Siune 1998; McChesney 1999; Donges & Puppis 2003).

It would indeed be difficult to understand how anyone could evade fundamental questions about the future and legitimation of public broadcasting in the perspective of these major trends and developments: all of them radically change the broader reality they are a part of.

There seems little reason to avoid these kinds of questions. Moreover, these developments clearly show that the legitimacy of a public role in the media landscape (by arranging for the existence of a public broadcasting service) cannot be found in the traditional reasons that supported it (such as spectrum scarcity). It should thus be reinvented from scratch.

According to the Council, the 'why' issue should come first. It is best addressed with the same approach as developed for strategic policymaking for the media landscape as a whole. This also means that the major questions about the future of 'Hilversum' (the city which is currently home to many broadcasting organisations in the Netherlands) are not the organisational ones. New reasoning has to be applied. Bearing in mind the perspective of the values and functions discussed before, the Council has asked the questions of which social risks can be detected and, as a result, which public interests can be defined that support and legitimise a government responsibility for public broadcasting. Answers are needed per function, particularly, unbiased answers seen from a future-oriented perspective.

Government, as the legislator, will need to argue its case for a public intervention in the media landscape far more explicitly than before.

Only then is the 'how' question relevant, that is, how are recognised public interests to be safeguarded? The current structure of the Dutch public broadcasting system is then only one of the conceivable options. Furthermore, prudent policymaking and a learning approach are very important: public broadcasters are important societal institutions. Making new media policy in a highly uncertain and changing media landscape should not endanger that kind of institutions carelessly. On the other hand, rigid structures and vested interests should not block necessary innovations, either. More organisational options need investigation.

8.9.2 ANSWERS

Given the previous risk analysis of the overall media landscape, the Council concludes as follows for the first, 'why and what', question:

For the years to come, public interests are primarily served by an independent, pluriform and high-quality news service, the function of public opinion forming and social debate, and to a lesser extent, the functions of art and culture and the provision of specialised information. Without an explicit and substantive role by a public service broadcaster, society would take too many risks. This is especially true for a small country like the Netherlands. The media conglomerates that dominate the European market do not have a motivation to produce such content in substantive amounts, in the relevant languages and to a certain quality level.

However, in principle, functions such as general entertainment, advertising, public relations and other forms of persuasive communication do not form a core task for Dutch public broadcasting of the future, in whatever form it may take. This functional differentiation means relinquishing the current assumption in the Netherlands that public broadcasting should use public funds to provide a broad and comprehensive programme offering. It offers the opportunity for a new profile and focussed legitimisation. But its role in independent news coverage and stimulating debate in society leaves plenty of challenges for content producers to do this in new and effective ways.

Looking at the 'how' question, the conclusion here is in line with the general findings of the report. Once content is produced, the technical choice of which medium, channel and platform is mainly a matter of selecting the most effective media mix to ensure the best coverage of the

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intended target. This media mix may vary depending on the function and public interest. However, it is clear that TV will remain an important mass medium for the dissemination of content in the public interest.

Reviewing Four Models for a Future Arrangement for Dutch Public Broadcasting

As explained earlier, the form and structure of Dutch public broadcasting are currently being reviewed. We are aware that the discussion is also being followed abroad, despite the fact that no other country is faced with quite the same complex challenges of so many public broadcasting companies (see Section 4 for an explanation of this situation). The reader may be interested as to why the Council did not opt to copy broadcasting structures already in place in neighbouring countries (e.g. UK and Belgium) and opted for an 'hybrid' model, in which organisation follows function.

Model 1: Statutory Regulations for Suppliers of Media Services

In this model, public interests are safeguarded by statutory obligations only, which apply to all suppliers of broadcasting services, independent of the type of medium they use. The suppliers may be commercial or public or both. In this model, there is no question of a specific public controlled or financed offering. The advantage of this model is that it meets the robust developments such as convergence, internationalisation and individualisation. There are many new players in the market, including telecom providers, which have not traditionally supplied content. The short-term and medium-term downside is largely a matter of the current uncertainty surrounding convergence as well as the effectiveness and workability of the model. There are also insufficient safeguards for social embedding, i.e. the involvement of civil society.

Model 2: Continuous News Services and Production Fund

This model calls for a minimal public service. It comprises a rolling news service, a production fund and possibly distribution of content that is linked to other public interests. In both cases there is total editorial independence from the government. The production sector is subject to the tender system, and access to the funds is open to any potential suppliers. The major plus point of this model is its flexibility; this contrasts with substantial negative points in the form of transaction costs and hence restricted suitability.

Model 3: A 'BBC' Model

Here, the Dutch government would categorize public interest into legislation and formulate a charter. A public body (which has more of a permanent nature than described in Model 2) would implement the charter, following its remit. Compared with Model 2, the advantages for social

effectiveness and functionalism also imply less flexibility. Moreover, social embedding in Dutch society is not such a strong point with this model.

Model 4: Mixed and Open Model
Here, implementation of the public interest differs per function. News services are implemented by an independent, publicly funded organisation. The function of opinion and debate is in the hands of several 'broadcasting associations' in the broadest sense of the term, that is to say approved media organisations representing different sectors of society. They must regularly demonstrate that they are socially embedded, much more than is now the case with the Dutch broadcasting societies (the 'omroepen'). The third pillar of such a model would be an open and accessible system of tendering for content that can contribute to the functions of art, culture and education, as well as specialist information.

An initial advantage of this mixed model is that it combines the strong points of the other models already presented here. A second advantage is the more contemporary and focussed structure taken from elements of the current Dutch public broadcasting system, which contribute to social embedding and pluralism.

8.9.3   CLOSING REMARKS

In the very long term, the first option may very well be the only realistic model for policymakers dealing with the media landscape. This would be more of a 'print model' than a 'broadcast model'. The government would actually take the role of a market-master, whose role is simply to safeguard certain minimum standards.

But for the time being, it is not very likely that policymakers and politicians will withdraw from a more active public role in the media landscape. Nor would this be very wise: there is still very much that is uncertain. We should be very careful in abandoning institutions without being sure what will replace them. Without an active role as presented by some form of public service broadcaster, some of the functions that we always expect to be present in the media landscape would in fact become highly vulnerable, unstable and uncertain. Nor could we be sure whether the functions would be fulfilled in a way that is satisfying from the viewpoint of the values we have discussed. For several functions, analysis of the trends that affect the future media landscape reveals that we would be taking unacceptable risks. Especially for a small country like the Netherlands, eager to preserve its language and culture – and given the uncertainties that still prevail – this would not be a wise policy. The 'presence' of publicly supported content, which would support one or more functions, is still needed in the future media landscape.

In the view of the Council, the fourth model outlined above is the most desirable for the Netherlands for the next several years. It respects the tradition of a public domain that is characterised by an active involvement of civil society. Some support for non-profit associations in a world that is dominated by for-profits is not a bad choice. On the other hand, the Council points out the necessity of a more dynamic system that would lead to a more adequate representation of the current population of the Netherlands. It recommends introducing elements of flexibility to sustain a more adaptive and flexible attitude towards the future.

This mixed approach gives the existing public broadcasters (the 'omroep-verenigingen') the chance to develop into cross-media producers. They would be guaranteed a portion of their existing airtime, but would need to work harder to earn their position in the public marketplace. Meanwhile, an Executive Board would be able to further develop and innovate the notion of 'public broadcasting' in a digital era.

Innovation is indeed perhaps the important factor. The Council emphasizes that, given the rapid changes in the media landscape, fixation on a single model is not the best course for the long term. Otherwise, tunnel vision will quickly ensue, and market forces may overtake solutions. The most sensible course would be to adopt a set of creative and flexible arrangements, thus safeguarding public interests and functions in the media landscape as a whole.

NOTES

1   Here again, we stress that some functions are extended by using different genres of content. Also, we see more and more that some genres and functions are combining. Some of these mixes represent important opportunities (e.g. infotainment to reach specific audiences), others might be more problematic (e.g. infomercials). What should be considered as an opportunity and what as a threat can only be discerned when we combine functions and values (see next section).

2   Although the digitalisation of the equipment will also make these things easier, in certain respects. When using digital equipment, consumers will always leave 'electronic fingerprints', which can easily be collected and analysed. One of the leading Dutch publishing houses (VNU) is already making more money by collecting and selling this kind of information than by printing books and other publications.

3   This analysis should of course be repeated regularly, given the rapid and complex (technological, socio-cultural) changes in the media landscape.

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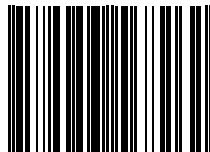# Media Policy for the Digital Age

This booklet provides the reader with an extensive summary of a Dutch report on the future of media policy, published earlier in 2005 by the Netherlands Scientific Council for Government Policy. The report intends to present a new paradigm for technology-independent, sustainable policymaking in the digital age. Many countries are currently commencing with a similar process: the digitalisation and economic and technical forms of convergence are changing the media landscape world-wide.

In every country, traditional government policies that seek to pursue democratic values such as pluralism and accessibility in the media are being challenged by new developments that are rapidly transforming the media landscape. These transformations are provoking many uncertainties. Empirical research and future-oriented reflection on what governments should and can do to support both the further development and the democratic nature of the media is one of the ways to cope with these uncertainties.

The Council believes that its report may also be relevant for policymakers in other parts of the world. Since the bulk of the WRR findings appeared in Dutch, the Council has decided to publish this synopsis in English. This version gives an overview of the global issues at stake – and the solutions suggested by the WRR.

The Netherlands Scientific Council for Government Policy is an independent advisory council for the Dutch government.