BROADCASTING, DEMOCRACY AND LOCALISM

A Study of Broadcasting Policy in Australia from the 1920s to the 1980s

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ABSTRACT

As a study in the political sociology of broadcasting in Australia, this thesis has dealt with changes in Australian broadcasting policy from the 1920s to the 1980s. These changes are conceptualised as a transition between two principles (Localism Type I to Localism Type II). It traces the expansion of Localism from Type 1 to Type 11 as the consequence of a political conflict between government, commercial broadcasting and special interest groups.

The transition from Localism Type I to II has involved a change in the conception of 'the audience'. Localism Type I conceived the audience simply as a geographical entity, whereas Localism Type II has perceived the audience as a complex set of sub-groups defined in terms of social characteristics. Localism Type II requires that the needs of audiences, in their smaller and larger fragmentations, should remain paramount in the programming concepts produced by all broadcasters. The commercial sector has largely failed to comply with both types of Localism in the servicing elements and as a consequence the public sector has assumed the greater burden of both programming activities.

These changes are attributed to three major causal factors. First, the state has intervened politically in the marketplace to impose controls over private sector activity and, when those measures proved inadequate, it created alternative, public-funded structures. Second, the failure of commercial broadcasters to comply with the conditions of licence (Localist Type II objectives in the servicing elements) has been the result of a marketplace logic. Third, changes in the concept of localism and broadcasting arrangements can be attributed to the influence of minority political groups who have struggled to define broadcasting objectives in broader social terms as opposed to private profitability. Following T.H. Marshall, the influence of minority political groups in public decision-making outcomes is conceptualised in terms of an expansion of citizenship.

The state has a structural interest in social unity since it is both a cause and effect of the disunity inherent in the tension between capitalism (a system of economic inequality) and democracy (a political system of formal, universal egalitarianism). The role of the state in a

liberal democracy lies in the space between the inequality of the economic system, and the formal equality embodied in the universalistic claims of the political structure.

Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university. Further, to the best of my knowledge and belief, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis. I consent to the thesis being made available for photocopying and loan if applicable if accepted for the award of Doctor of Philosophy.

Karen Lane

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SECTION I

Introduction

This thesis is a case-study in public policy. It aims to elucidate the nature of state intervention in the creation of broadcasting policy in Australia and to identify major causal determinants in this regard. Broadcasting policy is a fertile area of research because, while much has been written about the media, particularly about social effects and the role of the commercial media viz-a-viz capitalist economic relations, little attention has been paid to the relationship of the component parts to the whole, how and why these sectors were created, and why they have been subsequently modified. Specifically, little has been written about the nature of state intervention in the area of media communications, except to subsume state activity within crude structuralist or instrumentalist theories. In addition, there has been little recognition of the significant part played by minority political groups in affecting state policy with respect to public and private broadcasting sectors.

This thesis, therefore, addresses the following problems. It confronts the issue of how to conceptualise the state within the broad parameters of a capitalist economy overlaid with democratic or quasi-democratic political structures. On this topic, the argument considers the relationship between the economy, the state and civil society. It advances the notion that the state is an irreducible political entity, whose form and function is shaped by both spheres on either side, but which in turn shapes them. The state cannot be reduced to the struggles emanating from the economy and civil society. The state is best described as a paradoxical entity. It supports inequality directly or indirectly by underpinning a system of private accumulation. It must do this because the state is a mainly non-producing, redistributive institution and steady economic growth is a vital element in maintaining its own material base of power. At the same time, the state supports a system of formal political equality and universal representation, because this provides the basis of its own political legitimacy. There is another way of presenting this argument. Although the

theory of constitutional government originally conceived political representation as premised on geographical location, empirically it is the case that class and other political struggles have determined the outcome of state policy. Within this thesis the concept of citizenship is advanced to encompass those determinant social struggles based on other than class-related claims. The argument is that the state has a structural interest in 'social unity' (a concept which is explained later) and political coherence, since it is both a cause and effect of the disunity inherent in the tension between capitalism and democracy.

Thus, there are three major strands to this thesis. First, it is argued that the state has an interest in social unity. Second, this interest in the political creation of social unity is enscapsulated in the policy called Localism. It has been a policy which has subordinated the private interests of broadcasters and shareholders to the over-riding needs of audiences in the station's service area. Third, I have argued that the concept of localism has changed over time as a result of conflicts and struggles by minority political groups. The concept has changed from one where an audience was defined in terms of a simple geographical entity, to one where an audience was conceived as a complex set of sub-groups defined in terms of sociological characteristics. I have called these two concepts Localism Type I and Localism Type II, respectively. For example, Localism Type I would define an audience in terms of the residents of, say, Whyalla. Localism Type II would define an audience in terms of the Protestants, the women, the children, the aged, the cultural associations and the sporting bodies, of Whyalla. It would also incorporate the idea that all of these sub-groups are Australians and that they share a unique cultural heritage and identity as Australians living in Whyalla. Localism Type II understands that whatever the structural arrangements - whether stations are licensed as individual, autonomous entities, or whether the stations belong informally to a network of stations - the needs of audiences are paramount.

Evidence of Localism Type I can be found originally in a 1928 Cabinet decision which referred to a 'dual system' of broadcasting.[1] The plan which was adopted envisaged two systems:

> ... one (the national service) to be a completely co-ordinated public utility, which would be financed by a direct charge to those who elected to become listeners to broadcasting,and in which the component parts were to be so related that at least one daily programme could be usefully heard by at least 90 per cent of the people;

> the other system (the commercial service) to be an assemblage of individually operated units provided by private enterprise, which would be financed by an indirect charge on all people by virtue of the broadcasting advertising loading contained in the price paid for the goods they buy, and in which the component parts were to give a broadcasting service essentially local in character.

Basically, the dual structure comprised a public and a private sector. It was envisaged that the publicly-funded sector would be part of a nation-wide network and would produce and broadcast programs primarily of interest and relevance to the nation as a whole. The commercial sector would be local in character. Each station would be licensed to operate on an individual basis and would produce and broadcast programs of interest and relevance to the community within the station's service area[2]. In this policy statement, the responsibility for localism - local programs for local communities - was held to be the realm of the commercial sector. Every community, rural or metropolitan, defined by geographical location, was to be served by their own autonomous, local broadcasting station which would attract funds from firms wishing to advertise goods and services to local consumers. The role of the public sector was to overlay the system of autonomous, parochial, commercial units with a national network bringing the same information to all Australians regardless of location. Thus, the one major role of the state within the broadcasting system was to engender a sense of an Australian identity and to foster national unity.

In 1984, when the Department of Communications came to define localism and how it could be achieved, the role of the sectors had changed. It was not the commercial sector

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[1] Parliamentary Standing Committee on Broadcasting (1943), First Report, Canberra, Commonwealth Government Printer, pp. 20.
[2] Department of Communications (1984), Localism in Australian Broadcasting, Canberra, Australian Government Publishing Service, pp.11-2.

alone which bore a responsibility for localism. The public sectors, including the new public radio sector and Special Broadcasting Services, were also required to have regard for localist objectives:

> commercial (and, as appropriate, public and ABC) radio and television stations should be individually operated units located in as many areas as possible, the size of the service area of a station being such as will reasonably permit the station to be commercially viable. Derived from this notion is the belief that ownership and programming should be controlled at the local level and that the programming provided should cater for the particular needs and interests of the community within the station's service area[3]

More specifically, localism was divided into two separate, but interrelated elements:

> (1) structural (or primary) elements, i.e. the role of the particular sector, the establishment of stations on a network or individual basis, the number of broad-casting outlets in an area and local ownership and control; and

> (2) service (or secondary elements), i.e. local programs (which includes news and information relating to the service area), advertising, community service announcements and station involvement in the community (including support of community activities).[4]

It was also explained that the service elements were termed 'secondary' not in terms of their importance, but because they actually derived from the primary elements, ownership and control of individual stations. In terms of importance, the servicing elements were primary, because the test of a 'good' broadcasting system was whether audiences were served adequately in terms of their programming requirements. In other words, the basic objective of localism was:

> to ensure that broadcasting services are attentive to the specific needs and interests of each local community.[5]

There are only hints here of the vast changes that had actually occurred during the interim sixty years. There were three main elements to those changes. First, the public sectors were also required to achieve localist objectives which meant implicitly that the commercial sector had not complied with their localist obligations under the conditions of licence. Moreover, just as they had not been forced to comply entirely with these provisions in the

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[3] Department of Communications, op cit, pp. 5.
[4] Op cit, pp. 5-6.
[5] Ibid, pp. 226.

past, they would not be required to do so in the future. Commercial operators would continue to be allowed to put the needs of shareholders above the needs of audiences. Second, the structural elements were conceived quite differently. Private and public structures could be established on a 'network or individual basis', which recognised the actual existence of significant private communication networks not anticipated in the 1928 plan. Third, the concept of the 'audience' was much more complex. The audience was a collection of diverse minority groups, all of which had the right to be recognised in broadcasting services.

The empirical chapters in Sections II and III contain a selective political history of broadcasting in Australia between the 1920s and the 1980s which support the thesis that it is the tension between the empirical reality of economic inequality and the potential for political equality which provides the context within which to explain the character of state intervention in Australia. These chapters show that the objectives of broadcasting policy have not altered but broadcasting arrangements have changed dramatically over time in order to achieve them. The single-sector system created in the 1920s changed to a dual system in the 1930s with the addition of the national, publicly-funded sector, and it changed to a four-sector system in the late 1970s. In 1987 the system will change again to a three sector system. These changes stem from three major causal elements: (1) the search for profitability by the business sector and struggles between large and small capital units; (2) the struggles by minority political groups- those based on gender, race, ethnicity, region, age, and disability - to direct broadcasting services to meet diverse social needs; and (3) the active mediation by the state in the search for political unity. An important feature of this political process is that social struggles are associated with the social rights of citizenship.[6]

To repeat the heuristic formulae briefly, I have referred to these changes as a tension between Localism Type I and Localism Type II. Localism Type I refers to local ownership

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[6] Marshall, T.H. (1977), Class, Citizenship and Social Development, Chicago and London, The University of Chicago.

and control, and to local services. Localism Type II refers to extra-local ownership or control, networking agreements and the production of high quality programs for varied and specific audience categories. The argument is that Localism has changed from Type I to Type II, and that Type II is more a function of the public sectors than the commercial sector. These are not dichotomous categories. The categories designate extensions in both structural and service elements over time. Thus, Localism Type II embodies the notion that political representation is no longer a simple question of geographical location. The emergence of Type II policies also correlate chronologically with the development of networks within the commercial sector, and the development of Type II coincides in an important way with the expansion of the social rights of citizenship. The critical point is that, no matter how the structural elements are arranged, the needs of audiences in the complex sense must prevail. Further, it is argued that the commercial sector has failed in large part to fulfil these Localism Type II obligations, except where they are specifically required to do so. For example, in the late 1970s, commercial stations had to promise to provide a certain quota of children's material, Australian content and religious programming. However, the logic is that commercial stations will always try to maximise audience numbers by providing categories for mass-audience appeal. Diversity, experimentation and innovation will necessarily be avoided under this logic, even though the Australian Broadcasting Tribunal has issued a policy statement to the contrary. The fact that the public sectors provide nearly all Localism Type II programming services further advances the hypothesis that the state supports, however paradoxically, a private economic system which perpetuates inequality, and a political system whose function is to promote, at least in principle, social egalitarianism. Therefore, the concept of 'localism' contains a variety of dimensions which stand in a complex relationship to each other. This thesis attempts to understand the changing structure of localism in broadcasting.

In summary, this thesis will examine why and how these changes occurred. I have already stated that there were three causally important elements: the drive for profitability, the struggles by political minority groups, and the active mediation of the state in the search for political coherence. SECTION I will develop a theoretical framework in which to locate the

state in a capitalist, liberal-democracy. SECTIONS II and III contain the empirical evidence to support the thesis that the political system of representation has changed from one based on geographical location to one based on class and other political bases of power. In addition, the evidence supports the hypothesis that the state has a structural interest in social unity.

CHAPTER ONE

Theories of the State

The aim of thesis is to locate the state within the broad parameters of a liberal democracy, that is, a society with a capitalist economy, but overlaid with democratic or quasi-democratic political structures The argument is that the state is best described as a paradoxical and irreducible political entity. It stands juxtaposed to the formal, legal separation between the economic and political spheres, and the empirical interpenetration of both. The state is a paradoxical entity because it supports inequality directly or indirectly in the economic sphere (as a means of maintaining its own material base of power, because it is mainly a non-producing, redistributive institution), and it also supports social equality in the political sphere, because effective redistribution provides the basis of its own political legitimacy.

There is another way of presenting this argument. Although the theory of constitutional government originally conceived political representation as premised on geographical location, empirically it is the case that class and other political struggles have determined the outcome of state policy. That is, social inequalities produced by capitalist economic relations have been challenged by means of the formal, political equality embodied within the notion of citizenship. The tension between the economic and political spheres provides the context within which to explain the character of state intervention in Australian capitalism. It is this tension, and the relationship of the state to both spheres, which has been responsible for the development of a public/private system of broadcasting in Australia. It will be argued that the state has a structural interest in social unity, or political coherence, because it is both a cause and effect of the disunity inherent in the tension between capitalism and democracy. That coherence can never be achieved, at least in the long term. While unequal power relations in the economic sphere continue to dominate social relations of production and exchange, the power of the state will also be limited insofar as it is able to undertake effective means to redress social inequalities.

The argument in this chapter comprises four main strands, which address the historical relationship between capitalism and a liberal, representative political system:

1. Under the theory of constitutional government, there is a formal, legal separation between economics and politics; between production and exchange, on the one hand, and re-distribution, on the other.

2. Nonetheless, these spheres have become highly interdependent as a result of periodic economic crises, structural crises, contradictions, and class and other political struggles. It is the empirical interdependence of both spheres, especially in the post-war period, which has prompted new attempts to define and articulate the nature of the state in contemporary monopoly capitalism. The notion of the 'relatively autonomous' state has been used frequently to delineate the relationship of the state to the accumulation process. These arguments will be challenged, since they do not recognise the real gains made by the working class through corporatist alliances, and by other political minority groups in the contemporary welfare state.

3. In this thesis, the notion of citizenship is advanced to explain the impact on state activity of struggles based on social categories in addition to class. Class-based demands would include those based on relations to the means of production such as ownership or through wage-contracts. Class-based organisations include private firms, business' political organisations and trade unions. Non-class demands emanate from social categories based on gender, ethnicity, race, religion, region, age and physical handicap. The expansion of the social rights of citizenship in this century is fundamentally indicative of the increasing interdependence of the economic and political spheres. This has resulted in new realms of state activity and new attempts to conceptualise that activity. The 'relative autonomy' arguments have tended to ignore the long-term effectivity of subordinate social struggles. In this thesis, these struggles are not understated. To give adequate theoretical weight to their effectivity, the conceptual apparatus must be redrawn to include more than a

simple dichotomy between the political and the economic. Urry's notion, taken from Gramsci of the interrelationship of the economy, civil society and the state, is adopted to show the real impetus of these struggles, and the complex relationship of the state to these antagonistic spheres. It is argued here that the state must respond to struggles within and between these two spheres, because its own legitimacy, material and political, is premised upon efficient economic growth as well as efficient modes of redistribution. This is why the argument is posited that the state has a structural interest in social and political unity.

4. The state has always possessed a distinctive interest in unity, however the modus operandi and the nature of the contesting social forces have changed over time. This chapter will show some of the major differences between the kinds of struggles endemic to feudal society compared with capitalist societies.

5. There can be no general theory of the state, because changes in the form and function of states are the outcome of struggles over the most suitable economic and political strategies to overcome crises and maintain conditions conducive to economic growth and political stability.[1] While there can only be theories of particular states defined as configurations of contextual conjunctures, it is possible to identify common trends in capitalist economies and to identify similarities and differences between nation-states.[2] This chapter, and the following empirical chapters which examine broadcasting arrangements in Australia, provide a case-study to examine the causal determinants of social change where the state has mediated in an active way[3] to reconcile antagonistic demands from class and non-class minority political forces.

Capitalism and Democracy - the formal, legal separation between the economic and political spheres

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[1] Jessop, B. (1980), 'The Transformation of the State in Post-war Britain', in R. Scase (Ed), The State in Western Europe, London, Croom Helm, pp. 23.

[2] Scase R. (1980), The State in Western Europe, London Croom Helm, pp. 13.

[3] The idea that the state is an active mediator can be found in a study of the British steel industry by McEachern, D. (1980), A Class Against Itself: Power and the Nationalisation of the British Steel Industry, London, Cambridge University Press.

The formal division between politics and economics, and between the state and civil society, can be located historically with the gradual dissolution of feudal relations of production and the strengthening of a market economy. Anderson[4] has explained that the one essential divergence between feudalism and capitalism was the difference between political and economic relations, and specifically the location of political power. Under feudalism, political authority was centrifugal. The functions of the state (the 'Court') were distributed downwards but, at each level of lower command, political and economic relations were integrated. This meant that the direct producer, the peasant, remained united with the means of production, the soil, and compulsorily bound to this relationship by the juridical amalgamation of economic exploitation where political authority was exercised by the lord.[5]

It is argued that, even within feudal societies, the state had an interest in social unity, although the structures, social forces and the form of the state were different. For example, Oestreich[6] has surveyed the historical development of states and societies of Europe from the sixteenth century and has revealed the continual conflicts between demands from the estates for representation and the ruler's efforts to achieve sovereignty. He has detailed the conflicts between nobles and the king, and between corporative opposition and the absolutist state. Although Oestreich could find no linear development between contractual monarchy and constitutional government,[7] he did discover the existence of a common motive - the requirement of military defence - underlying the expansion and strengthening of states and administration.

Thus, the tendencies towards absolutist government were shaped by the exigencies of war, but these centralist tendencies were matched at the lower levels (estates) by defensive

[4] Anderson, P. (1974), Passages From Antiquity to Feudalism, London, New Left Books, pp.148.
[5] Anderson, op cit, pp. 147.
[6] Oestreich, B. and Koenigsberger, H.G. (1982) (Eds), Neostoicism and the Early Modern State, Cambridge, Cambridge University Press, pp. 170-82.
[7] See also Koenigsberger, H.G. (1977), 'Monarchies and Parliaments in early modern Europe', in Human Figurations: Essays for Norbert Elias, Amsterdams Sociologisch Tijdschrift, pp. 293-318.

resistance. No single model of development has been found, but a common background has been established. In all cases, estates and political classes conflicted with the crown, the court and the government over the appropriate form of representation in the organs of state - in the expanding administrative and legal apparatus, the military, and particularly in the financial and fiscal sphere. There were also controversies over the place of divine or natural law in political legitimation, and about the tendency to exclude other forces from participation in national government. However, the absolute monarchy did not possess the power to control all activities in territories under its legal jurisdiction. The provincial estates, regional associations, local authorities, the manors and town councils, with their multiplicity of intermediate powers, presented forceful opposition to the centralised, monopolistic powers of the crown. In other words, there were no delegated powers from the supreme state authority but, rather, there existed a plurality of rights and authorities at different levels. The monarchy reigned only because it constituted a new order, in which its 'subjects' were invited to participate in solving the pressing problems of defence, population expansion, communication and economic growth.

Hence, in practice, the monarch or ruler was compelled to seek advice and guidance from constituents, even though the ruler held formally the sole right of decision. Absolute power was accorded only through the need for a strong, disciplined army and civil bureaucracy to counter the decades of war and the confusion of political and religious principles. Its theoretical basis, the primacy of reason over theology, was established by recourse to Roman notions of state and law, but public opinion for the moral justification for such rule had to be won from dispersed regional authorities.

While discipline dominated the social ethos of absolutism, it did not auger well for the new dominance of the market, where freedom of exchange demanded less rigid regulation by the state, but more legal protection of the contract between individual participants to the exchange. It was because of the requirements of the market that absolutism was dissolved under the bourgeois economic revolution of the eighteenth century. Political power under capitalism became centralised and the state became formally separated from the economic

sphere.[8] Under liberal theory, it was assumed that the economic sphere and civil society, comprised private acts between private individuals. In the political sphere, the parliament replaced the Royal Court, to become the principal national forum of political representation.[9] The theory of constitutional government, which justified this formal, legal separation between the economic and political spheres, was designed to emasculate the state - to subordinate the political process to the economic sphere.

It was the liberal conception of a minimalist state, which envisaged the state as a body acting merely to uphold the sanctity of the law and to safeguard the right of the citizen to private property. The system of representation by political appointees, accountable to parliament and accountable ultimately to the (then limited) electorate, ensured the acquiesence of the state to civil society constituted by individual citizens. The division of powers among the legislature, executive and the judiciary within representative government enscapsulated this subordination. First, legal procedures vested authority in office-holders. Second, effective restraints were placed upon the exercise of power. Third, institutionalised procedures ensured the responsibility and accountability of public officials. Fourth, a system of legal guarantees enforced the rights of individual citizens.[10] Indeed, the political sphere was to be subordinate to the underlying social and economic structures. In Adam Smith's words, no political prime mover was required because the individual '... has a principle of motion of its own'. This was the pursuit of economic self-interest.[11]

This historical sketch underlines the basic argument being advanced in this thesis: the state must attempt to achieve political unity in a given social formation where unity is a fragile and transient outcome of the demands made by contesting social forces. The state cannot guarantee that unity will be achieved. It must be continually reconstructed through reconciliation of a diversity of forces, while its own power of intervention and continued existence rests on a successful reconciliation and a strong economic base. The state,

[8] Oestreich, op cit, pp. 259-72.
[9] Jessop, op cit, pp.54.

[10] Wolin, S. (1961), Politics and Vision, continuity and innovation in Western political thought, London, George Allen and Unwin Limited.
[11] Wolin, op cit, pp. 288-291.

therefore, has an interest in achieving unity; a process whereby its own form is reshaped by social and political struggles, including struggles for access to state power. However, it cannot be reduced solely to those struggles. Although the state cannot act in isolation from the economic sphere or from civil society, and in fact derives power from them, it does possess a distinctive space in which to make relatively autonomous decisions about how best to achieve social unity. Moreover, these decisions may not correlate exactly with the interests of either class or non-class forces.

The growing interdependence of the economic and political spheres

In this century, an unprecedented situation has occurred in Western capitalist economies. The formal, legal and institutional separation of state and economy has been blurred by the actual interpenetration of both spheres. The increase in state intervention, not just in regulation and distribution, but in the production process itself has been especially significant. In addition, competing demands on the state by capital and labour, and by political minority forces, have intensified the debate in the last two decades about how to explain the nature and function of state power. A full understanding of the changes in the institutional form of the state and the nature of state power rests on identifying and analysing two historically and theoretically distinct developments in capitalist economies - the development of the market economy, and the later imposition of a limited, that is, liberal variant of democracy. It was the latter development which requires a concept to incorporate the spread of democratic practices from limited civil and political rights to the kind of social rights distinguished in this century. The concept of citizenship is used here to promote the idea that these rights have meant tangible gains for subordinate classes and political groups.

The key to understanding the nature of the state, and state power, lies in the recognition that the state has been forced to guarantee the conditions of capital accumulation but also the conditions (legal and social) of citizenship rights because both provide the material and social bases of state power. The crises of the state (fiscal and representational) are a result of the inherent tension between social class and citizenship; between economic inequality and political, formal equality; and the formal, legal separation of economics and politics in

the face of the empirical interpenetration of the state in contemporary capitalist economies. It is the question of how to evaluate this interpenetration, or relative autonomy, which lies at the heart of contesting theories of the capitalist state. Before the most pertinent of these debates are examined, it is necessary to elaborate the historical development of citizenship rights within a market economy and the consequences, intentional and unintentional, this has had upon the institutional form of the state and the nature of state power.

The rise and transformations of citizenship

It should be stated at the outset that it is not possible to specify the co-terminous development of citizenship rights with a particular stage of economic development, because both trends represent outcomes of different historical, political and economic conjunctures. However, it is possible to see that the roots of the conflict, or the development of citizenship and class relations, sprang from the same source. As Marshall[12] explained, the freedom of the individual to engage in economic contracts formed the basis of a competitive market economy, as it did the basis of limited civil rights in the twelfth century. These limited civil rights comprised the rights necessary for individual freedom of exchange - personal liberty, freedom of speech, freedom of thought and faith, the right to own property and to conclude valid contracts, and the right to justice. These are discussed below.

Common Law was interpreted to reinforce the dispossession of peasants from the land and accord to them individual rights to work where they pleased. This also negated the right to guild monopolies and exclusionary apprenticeship arrangements. Freedom was restricted to negative freedom. This was the freedom to enter exchange relations, which in turn entailed the freedom to buy and own property and the freedom to sell one's labour power. This law was extended to all men in the land and developed simultaneously alongside the extension of trade, and the emergence of national as opposed to local political jurisdictions. Thus, there were three contiguous developments - the creation of law and civil rights; the

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12 Marshall, T.H. (1977), Class, Citizenship and Social Development, Chicago and London, The University of Chicago Press, pp. 92.

extension of trade outside national boundaries; and the development of the nation-state. The creation of individual freedom, which entailed economic freedom and limited civil rights, in turn affected the form of the state because it had to expand to include the institutions of justice, the courts, which were required to guarantee those rights under Common Law. The right to justice for all was the one qualitatively different element in all of these developments, because it implied the right to defend and assert all one's rights on terms of equality with others by due process of law. Paradoxically, it was the notion that the individual had the power to protect himself, which was one justification for the denial of political and social rights until the nineteenth and twentieth centuries.[13]

Sociologically, these three co-terminous developments - the market economy, civil rights and the nation-state - occurred as a result of struggles entered into by the rising middle-classes against the feudal aristocracy, hereditary monarchy and the authority of the Church.[14] I showed earlier that these struggles represented conflicts over the most suitable means to achieve economic accumulation and political stability.[15] The argument is briefly that the expansion of citizenship from limited, civil rights to the political and social rights we recognise under modern constitutional government and the welfare state grew out of class antagonisms. Where class denied equality in the act of exchange, so the mechanism of citizenship was used to demand equality in the sphere of distribution. When these struggles enlarged the power, the functions and responsibilities, and institutional complexity of the state, the struggle over distribution had to affect reciprocally the act of exchange and class relations. The separation of the economic and political spheres was transformed, as was the relationship between capital, labour and the state. Further, struggles by disaffected subordinate classes and minority political forces has widened the umbrella of citizenship to include non-class forces, such as women, race and ethnic groups, regional and residential groups, the aged, children and the handicapped. It has

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[13] Marshall, op cit, pp. 96.

[14] Bramsted E.K. and Melhuish K.J. (1978), (Eds), Western Liberalism: A History in Documents from Locke to Croce, London, Longman Group Limited, pp.3; see also Wolin, op cit, pp. 301.

[15] Jessop, op cit, pp. 23.

also included those classes excluded from corporatist alliances, such as small businesses, professional associations and small unions. Thus, the demand for greater equality, or the social rights of citizenship, has become synonymous with the modern welfare state and corporatism. It is significant that some of these demands have been articulated under the rubric of the right to self-determination.

The task here is to trace the transition from limited, civil rights to political and then to social rights. It is important to note that early civil rights did not equate with what could be termed even a limited democracy. The expansion of citizenship to include political rights was a much later development. What we term a 'capitalist democracy' actually involved two separate historical trends which merged in the early to middle nineteenth century as a result of antagonisms emanating from the disenfranchised working classes. The point has been made that the source of the conflict between class and citizenship can be located in the formative pre-requisite for market activity. However, the expansion of citizenship was neither a pre-determined outcome, nor a desirable one from the point of view of capitalist entrepreneurs. Further expansions were the result of successful struggles over adequate distribution and redistribution measures when these were denied in the act of economic exchange.

As Macpherson [16] has argued, the trend towards democracy within capitalist societies has been a relatively recent addition to liberal theory. Liberalism, as a theory of society, originally stood alone to justify a competitive market model of man and society until the middle of the nineteenth century. Before that time, theories of political participation were relatively undeveloped. Hobbes had made some reference to safeguards against tyranny, although he supported absolutism rather than democracy[17] and only Rousseau in the

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[16] Macpherson C.B. (1977), The Life and Times of Liberal Democracy, London, Oxford University Press, pp. 21; see also Macpherson C.B. (1973), Democratic Theory: Essays in Retrieval, Oxford, Clarendon Press, pp. 24-57.

[17] Brugger, B. (1983), 'Classical British and European Liberalism and Democracy', in Liberal Democratic Theory and its Critics, (Ed) Wintrop, N. London, Croom Helm, pp.

eighteenth century had advocated a theory of participatory democracy.[18] It was not until the nineteenth century that some liberal thinkers attempted to combine market principles with a humanist, ethical position, although the rationale was far less a humanist one than as a pragmatic defence of the propertied classes. Before the nineteenth century, political franchise was limited to the privileged, land-owning or propertied classes. Nevertheless, citizenship was not a politically empty category. Certainly, it did not confer an immediate right to political participation, but it did recognise a potential capacity. This meant that individuals had the right to achieve economic success. They could work, save and buy property, or secure for themselves the grounds upon which they could be granted privileges to participate in the exercise of political power.

Of course, the attainment of these privileges by the ordinary working classes remained virtually impossible. The growth of working-class militancy, literacy, trade unions and mutual benefit societies were reactions against the built-in impediments imposed by the asymmetry of capital/labour relations. Some liberal thinkers, and most notably John Stuart Mill, recognised the dissention and opposition inherent in these developments, and in 1848, he proposed to extend the franchise to all citizens. This change cannot be attributed primarily to egalitarian or altruistic sentiment. The franchise was extended on the assumption that a practical interest in the affairs of government would render the masses more compliant and, further, that universal franchise when it was introduced would not translate into rule by the working class. [19] Indeed, one need only glance at Mill's plan for the plural vote to see that what he tried to reconcile were the historically distinctive problems of positive and negative freedom.

Mill could see that the violence and the conflict around him did not stem from an immutable strain in the human psychology. They were the direct consequences of the paucity of reward suffered by the working-class under the exploitative conditions of competitive

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[18] Pateman, C. (1970), Participation and Democratic Theory, Cambridge, Cambridge University Press, pp. 22-7.
[19] Macpherson, op cit, pp. 44-76.

capitalism. According to Mill, the state should not exist merely to safeguard the sphere of autonomous private market activity, which was the hallmark of the theory of negative liberty. The state should seek a balance between protecting the sphere of 'self-regarding acts', and providing the conditions for popular participation in order to develop many of the latent capacities lying dormant through lack of political involvement in everyday affairs. In other words, the state should take responsibility for reconciling negative and positive liberty. However, a gradiated system of voting would ensure that the voting power of the professional classes would outweigh the numerical strength of working- class participation, leaving the old class order intact. [20]

The argument being advanced here is threefold. Citizenship is not a new phenomenon, but can be found as a component of pre-modern societies. Second, the changes inherent in the nature of citizenship do not comprise a uniform pattern across different societies. Third, despite these inconsistencies, it is useful to employ Marshall's triadic model of development which traces changes in the form of citizenship from its nascent, legal form through to the notion of political participation, and then to its twentieth century status. The latter includes the right of non-class social categories to partake of a variety of social welfare provisions. I have discussed the limited, legal definition of citizenship, which Turner has traced back to the Greek polis, to the writings of Plato and Aristotle, and to aspects of early Christian thought. This limited, legal form encompassed the notion of social membership and participation, but it did not necessarily imply that individuals were 'rational beings' with political rights and obligations.[21] According to Habermas,[22] the notion of the autonomous individual, or rational being guided by reason, occurred much later. I have argued that the notion of the rational individual accompanied much later changes, and that it was organised class struggle, which was one of the major determinants of radical changes in political representation and the rise of mass political parties. It is

[20] Brugger, op cit, pp. 25-6.
[21] Macpherson, op cit, pp. 45.
[22] Habermas, J. (1982), 'A reply to my critics', in Habermas: Critical Debates: Contemporary Social Theory, (Eds) Thompson J.B. and Held, D., London, The Macmillan Press Limited, pp. 220.

important to examine this debate, because locating the emergence of individual rationality has been a topic of considerable controversy.

Goldmann[23] has argued that individual autonomy was conferred on individuals with the emergence of limited civil rights and the rise of a market economy. He has linked the development of the exchange economy with the rise of bourgeois thought, which encompassed such notions as the autonomy of the individual, contractual relations, equality, universality, toleration, freedom and property. Goldmann has asserted that market activity and the autonomy of the individual were related historically, because the imperative of the market demanded the rational action of countless individuals in the protection of their private interests, informed by their own knowledge of the market and without regard for higher authority or extraneous values.

Goldmann's thesis has been challenged on a number of grounds. For example, Turner[24] has shown that rational conceptions of individual actors cannot be attributed directly to capitalist exchange relations. In addition, Goldmann cannot show that merchants and capitalists treated employees fairly and equally, even though a private capitalist may have been ideologically committed to the doctrine of equal rights.[25] In his later work,[26] Turner has argued that the transformation of the individual into a rational, autonomous centre of creativity, which is embedded in the notion of modern citizenship, is more appropriately dated from the French Revolution of 1789. Specifically, the modern meaning of citizenship, which enscapsulates a definition of the citizen as a member of a state, is intricately bound up with universality, secularization, freedom of exchange, belief and choice and, finally, with the quest for political liberation.[27]

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[23] Goldman L. (1973), <u>The Philosophy of the Enlightenment: The Christian Burgess and the Enlightenment</u>, London, Routledge and Kegan Paul, pp. 17-23.
[24] Turner B.S. (1983), <u>Religion and Social Theory: A Materialist Perspective</u>, London, Heinemann Educational Books Limited, pp. 158-170.
[25] Turner, op cit, 170.
[26] Turner, B.S. (1986), <u>Citizenship and Capitalism: The Debate Over Reformism</u>, London, Allen and Unwin, pp. 1-20.
[27] Turner, op cit, pp. 18-9.

The nature of the political and social utility of citizenship is, of course, a topic which has attracted considerable debate, especially from Marxist scholars. It is often asserted that political and civil rights are really ineffectual 'bourgeois rights', serving to mystify the real, exploitative relation between wage-labour and capital. Some of these theorists are discussed later. At this stage, I wish to state that such a view is open to serious challenge. To dismiss the political leverage of citizenship as mere 'reformism' is to overlook the critical paradox between citizenship and social class, where the former has provided a relatively stable foothold in the exercise of political power and, on which basis, working-class and popular democratic claims have impinged on the economic sphere, precisely because equality has been denied in the act of individual economic exchange. I have already shown that gradual reforms of the political structure were granted for entirely pragmatic reasons. However, what is sometimes regarded as an empty political gesture has resulted in the enhanced status of the working-class and minority groups through the emergence of the welfare state and corporatist forms of political representation.

These changes to the institutional form and functions of the state have resulted in tangible improvements in the conditions of social existence of the working class. These are the social rights which Marshall attributes with twentieth-century. They include the right to share in economic welfare and the security to enjoy a social heritage and live according to the socially-defined standards of a given society. More specifically, social rights include the right to a minimum wage, the right to wage regulation, and the drive for humane and safe working conditions. The essential difference here is that, while civil and political rights corresponded to an individualistic phase of capitalism, social rights do not depend on the economic value of the individual claimant. Thus, individual civil and political rights were used to assert basic claims to elements of social justice.[28] More recently, welfare state legislation has extended, to a wide range of social service payments, equal opportunity legislation, laws relating to sexual and ethnic discrimination, workers' compensation, and provision for minimum levels of health and education. While this thesis does reject the dismissive nature of 'reformist' critiques, it is also important to be cautious about

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[28] Marshall, op cit, pp. 103.

unguarded claims regarding the success of democracy in capitalist societies. For example, because the value of equality of opportunity and equality of condition is recognised by many Western governments, it does not mean that a simple equation can be made between capitalism and democracy. Capitalism can exist without democracy, and a capitalist democracy is, of necessity, a limited form of democracy.

Beetham[29] has defined democracy as a principle of popular rule over decision-making based upon equal rights to share in determining the rules and policies under which one lives. In other words, a 'true' democracy would imply the collective control by the producers of the conditions under which a social surplus is created, the extent of that surplus and the uses to which it is put. By contrast, says Beetham,[30] in a capitalist democracy 'the idea of popular rule is restricted by the relationships of control and subordination constituted by ownership rights in the sphere of production, and by the unequal weight these guarantee to a minority in the sphere of politics'.

It is worth noting here that so-called 'socialist' societies cannot be regarded as democratic simply because the economic and political spheres are formally unified. Even though the removal of a regime of private capital would remove a major source of undemocratic and unaccountable power within the political and economic process[31], the democratic ideal of collective decision-making and a shared responsibility for a common life is negated either by the dominance of a market economy, or by an elitist bureaucracy. Beetham has also identified another tension in capitalist democracies.[32] He has noted that in the political sphere a tension, or a division of labour, exists between the representative, who determines policy, and the people, who decide merely who the decision-maker shall be. This is a serious division since none of the major political parties offer genuine options for a social alternative, which would begin to challenge directly the dominance of private property

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[29] Beetham, D. (1981), 'Beyond Liberal Democracy' in The Socialist Register, (Ed), R. Miliband and J. Saville, London, The Merlin Press, pp.190-206.
[30] Beetham, op cit, pp. 191.
[31] Beetham, op cit, pp. 197.
[32] Beetham, op cit, pp. 191-3.

rights and the commodity status of labour-power. It is true that modern labour parties have relinquished in major part their traditional aspirations towards socialist objectives, either because of electoral pragmatism or economic exigency. Thus, it remains correct to say that there still exists a demarcation between the political and economic spheres, where popular rule is assigned to one and private property rights to the other.

Contemporary theories of the capitalist state - the notion of 'relative autonomy', or the degree of interpenetration between the economic and political spheres.

The argument has been advanced that the state must be located in the political terrain between the economic sphere and civil society. The most visible, and important, change in institutional form and function is the emergence of the welfare state. This concept will be elaborated on the prior understanding that there is no singular type of welfare state, but only particular state configurations representing the outcomes of class and other political struggles within the social context of a variety of national and international factors.

Welfare statism involved the use of Keynesian principles in the management of a mixed economy to sustain the conditions of capital accumulation at a macro-economic level, and to undertake the rational-legal distribution of financial resources and social services.[33] In Western economies, like Britain (although Australia was a different case), this type of intervention represented a qualitatively different form. State activity was no longer confined to allocative and regulative functions. Keynesian economics required that the state actually penetrate the economic sphere to control aggregate demand by means of fiscal (changes in taxes and government expenditure) and monetary (variations in interest rates and the supply of credit) policies.[34] The objective was to avoid a return to high levels of unemployment characteristic of the depression of the1930s, and to maintain high levels of

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[33] Jessop, B. (1978), 'Capitalism and Democracy: The Best Possible Political Shell?', in Power and the State, (Eds) G. Littlejohn et al, London Croom Helm Limited, pp. 65-70.
[34] Mann, M. (Ed) (1983), The Macmillan Student Encyclopedia of Sociology, London, The Macmillan Press Limited, pp. 183.

employment achieved throughout the War.[35] In conjunction with new economic functions, the role of the state was widened in relation to social services. A series of legislative acts covering education, family income, national insurance, and national health were introduced between 1945-8 and, although nearly all were extensions of earlier schemes, they did serve to institutionalise the rights of all citizens to share in a basic level of economic and social welfare.[36] Together with more direct mediation of economic affairs, this rational-legal form of distribution of social services involved the growth of bureaucracy and greater state control, and surveillance in the administration of everyday life.

The point is that the nature of the intervention had a qualitatively different character. There was not only more intervention of a supportive or facilitative nature, but state activity in the economy and civil society became more directive.[37] These wider changes in macro-economic management spawned new forms of political representation. Nascent forms of tripartism were evolved, altering the mode of bargaining and decision-making over wages and profits.[38] New institutional mechanisms were added to the state in the form of extra-parliamentary bodies with legal and/or administrative legitimacy to deal with issues such as incomes policy, tariffs, taxation, loan-financed public works, social security, monetary measures and debt-management. The new economic arrangements were referred to euphemistically as a 'mixed economy'. However, it was in no sense a partnership. State activity was designed to supplement, rather than supplant, the dominance of private capital. Keynesian techniques and social democratic policies and institutions were supposed to overcome forever the endemic crises of the capitalist economy towards deficient demand and underconsumption.[39]

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[35] Jessop, B., op cit. pp. 65-70.

[36] Mann, M., op cit. pp.421.

[37] Winkler,J.T. (1977), 'The Corporate economy: theory and administration', in Industrial Society: Class, Cleavage and Control, (Ed) R. Scase, London, George Allen and Unwin Limited, pp. 45.

[38] McEachern, D. (1982), 'From depression to depression: class and state in Western Europe', Paper delivered to Politics department seminar, Adelaide University, pp. 7.

[39] Gamble, A. (1979), 'The Free Economy and the Strong State: The Rise of the Social Market Economy', in R. Miliband and J. Saville (eds), The Socialist Register, London, The Merlin Press, pp. 1.

How was the expanded role of the state to be explained? Neo-classical economists had conceived the state as a 'nightwatchman' prevailing over the automatically equilibrating market. State activity was seen simply as the aggregated collective will of isolated, but rational, utility maximizers. This was the idea of market-place politics, where one vote equalled one value, and the consumer reigned supreme. Within the structures of private property rights, class privileges, income distribution and inheritance, the state was seen as neutral and unproductive. Its activities were essentially a drain on scarce and otherwise optimally utilised resources, except in unusual cases when state spending was directed towards a public utility. Then it became indirectly productive.[40] Post-war Keynesian economists retained the 'indirectly productive' view of the state, but its new role was seen to be of a more dynamic kind. This was because it utilised otherwise static savings within the balanced budget-multiplier effect theory, although it was still assumed that consumer sovereignty provided the primary mechanism in directing the course of state expenditure.[41] Conservative-liberal theorists of this period also retained the core of the liberal precept that the role of the state should be 'facilitative' only. It should facilitate the general conditions for capital accumulation and, only in exceptional circumstances, should the state intervene to ameliorate the residual problems of the market. Further, this view assumed a pluralism of groups in society, representing the interests of members through pressure groups and political parties, which could exert influence on governments to deal with certain market imperfections. It did not assume the absence of social inequalities, but it did reject the idea that those inequalities stemmed from capitalist social relations. Consequently, there were no ruling groups and inequalities were attributed to conflicts between dispersed and decentralised power relations.[42] Macpherson[43] has described this view as the Elitist-

[40] Cypher, J. (1980), 'State Relative Autonomy and National Economic Planning' in Journal of Economic Issues, Vol. XIV, No 2, pp. 328.

[41] Cypher, J. op cit, pp. 329.

[42] Schmitter, P.C. (1979), 'Modes of interest intermediation and models of societal change in Eastern Europe', in P. Schmitter and G. Lehmbruch (Eds), Trends Toward Corporatist Intermediation, London, Sage Publications, pp. 73.

[43] Macpherson, (1977) op cit, pp. 77-92.

Pluralistic-Equilibrium Democracy characteristic of the twentieth century; it constituted a particularly volatile political formulae.

According to the above schema, the political sphere remained formally separate and subservient to the economic, and the political could only respond to changes occurring in the economic. On the aspect of neutrality, social democratic views of the state (including corporatist views of the state) remained virtually undifferentiated. They also regarded the state as a neutral institution and, for this reason, it could be captured and used to reform a market economy or, in the longer-term, to transform completely the capitalist mode of production.[44] None of these views recognised the class-biased nature of the state. Nor did they acknowledge that the state had its own interests in creating political stability in a context of competing and antagonistic demands. These demands have centred around the right of capital, as a class, to control the appropriate conditions of accumulation, including the price of labour and the production process. These class privileges are opposed by the demands of subordinated classes, and those groups outside the immediate exchange relation, for a more equitable means of distribution and share of resources.

It is argued here that when private property rights remained unassailable because they came under the legal protection of the state, and when the market failed to provide an adequate means of distribution, these struggles moved onto an elevated political plane through the state. Visible changes occurred in the form of the state whereby new administrative agencies were created to facilitate the right to share in the social surplus and to provide the means whereby those demands could be heard. We recognise these changes in the welfare state and in corporatist forms of political representation. They symbolise two essential ingredients of the political process in many Western capitalist economies. First, capitalism and democracy are contiguous developments, and they present irreconcilable tensions. However, as corporatist alliances indicate, there can exist short-term compromises.

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[44] For critical commentaries see Scase, op cit, pp. 11-2; Panitch, L. (1979), 'The Development of Corporatism in Liberal Democracies' in P. Schmitter and G. Lehmbruch (Eds),Trends Towards Corporatist Intermediation, London, Sage Publications, pp. 119-146; and Westergaard J. and Resler H. (1975), Class in a Capitalist Society, London, Heinemann, Part 3.

Second, the expanding parameters of the welfare state to encompass non-class minority political groups, must be explained in terms outside the immediate exchange relation. This phenomenon is explained here using the notion of citizenship. It is this concept which is usually ignored, or summarily dismissed, by Marxist and non-Marxist scholars alike.

However, Marxist theories of the state claimed an important theoretical advance over liberal, conservative and social democratic views. Marxist scholars have denied consistently the state's neutrality and, by focussing on the role of the state in underpinning the requirements of accumulation, they have stressed its class-bias towards capital. What they have lost in this theoretical critique, however, is recognition of the political leverage of citizenship in the struggle over distribution and re-distribution. As some Marxists have argued, bourgeois rights of individual electors simply endorsed the parliamentary form of political representation as the '... best possible political shell for capitalism ...' The means of representation were part of the capitalist class order that determined class interests, and so the state was merely, '... the principal ideological lynchpin of Western capitalism' or, as Engels stated, '... the logical form of bourgeois rule...'.[45]

Miliband[46] has, in some ways, provided an exception to this perspective. Unlike many other Marxists, he has respected the political advances gained through universal suffrage, acknowledging that many transformations have occurred, including reform and democratization. Yet, for the major part, his argument has adhered to earlier Marxist appraisals of parliamentarism as a system which provides a buffer between the government and the people and which '... simultaneously enshrines the principle of popular inclusion and that of popular exclusion'. The ultimate effect is that formal representation has contained working class and other pressures and has systematically justified existing structures of asymmetrical power. Further, although there will always be conflict and resistance, in the final analysis, repression and containment will win. The 'vast enterprise of indoctrination' - social democratic parties, the church, media, educational institutions

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[45] Jessop, op cit, pp. 27.
[46] Miliband, R. (1982), Capitalist Democracy in Britain, Oxford, Oxford University Press, pp. 38.

and trade unions - will outweigh the lesser counter-legitimating forces within these social institutions so that reforms can be accommodated without any real damage to the structures of power.[47]

Miliband's argument cannot be sustained. There is no doubt, as Miliband had argued, that representative government has created a division of labour between the people and their representatives. Miliband is correct to assert that this has conferred discretionary decision-making power on the latter, thereby reducing any real advance within parliament for direct government by the people. However, what is being argued here, in contrast to Miliband, is that there is a difference between universal suffrage and citizenship rights. It was shown earlier that political participation did not guarantee equality for the working class nor, for that matter, did it advance the position of women, or other political minority groups. Indeed, regardless of which party assumed power, nothing changed of any substance to alleviate the exploitative conditions of capitalist relations of production, or to protect those not directly involved in the productive process. It was precisely because of the unimpressive consequences of universal suffrage, that continual struggle to transform this ineffective means of political participation into social rights for all minority groups and classes was seen to be necessary as a political strategy.

State intervention in macroeconomic planning and social welfare has damaged the prerogatives associated with private property rights, particularly as they existed under early capitalism. Now the conditions of accumulation, as well as the price of commodities, (including labour-power), are subject to other than market controls. It is not denied, on the other hand, that the underlying rationale for the changes lay in the quest for social order and unimpeded accumulation. To that end, new strategies have sought to harness labour into modes of class collaboration, as trends towards corporatism imply. With regard to the position of minority political forces, such advances have often resulted in negative effects for self-determination and personal freedoms. For example, Turner[48] has exemplified

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[47] Miliband, op cit, pp. 78.

[48] Turner, B.S. (1986), Sovereign Individuals of Capitalism, London, Allen & Unwin, pp. 148-50.

certain changes referred to as individuation, which are endemic to the expansion of social rights under the welfare state and which have led to the growth of a systematic, anonymous and effective system of surveillance. Such developments include data banks, registration, certification, the use of census and surveys, passports, credit-cards, income-tax registration, health and identity cards. There has been a concern that the growth of individuation has led to the undermining of democracy, but this is no reason to support Miliband's argument that the working class has been bludgeoned into ideological submission and political passivity by a dominant capitalist ideology. Indeed, the latter view has been the subject of much contemporary dispute in Marxist and non-Marxist sociology.[49]

Many Marxists implictly or explicitly accept the ideological incorporation thesis when they assert the relative autonomy of the state. This term has been used to convey the idea that the state possesses only a ficticious autonomy, and that it must of necessity remain subordinate to the power of capital. There is considerable controversy over the degree of autonomy, or the distance between the state and the capitalist class, and there is disagreement over the ways in which the state must provide conditions appropriate for

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[49] The most competent historical and theoretical critique of the incorporationist thesis can be found in Abercrombie, N., Hill, S., and Turner, B.S. (1980), The Dominant Ideology Thesis, London, Allen and Unwin. Other sources of this discussion include Giddens, A. (1979) Central Problems in Social Theory, London, The Macmillan Press Limited; Giddens, A. and Held, D. (1982), (Eds) Classes, Power and Conflict: Classical and Contemporary Debates, Hampshire, The Macmillan Press Limited; Urry, J. (1981), The Anatomy of Capitalist Societies, London, The Macmillan Press Limited; and Sarti, I. (1981), 'Communication and cultural dependency: a misconception', in McAnany et al (Eds), Communication and Social Structure: Critical Studies in Mass Media Research, New York, Praeger Publishers. For arguments which contain an empirical component see Chamberlain, C. (1983), Class Consciousness in Australia, Australia, George Allen and Unwin; Goodhardt, G.J., Ehrenberg, A.S.C., and Collins, M.A. (1975), The Television Audience: Patterns of Viewing, England, Saxon House, Teakfield Limited; and Windschuttle, K. (1984), The Media, Victoria, Penguin Books (Australia).

capital accumulation,[50] but there remains at the heart of these debates the assumption that the state is indeed a capitalist state because of its central functions.[51] The notion of 'relative autonomy' has, therefore, become synonymous with the assumption that the state is sufficiently distanced only insofar as it exists to create and maintain the conditions for capital accumulation and/or the reproduction of social classes for capitalist relations of production. The state, according to this general perspective, is little more than an accomplice in capitalist hegemony. Its autonomy is really a mystifying veil, when in reality the state exists to serve capital, even though it may act against the interests of particular sections of capital at various times.

These views contain important insights in that they provide partial explanations of state action and state power. State power rests on the material base provided by the accumulation process in the form of taxation revenue from profits and income. As Offe[52] has argued, if the economy declines, so too does the state. Indeed, the climate of persistent fiscal and structural crises, (trade cycles, booms, depressions and recessions) endemic to domestic and international capitalist accumulation explains to a large degree the more recent trend for the state to penetrate the production circuit.[53] However, more recent discussions[54] have stressed the fact that the nature of state activity cannot be reduced solely

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[50] A comprehensive survey of the 'relative autonomy' theorists, and others, is contained in Jessop, B. (1982), The Capitalist State: Marxist Theories and Methods, Oxford, Martin Robertson. Earlier discussions can be found in Jessop, B. (1977), 'Recent theories of the capitalist state', Cambridge Journal of Economics, 1; in Gold et al, D. (1975), 'Recent Developments in Marxist Theories of the Capitalist State', Monthly Review, October; and for the dialogue which triggered much of the contemporary debate, see the Poulantzas/Miliband exchange in New Left Review, Issues Number 58, 59 and 95. For a discussion of 'autonomist', 'reductionist' and 'functionalist' accounts of the state, and an alternative theoretical schema, see Urry, J. (1981), The Anatomy of Capitalist Societies: The Economy, Civil Society and the State, London, The Macmillan Press Limited, Chapters 1 and 2. Similarly, for a more recent overview of state theory, with an additional contribution, see McEachern (1980), op cit, especially pp. 24-38.

[51] Scase, op cit, pp. 13.

[52] Offe, C. (1975), 'The theory of the capitalist state and the problem of policy formation' in Lindberg et al (Eds), Stress and Contradiction in Modern Capitalism, Lexington, Massachusetts: D.C. Heath, pp. 126.

[53] O'Connor, J. (1973), The Fiscal Crisis of the State, New York, St. Martins Press.

[54] Urry, J. (1982), 'Some Themes in the Analysis of the Anatomy of Contemporary Capitalist Societies' in Acta Sociologica (25), 4, pp.405-418; Jessop, op cit; Scase, op cit; and Head, B.W. (1983), 'State and economy: theories and problems', in Head. B. (Ed), State and Economy in Australia, Oxford, Oxford University Press, pp.22-54.

to the relations of production and exchange, and nor can it be deduced from whatever preconditions are needed for the reproduction of social classes. State power must be seen within a context where these factors are relevant, and where they posit limits to state power, but this requires a different evaluation. Rather than assert only the limits implied by the 'relative autonomy' theorists, the state could be seen as an active mediator in relation to the economy and civil society. McEachern[55] has shown, for example, in his study of the nationalisation of the British Steel industry that there is no simple or direct correspondence between cause and effect, but a complex mediation of interrelated causal agencies, containing elements of determinancy and indeterminacy. The state does operate in the context of class struggle and class power and is premised to a considerable degree upon the fundamental contradiction and antagonism within and between the two major classes.[56] However, class relations are only part of the equation, albeit an important part.

A Relational Theory of the State

The term 'relational'[57] better conveys the notion that the state is an irreducible political entity in relation to the economy and civil society, where its role in maintaining the bases for social stability are broader than the exigencies of capital accumulation and the class order. The state is not constrained to the same extent as the firm by market considerations or profit. Certainly, the state does not always dominate the production process, in terms of deciding directly the course of investment or reinvestment of the social surplus, but it possesses the political authority and the mandate to create and sustain the conditions for accumulation.[58] The state's unique decision-making power places it at the apex of the political arena, where it remains the most important site for political struggle emanating from class and non-class, popular-democratic forces in civil society. This perspective designates a complex interdependence of all spheres in the society, of which the state is an integral part. As Jessop[59] explains, '... major notions as 'structural constraint', 'power',

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[55] McEachern, D. (1980), op cit, pp. 192-7.
[56] McEachern, op cit, pp. 185-98.
[57] Jessop, op cit, pp. 252-8.
[58] Offe, op cit, pp. 126.
[59] Jessop, op cit, pp. 252-8.

'interests', 'relative autonomy', and 'balance of force' can be fully determined only through an analysis of the relations among different relations comprising the social formation'. Power (and in particular, state power) must be evaluated in terms of definite social and material conditions of existence, in which it is both causally conditioned by a matrix of factors, and causally conditioning in terms of its effects on other conjunctoral forces.

The state can be understood as an institutional ensemble, which is an outcome of class and other social struggles. State activity reflects the contradictions and fractionalisation within and between classes, and the political 'will' of representative groups in civil society. Tensions and contradictions occur between capital and the state, because neither are internally homogenous entities.[60] In addition, the quest for political equality by those outside of the immediate exchange relation under the auspices of citizenship, has further intensified the complexities involved in the search for social and political unity. This is a unity which must be sustained if the state is to retain its status as a competent economic manager and as a viable political mediator. The creation of political unity designates the special terrain of the state.[61] The growth of mass political parties along class lines, the emergence of trade unions, business associations, peak representative councils, centralised wage-fixing authorities, and new statutory authorities, can be seen as institutional effects of class struggle and alternative forms of political representation. Corporatism, (the institutionalisation of negotiations between capital, labour and the state) is one such alternative to parliamentarism, which in the post-war era has been a response to reorganisation of economic planning and amelioration of the social crises resulting from stagflation.[62] Similarly, the welfare state represents the institutionalised outcome of other popular-democratic struggles.

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[60] Scase, op cit, pp. 13-8.
[61] Jessop, op cit, pp. 222.
[62] Jessop, op cit, pp. 39.

These forms of social struggles are in a constant state of flux, because while the state will attempt to balance these contesting forces, cohesion cannot be permanently maintained. For example, 'the social contract' in Britain (negotiated between the trade-union movement and the Labour administrations of 1974-9, whereby the unions promised industrial peace and moderated wage demands in exchange for legislation enabling trade union participation in the social and economic policy areas) collasped in 1978 when union leaders could no longer contain strikes or pay demands. Similar failings have been demonstrated in countries where corporatist strategies were attempted. For example, in Belgium, Holland, and Sweden increasing shopfloor militancy in the early 1970s also revealed the fragility of corporatism.[63] In Australia, the Accords Mark I and II, negotiated in the early 1980s between the Labor administration, the ACTU and business organisations, have recently disintegrated in the face of severe balance of payments problems and the general economic downturn. Of course, corporatism will always fail because of the very nature of the compact. It is merely a short-term truce, dependent for its stability on hierarchy and consensus.[64] Hierarchy cannot be sustained because the 'social contract' is voluntary (it is not legally binding and coercive measures are not always used) and it is partial (not all fractions of capital or labour will be represented). There is always a strong probability that agreements will most likely break down with the continuity of permanent inequalities and discrepancies between the level of wages and profits. Essentially, corporatism cannot transcend the separation between the economic and political.[65] It momentarily closes the gap and transfers the struggle to an another political plane to include the state. The attempt to forge a stronger link between politics and economics in this way is more fragile, since it symbolises more the desire for unity, than its realisation.

The Problem of Political Unity

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[63] Hill. S. (1981), Competition and Control at Work: The New Industrial Sociology, London, Heinemann Educational Books, pp. 254-5.
[64] Crouch, C. (1979), 'The state, capital and liberal democracy', in C. Crouch (Ed), State and Economy in Contemporary Capitalism, New York, St. Martin's Press, pp. 13-54.
[65] Jessop, op cit, pp. 51.

It is argued here that the state has a structural interest in unity, because it stands in a parodoxical relationship to the economic and political processes of industrialised capitalism. This is a system of market relations and class inequality juxtaposed alongside a political system with universal representation and formal political equality. With the institutionalisation of class conflicts and the expansion of welfare provisions, the state must bear the brunt of class and other struggles, and find policies that will be conducive to accumulation and social peace. Often these policies will be contradictory, and there have been periods when state expenditure has outstripped state revenue to produce what O'Connor called the 'fiscal crisis of the state'.[66] O'Connor was one of the first neo-Marxists to articulate the dual nature of state expenditure. Underlying his thesis was the proposition that this duality was not determined by the laws of the market, but reflected the social and economic conflicts between classes and groups.[67] Corresponding to the state's two basic and mutually contradictory functions - accumulation and legitimization - state expenditures display a two-fold character. Social capital (comprising investment and consumption) is expenditure required for profitable private accumulation. Social expenses are those required to maintain social harmony. In this category, O'Connor deposits the welfare state, since these expenditures are not even indirectly productive.[68]

The importance of O'Connor's thesis lay in the systematic documentation of the contradictory and dual nature of state policy and expenditure. However, O'Connor has confined the explanation of state activity, including the development of the welfare state, to the imperatives of capital accumulation within a nation-state comprising aggregate levels of local, state and federal governments. O'Connor does not overlook the causal significance of social struggles, but the outcome is always attributed to whatever may be the requirements of capital, even if the demands are made on behalf of the working class. For example, O'Connor argues that the rise in spending on state services to reproduce the working class (for example, medical care and housing) occurred in response to working-

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[66] O'Connor, op cit.

[67] Ibid, pp. 2.

[68] Ibid, pp.6-7.

class pressures for an improved standard of living, but they were granted because employers preferred these costs to be socialised. Hence, all changes in state activity are attributed directly, or indirectly, to the requirements of capital.[69] O'Connor does not give analytical weight to the antagonistic base of subordinate class and non-class struggle to show that it is the dualism rooted in the dichotomy between politics and economics (specifically the institutional fillip of citizenship), which is responsible for the dual and contradictory character of state activity. For O'Connor, the quest for legitimacy becomes subsumed under the search for social harmony only insofar as this relates to unimpeded processes for accumulation. In this sense, he shares a similar, derivative perspective with many Marxists in that they provide only one component- the capital accumulation side - of the full political equation. Nor does O'Connor provide a satisfactory account of how the class interests of the monopoly sector are translated into state policy.

Block[70] goes some way to correcting this problem by attempting to analyse the fiscal crises common to many Western capitalist economies in the aftermath of World War II in terms of a fiscal sociology. First, Block questions the utility of defining 'fiscal crisis' by a description of its effects (inflation and higher unemployment). Rather, it is necessary to re-examine the incidence and cause of fiscal crisis, since this may not be, as O'Connor says, rooted deeply in the structures of late capitalism. Second, the fiscal crisis might be either a cause, or a consequence or both of slow economic growth since the 1970. There should be finally more analyses of the macrosociological consequences of fiscal crisis.[71]

It is Block's second task which is the more interesting. Having established that the major component of state growth has been in welfare and social service expenditures, whether or not education is counted as social investment, Block has sought to delineate two sets of causal explanations. The first set deals with specific mechanisms and, the second, with a

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[69] For a critique of O'Connor and a discussion of the wider contextual basis for state expansionism see Block, F. (1981), 'The Fiscal Crisis of the Capitalist State' in Annual Review of Sociology, 7, pp. 1-27.
[70] Block, op cit.
[71] Block, op cit, pp. 2-3.

broader contextual explanation. In the first category he places the causal importance of the interaction between working class pressures and social democratic or left-party government. Also significant are the extent of electoral competition, and the degree of centralisation of government and of trade union federations, in which instances state managers tend to be more responsive to working class pressures. Finally, state expenditures have grown rapidly because public-sector union militancy has forced up the wages of state sector workers relative to other private sector employees.[72]

At the contextual level, Block posits two explanations. The first concerns a macro-political response to the pressures created by an open world economy (that is, state social welfare spending is a way to protect the population from the economic fluctations that occur with a strong dependence on the international market). The second is that rapid growth in state spending has been "a revolution of rising entitlements". Adopting this argument from Bell[73], Block provides a key element to the rise in state sector spending. The argument is that the increased sense of entitlement is itself an aspect of the emergence of post-industrial values, and it is this shift in the sense of entitlement, more than the actual mobilisation of political forces (that is, mass political parties) which accounts for upward trends in social spending.[74]

Like Marshall, Bell has situated this phenomenon of rising expectations and entitlements in the historical transformation of citizenship. He has argued that, while Condorcet and Tocqueville one hundred and fifty years ago distinguished modern society by the rise in demands for equality, it is only in the last third of this century that the demand for equality has been broadened into a wider set of rights as claims on the community. In other words, the 'revolution of rising expectations' has been transformed into the 'revolution of rising entitlements' and while the particular demands (a basic minimum family income, free education, or an assurance of lifetime employment through a combination of private and

[72] Ibid, pp. 8-9.
[73] Bell, D. (1979), The Cultural Contradictions of Capitalism, London, Heinemann Educational Books Limited, pp. 232-3.
[74] Ibid, pp. 10-1.

public guarantees) will vary with time and place, they are not just the claims of the minorities, the poor, or the disadvantaged. They are the claims of all groups in society for protections and rights.[75]   In short, the Keynesian revolution with its creed of economic growth tied to various social objectives (full employment and increased consumption) has meant an irreversible revolution in social expectations.   The consequence is that governments will increase spending and run larger budget deficits, but this expansionism becomes problematic in periods of slower economic growth.   The result has been an inflationary spiral where 'normal' economic tools have become ineffective.   Reduction in the money supply or reduction in government expenditures are common responses, but both of these solutions are often politically unacceptable.   They tend to encourage bankruptcies and rising interest rates, on the one hand, and rising unemployment and political instability, on the other.[76] Thus, as Marx argued, the irony of capitalism is that economic growth has created economic and political instabilities, and also a set of cultural expectations, which the system finds difficult to manage. This leads to crises of belief, of which the major consequence is the loss of 'civitas' - that 'spontaneous willingness to obey the law, to respect the rights of others, to forgo the temptations of private enrichment at the expense of the public weal'.[77] (It should be noted here that Bell has reflected on the American experience. Australia, for example, has never accorded the same high status to the public sphere or the public interest. For example, the American Constitution embodied the notion that pluralistic interests should be divided so that governments might select all that was best. By contrast, in the Australian case, according to Brugger and Jaensch, what passed for a public sphere in the eighteenth century was 'British, self-seeking, autocratic and corrupt'.)[78]

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[75] Bell, op cit, pp. 233.

[76] Ibid, pp. 239-40.

[77] Ibid, pp. 244-5.

[78] Brugger B. and Jaensch. D. (1985), Australian Politics: Theory and Practice, North Sydney, George Allen & Unwin Australia Pty Ltd, pp. 58.

An equivalent to Bell's crises of civitas can be found in the 'legitimation crisis' developed by Habermas within the tradition of Critical Theory and the Frankfurt School.[79] At the heart of his critique of contemporary capitalism, Habermas has placed the tendency for economic crises in capitalism to transfer into crises in the sociocultural sphere. He has given less prominence to the orthodox Marxist focus on economic factors. Instead he gave more emphasis to the way in which cyclical economic crises have been translated into the possibility of several crises arising in policy administration, political stability and personal motivation.[80] Basically, Habermas' argument, in relation to the modern state, is best discussed under the rubric of legitimation. By legitimacy he means 'a political order's worthiness to be recognised'[81] The political order would gain legitimacy if it is able to employ political power so that the values constitutive for the identity of the society are realised. Further, what are acceptable as reasons and have the power of consensus depend upon the level of justification required in a given situation.[82] These will vary with the specific historical epoch. What is required today to constitute legitimation is that the principles of communication must make it possible to distinguish between an agreement among free and equals, as opposed to a forced consensus.[83] This kind of legitimacy is endemic to the problem of the modern state.

The state in capitalist society must be understood, according to Habermas, in terms of two political process - external and internal. Internally, the state must be understood as the result of the differentiation of an economic system which regulates the production process through the market in a decentralised and unpolitical manner. The state does not produce in any major way. It organises the conditions under which private citizens carry out production in a competitive manner. The state develops and guarantees bourgeois civil law, the monetary mechanism and infrastructural development. Since it does not itself

[79] Habermas, J. (1976), Legitimation Crisis, London, Heinemann Educational Books Limited. For an overview of Habermas' general theory see McCarthy, T. (1978), The Critical Theory of Jurgen Habermas, London, Hutchinson & Co (Publishers) Limited.
[80] McCarthy, Op cit, pp.358-9.
[81] Habermas. J. (1979), Communication and the Evolution of Society, London, Heinemann Educational Books Limited, pp. 178.
[82] Ibid, pp. 183.
[83] Ibid, pp. 188.

produce, it must siphon off the resources for its redistributive functions. By comparison with the state in feudalism or in the ancient empires, the modern state has simultaneously greater functional autonomy, and paradoxically greater functional interdependence. The internal aspects of state activity are referred to as 'nation-building'. The external aspects are called 'state building', a term which stems from the historical emergence of the bourgeois state from international context of sixteenth-century Europe where, not one, but a system of states emerged. These were characterised by the dissipation of traditional power structures, stronger cultural homogeneity, the separation of secular and spiritual authority, and the development of trade centres. State sovereignty thus became defined in relation to other states. Habermas explains that state-building (externality) had to depend on nation-building (or internal collective identity) as the great empires had to show that, as complex unities with a claim to universality, they could demarcate themselves externally.[84]

The problem with the modern state is that national consciousness became fragmented in the nineteenth century by new social struggles between artisans, industrial workers and the rural proletariat. These conflicts inherent to the economic system had to be channelled into the political system as an institutionalised struggle over distribution. This is where the modern state took on the form social welfare state/mass democracy.[85] Thus, according to Habermas, the state has inherited three great areas of responsibility: shaping a business policy that ensures growth; influencing the structure of production in a way that will satisfy collective needs; and correcting the pattern of social inequality. The essential problem lies in the fact that the state must accomplish these tasks without violating its ostensible subordinate status which excludes the state from the economic sphere but which, at the same time, make it dependent.[86] The importance of this perspective is that there is recognition of the duality of the state, and the irreducible nature of state activity. That is, the political is not reduced to the economic sphere. There is a clear sense of the irreconcilable tension between the economic and political spheres based on the principle of

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[84] Ibid, pp. 189-90.
[85] Ibid, pp. 193.
[86] Ibid, pp. 194-5.

capitalist economic organisation, on the one hand, and the demands of political equality, on the other. In addition, Habermas has provided a location for social struggles, other than class struggles. In his schema, there are three systems - the economic system, the political-administrative system, and finally the socio-cultural system, all of which are inextricably related to each other.[87]

The Anatomy of Capitalist Society

There has been one attempt to provide a conceptualisation of capitalist societies within a Marxist framework, which builds on these three interdependent spheres and the interrelations between social struggles and social structures. This can be found in the work of Urry.[88] In this conceptualisation, the state is not reduced either directly or indirectly to a factor of cohesion, to the economic base, or to an autonomous political instance, but is located within the framework of a total social formation. The state is juxtaposed alongside the economy and civil society with careful qualification of the spheres of activity and social relations characteristic of each sphere, and the interconnections between them. In this way, he is able to avoid base/superstructure reductionism, on the one hand, and the tendency to separate society into autonomous political, economic and ideological levels, on the other.

Urry has argued that all spheres of capitalist society are relatively autonomous in relation to each other, but the notion of 'relative autonomy' translates into something more than the limits of state activity, or the idea that the state merely **reacts to** forces directed upon it. More precisely, the state possesses a relative independence from all classes and other social forces, and may act against classes and fractions of capital. The spheres are identifiable as separate spheres only insofar as it is acknowledged that all spheres are characterised by social, political and economic activity. Therefore, public/private, political/economic, state/civil society are artificial constructs, because all practices are social, all are politically informed, and all are affected by and effect the dominant mode of production. The state is best conceptualised as a consequence of social struggles of various sorts: struggles which

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[87] Habermas (1976), op cit, pp. 5.
[88] Urry, op cit (1981) and (1982).

are themselves structured and delimited in certain ways, but which are informed by the necessity for individuals and groups of individuals to maintain and expand their material conditions of existence.[89]   Urry has sought to transcend both Marxist structural-functionalism (where politics and ideology are reduced, albeit in a complex mediated way, to the laws of capital accumulation) and Marxist humanism (structure versus agency).[90] He has placed an emphasis on the sphere of civil society where individual subjects reproduce their material conditions of life, but where such reproduction is not necessarily geared towards the needs of capital accumulation.[91]   Thus, the purpose of Urry's theoretical enterprise is to avoid a functionalist interpretation of state activity. He does accept that all struggles have effects and that these may produce changes which may be 'functional for' capitalist accumulation, but the function, or the effect, is not reversed to become the cause,[92] (which is then seen to be necessary for the maintenance of the system or set of relations).

Urry's paradigm of the 'anatomy' of capitalist societies - the differentiation and interrelation between the state, the economy and civil society - is important for this thesis, because it provides a conceptual space wherein individuals, including economic agents, are constituted first as conscious, autonomous subjects possessing reason and a will. Urry proposes that the capitalist economy must comprise two spheres, production and circulation. It is the sphere of circulation which connects civil society with the economy, since capitalism is premised on exchange relations where production is separated from circulation. It is the latter where surplus labour is realised in a value-form, but it is also where individual subjectivities are constituted. These autonomous individuals, that is individuals endowed with a consciousness or will, are then able to enter into economic contracts with capitalists to sell their labour-power in the sphere of circulation, and then proceed to the economic sphere to be exploited in the process of production.

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[89] Urry, (1981), op cit, pp. 5-6.
[90] Ibid, pp. 5.
[91] Ibid, pp. 6.
[92] Ibid.

However, what is important here is the stipulation that not all individuals appear as bearers of economic relations and, when they do so appear, they are also perceived to possess a consciousness and will. Not all struggles can be reduced to class struggles. The constitution of individuals as bearers of labour-power is only one kind of structured relation that is possible in civil society. Civil society contains the residue of myriad and divergent practices, including family relations, voluntary associations, sports clubs, social movements, fan clubs, communes, crowds, religious groups and so forth. It is only when individuals touch the sphere of circulation (as the interconnecting relation with the economic sphere) do they embrace commodity relations or related class relations, for example, as trade-union members.[93] The sphere of circulation is also where individual subjectivities are reproduced biologically and culturally. Thus, the sphere of circulation houses subjects as bearers of labour-power, as well as subjects as non-bearers of labour-power. These other subjectivities can organise politically under different social categories and they can form social movements oriented around such interpellations as gender, age, race, region and nationality.[94]

Urry's thesis, then, is that social practices within civil society are heterogeneous because they are differentially related to the economic sphere and, therefore, differentially determined by it. This means that there are two forms of class struggle - class struggle proper and classes-in-struggle. There is also popular-democratic struggle, according to Laclau, involving those non-class forms of interpellation.[95] Following from this, civil society can be seen as comprising three spheres - circulation, reproduction and struggle.[96] Societies are vertically organised when groupings are class-specific, and horizontally organised when groups are non-class-specific.[97]

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[93] Ibid, pp. 30-1; see also Urry (1982), op cit, pp. 407.
[94] Urry (1981), op cit, pp.32.
[95] Ibid, pp. 67.
[96] Ibid, pp. 73.
[97] Urry (1982), op cit, pp. 409.

The sphere of circulation is thus the basis of the relative autonomy, both of the state and of civil society. The state acts in the sphere of circulation where it attempts to maintain production relations by moderating, reforming and transforming the relations of exchange. However, the state is placed in a contradictory situation, as Habermas also argued, because it must ensure there is an economy able to generate sufficient taxation revenue and borrowing capacity, and second it must be able to reconcile conflicts from fragmented and disparate social classes and groupings within civil society.[98] The reconciliation function follows from the fact that the state is also the repository of common law and law is the connection between the state and civil society insofar as it constitutes subjects first as legal subjects, with consciousness and will.[99]

The important points to be derived from this conceptualisation of the anatomy of capitalist societies is that there are three sets of social relations - the economy, civil society and the state. They are interrelated but the relations specific to each are non-reducible. It follows that there must be a way of conceptualising the state to encompass its distinctive, but interrelated and paradoxical, functions. I have designated this overall set of functions as 'the quest for social unity'. It is a structured set of interests because the patterns of social relations constituted historically within the economy and civil society are both separate from, but impinge upon, the form and function of the state. The state is truly a paradoxical entity because it is only the state which can guarantee the legality of the economic contract, and the legality of socio-political rights, where the individual is made free, but kept unfree at the same time. The transition of citizenship from limited civil rights to political and then social rights has stemmed from this fundamental tension. As Urry has argued, the popular commitment to representative democracy and social reformism must be seen, not as illusions foisted on the masses, but changes which the masses themselves have brought about and which represent highly significant transformations in civil society, in the state and in their relations with each other and the economy.[100]

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[98] Ibid., pp. 410.
[99] Urry (1981), op cit, pp. 115.
[100] Urry, ibid, pp. 145.

In building on Urry's work, the notion of the relative autonomy of all spheres should provide the grounds for conceptualising the state in distinctive terms. It is argued here that the state has an interest in unity, because it is both a cause and effect of the disunity between the inequality in the economic sphere and the formal, political equality embedded in the notion of citizenship or, in Urry's terminology, in civil society. This assertion needs careful qualification, because like the term 'relative autonomy' it has been used variously. The state does not have an ideological commitment, a 'conscious' conviction, or a teleological purpose in perpetuating the domination of capital. Its actions are predicated on the need to maintain unity which can only be achieved by an entity with political power, that is, the power of policy formation by an executive which is the site, the political lynchpin, of co-ordination and representation of all class and non-class social struggles in the economy and civil society. If the state can be affected by those spheres of struggle, then it can also effect them - by legislation, taxation, financial incentives, and other institutional mechanisms. It follows that state actions are not merely reactive, that is, the state cannot be reduced to the sum total of the forces acting upon it. As McEachern has shown in the case of the British steel industry, governments mediated actively to secure advantages for the industrial sector over the interests of the section involved in production, without the class as a whole or industrial capital acting to secure them. McEachern surmises that power should be understood as a structural property of social relations, and can be expressed in the actions of classes, or other intermediary institutions. '[I]ts presence and potency are revealed as the capacity to secure interests'.[101] According to this definition, the evidence provided by McEachern's study, and by the forgoing theoretical discussion, the state, as an irreducible political entity, has interests of its own.

State Interests

Of course, the notion of interests is controversial. Marxist commentaries on this concept have been directed against the subjectivism and methodological individualism of classical liberal and pluralist analyses. The solution has been to differentiate between subjective

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[101] McEachern, op cit, pp. 193.

interests (in which the perceptions and evaluations of the individual are defined as interests) and objective interests (those aspects of social organisation which determine the life-chances of the individual, whether he is aware of these determinations or not).[102] Yet other perspectives define interests in terms of their instrumental character and the element of futurity,[103] or in terms of the possibilities and potential objectives of action pertaining to economic positions, whether or not the incumbents define their objectives at any given time.[104] Marxists use the term in relation to the objective, that is, socially structured nature of class interests,[105] while little attention has been given to the possibility that actors other than classes, individuals or groups of individuals could also possess distinctive interests. The exception here can be found in an essay by Hindess,[106] where he has criticised 'rational choice theory' and, in particular, its central posutlates of rationality, homogeneity and individualism. With regard to the latter, Hindess has asserted that social actors could include firms, political parties and nation states, since they are entities that make decisions on the basis of some assessment of their situation and they act accordingly. Of course, one must be careful about exactly how to evaluate the social context in which these actors operate, and how their decisions are transformed into action. Nevertheless, the point that social actors may include 'entities', other than individuals, is an important one for this thesis. The issue remains how to conceptualise the state in relation to other spheres of social life so that its interests may be knowable.

For Marx, the question of the distinctive nature of the state did not arise, because in his view the state was merely the general, illusory interest; an epiphenomenal form of the interests of the dominant class. It was '... nothing more than the form of organisation which the bourgeois are compelled to adopt ... for the mutual guarantee of their property

[102] Balbus, I.D. (1970), 'The Concept of Interest in Pluralist and Marxian Analysis' in Politics and Society, 1 (2), pp. 150-177.

[103] Reeve, A. and Ware, A. (1983), 'Interests in Political Theory', in British Journal of Political Science, 13, pp. 379-400.

[104] Westergaard, J. and Resler, H., (1975), op cit, pp. 248.

[105] For example, see McEachern, op cit, pp. 29.

[106] Hindess, B. (1983), 'Rational choice theory and the analysis of political action', in Economy and Society, Volume 13, Number 3, pp.255-77.

and interests'.[107] For many Marxists also, the question is superfluous because the state exists solely to underpin and create conditions conducive for capital accmulation, although exactly how this is done is one aspect of the controversy. Urry[108], however, has argued that the state has a specific social location between the economy and civil society. These spheres certainly exert limits upon, and set boundaries to, the exercise of state power (or its autonomy), but because there is not a simple derivation from either sphere, there exists a conceptual and political space permitting a propensity for discretionary action. Such outcomes are not often directly related to the precise demands of either capital or labour, or other organised social groups, which seek to gain advantage through the state for their sectional claims. The state is neither omnipotent, nor simply reactive. It is formed by the active process of seeking to establish and sustain a power bloc between certain social forces. Further, the state operates within a world capitalist context and has the sole task of attempting to formulate appropriate policies in the interrelation with other nation-states.[109]

In summary, the state cannot be reduced to the economic sphere, it is not instrumental or functionalist (in the sense of providing a factor of cohesion for the capitalist class), nor can it always produce the 'best' policies from any interested standpoint, including its own. It is the state's clearly identifiable social location and the very role of mediation (not just reaction to, but active agency within limits), together with its unique representative task in a world context, which provides evidence of the state having a set of distinct interests of its own. If the state did not have interests it could be reduced to the forces acting upon it, and particularly the dominant forces acting upon it. As Urry[110] has argued, these dominant forces are themselves fluid, and non-cohesive, and McEachern[111] has demonstrated that it is possible for the state to secure the interests of capital, or sections of capital, when neither the advantaged section, nor the class as a whole, acted in unison. The point about these arguments, is that there is no simple cause and effect relation between dominant forces and

[107] Marx, K. (1976), The German Ideology, Moscow, Progress Publishers, (Third Revised Edition), pp. 99.
[108] Urry, J. op cit, pp. 100.
[109] Ibid, pp. 83.
[110] Ibid, pp. 100.
[111] McEachern, op cit, pp. 193.

state policy, and there is evidence that the state possesses sufficient autonomy to take discretionary action. On these grounds, it is necessary to consider the issue of state interests.

There are two pitfalls to be avoided in this venture. First, one should not assume complete autonomy of the state and, second, it is important not to reduce state interests to the individual interests of state personnel. The arguments of Block are useful here. He has tended to characterise the policies of the state as being against all social forces and has elevated the state to a level of near complete autonomy, by virtue of what is seen to be the unifying and collective, teleological vision of state managers. Nevertheless, he has identified significant limits to state activity. In a series of articles, Block has attempted to formulate a critique of orthodox Marxist theories of the state by reconceptualising the ruling class and its relationship to the state, and by providing a structural framework specifying the concrete mechanisms whereby the state is identified unambiguously as a capitalist state.[112] At the heart of his theory is the notion of rationalisation. This he defines as a mode of capitalist reform to overcome economic contradictions and to facilitate the integration of the working class by means other than direct repression or forcible cuts in wages and social services. This rationalisation occurs as the outcome of conflict between the capitalist class, the managers of the state apparatus (politicians, legislative and executive personnel), the working class and the unemployed.

Block has denied the existence of a ruling-class consciousness, which could be significantly far-sighted, informed or cohesive to anticipate what was required to reproduce capitalist social relations in the complexity of changing historical circumstances. If there were such a consciousness the state would be little more than an instrument of capitalist class-rule, and the degree of state autonomy would be limited to a simple reflection of the sum of inputs by that class.[113] In rejecting the notion of a ruling-class consciousness and neo-Marxist 'relative autonomy' arguments, Block has argued that

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[112] Block, F. (1977a), 'Beyond Corporate Liberalism' in <u>Social Problems</u>, Volume 24, pp. 7.

[113] <u>Ibid</u>, pp. 9.

there is a division of labour between the capitalist class and those who manage the state apparatus. The former are aware of their intermediate interests as capitalists, but they have no consciousness as a class, of what is required to reproduce the social order over time within a matrix of other contextual forces. It is the state managers, who are forced to concern themselves with these issues, because their own power rests on the maintenance of the political and economic order. State policies are created through the structural relationships and conflicts between state managers, capitalists and workers.[114] Policies are structured through major and minor mechanisms. Minor mechanisms include direct pressures on state managers (lobbying, campaign contributions, favours to politicians and civil servants), as well as the recruitment of ruling-class members into government service. These are only secondary, however, in the sense that these channels of influence are not sufficient to ensure that state policies will support capitalist interests. They merely help to inform state personnel about the limits of state intervention. Such limits are also conveyed by a widespread bourgeois cultural hegemony.[115]

The major structural mechanism in policy formation lies with state managers themselves because they '... **have a direct interest**[116] in using their power to facilitate investment, since their own continued power rests on a healthy economy ...'.[117] If economic activity declines, the capacity of the state to finance itself through taxation or borrowing is severely curtailed and public support will fall accordingly. The economic crisis will then translate into a social crisis, characterised by unemployment and shortage of essential goods and services. To avoid those outcomes, state managers employ a much broader perspective of economic rationalism than what would be in the intermediate interests of particular capital units. This wider ambit increases the likelihood that state policies will advance the long-term, or general interests of capital. At the same time, business confidence provides a litmus test for governments indicating to what degree the business sector is prepared to

114 Ibid. pp. 10-2.
115 Ibid. pp. 14.
116 My underlining
117 Block, (1977b), 'The Ruling Class does not Rule ...' in Socialist Revolution, Volume 7, Number 3, May/June, pp. 15.

accept the level of government intervention. Reformist policies, for example, will be met with reduced investment from indigenous and international capital. These governments in particular will be subject to more critical scrutiny from the outset than conservative or liberal parties, since it is often thought by right-wing groups that labour parties harbour aspirations towards the gradual transformation of capitalism within the system of parliamentary democracy. This leads Block to assert that paralysis, rather than overthrow, comprises the most effective weapon against direct state intervention in the economy (in the form of price controls, exchange controls and import controls). In the pursuit of economic rationality to sustain a high level of business confidence, and thus to ensure the smooth flow of investment, state managers will pursue measures, which both integrate and repress working class demands. The result has been a tension in state policy between integrative concessions and policies which promote productive efficiency.

The essence of Block's concept of rationalisation lies in the notion that it is a by-product of state managers' interest in expanding their own individual power base. However, while working-class organisations and state managers might favour an expansion of state intervention, albeit for quite separate reasons, business confidence will veto such changes. This means that outcomes will represent none of the intentions of these forces, and that rationalisation will occur as a by-product of the dynamic interrelation of the sectional and antagonistic interests of the three.

Block's thesis is useful because he does consider the unique social and political location of the state in contradistinction to other social forces. In addition, he has identified the restrictive influence of capricious business confidence. However, by reducing the state to the individuals who comprise it, he has employed an ahistorical and individualist ontology. The existence of capital and labour are posited as subsidiary contextual factors. They impede, or enhance, the fortunes of state managers at particular moments in history, but the real source of the dynamic lies in the quest for individual power. It has been argued, by contrast, that the state must be seen, not in terms of the individuals who comprise it, or as

some kind of political moment in capital accumulation, or as a political entity autonomous from the economy and civil society.

The state must be seen in relational terms, that is, in relation to the formal, legal separation of the economic and political spheres. The empirical interpenetration of both spheres is the starting point for an analysis of the contemporary state, and the notion of citizenship has been used to elucidate the tension between real economic inequality and formal, political equality. I have argued that the transformation of citizenship from limited civil rights to political, and then social rights of this century has occurred as a result of class and other social struggles against the political and economic inequalities inherent in the economic sphere. These struggles must be located in a distinct social location, and I have adopted Urry's formulation, taken from Gramsci, of the sphere of civil society, which is the conceptual space where individuals are constituted first as subjectivities with a consciousness or will. Many of these individuals will become bearers of labour-power, but many will not. Nevertheless, these individuals will form class or other social alliances in order to struggle for social justice or at least redistribution in the sphere of distribution, and these struggles will affect the form and function of state activity. Clearly, this is not the same as the Durkheimian view.[118] The dual allegiance by the state to economic growth and political peace designates the dualistic and contradictory character of state intervention. It both supports a system of economic inequality and a political system of equality and universality . An unintended effect of this dualism is the creation of disunity. Sporadic attempts at corporatist alliances, and the expansions and contractions of the welfare state are empirical examples of an attempt to achieve a unity which can not be sustained indefinitely because a capitalist democracy is riddled with contradictions, not just between the two major classes, but between class and citizenship.

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[118] For a full discussion see Giddens, A. (Ed) (1986), Durkheim on Politics and the State, Oxford, Polity Press. According to Durkheim, the role of the democratic state is to provide for individuals' self-realization. It is the guardian of moral individualism (pp. 9). Therefore, the state is founded on sentiments of sympathy for human suffering, and its actions are directed towards a desire for equality and justice (pp. 14). Durkheim had an over-inflated view of state autonomy. There was no cognisance of class relations or of the power of capital to influence state policy often in ways which may neutralise or dilute efforts towards equality or justice.

It follows that there can be no general theory of the state because changes in the form and function of states are the outcome of struggles over the most suitable economic and political strategies to overcome crises and maintain conditions conducive to economic growth and political stability.[119] I have discussed the state and state configurations so far in general terms, such as the transformation of citizenship, problems of capital accumulation, alternative forms of political participation (corporatism) and contemporary measures towards redistribution of the social surplus guided by some notion of social justice (the welfare state). These trends need to be located within a specific social formation.

I have chosen to examine the development of broadcasting arrangements in Australia in order to elucidate the nature of class and other social struggles, and to document the changes which occurred over time to broadcasting policy as an outcome of these struggles. I will show that in the formative years of broadcasting in Australia, various governments adopted a policy called 'Localism', and I will chart the transmutation of this policy as it related to radio broadcasting and television from the 1920s to the 1980s. The importance of this particular case-study lies in the fact that changes in broadcasting policy show the influences of class struggles, and struggles by political minority groups: it documents the role of the state in the historical search for social unity. Thus, it will show that while Australian society adheres to the general principles of economic organisation common to all capitalist economies and those with a democratic political structure, it also has its own

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[119] Jessop, B. (1980), op cit, pp. 23.

pecularities.[120] These are articulated through changes in state policy related to broadcasting.

One further distinction needs to be made before the empirical section is presented. This distinction relates to the general field of research in media or communication studies. At first glance, this area appears to be almost over- researched.[121] I am concerned only with those falling within the broad parameters of either a sociological or political-economy perspective. These fall into three main headings: Marxist political economy or Marxist sociology; broadcasting histories; and political histories. Each one of these, however, contains certain shortcomings, which will be discussed briefly to show the special nature of the study in this thesis. It should be noted that the texts listed below are in no way exhaustive of the enormous volume of literature on the subject. They are documented merely as representative of a particular approach.

Marxist theories

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[120] There are many publications about Australian politics, and this list is brief and highly selective. Those cited here are considered to be the better representatives of various approaches to the area. For a discussion of the early formation of capitalism in Australia see McMichael, P. (1984), Settlers and the Agrarian Question: Foundations of Capitalism in Colonial Australia, Cambridge, Cambridge University Press. The same historical approach from an economic history perspective can be found in Butlin N.G., Barnard, A. and Pincus, J.J. (1982), Government and Capitalism, North Sydney, George Allen & Unwin Australia Pty Limited. For a broader, but critical and penetrating account of Australia's development from 1788 to the 1980s from a Marxist political economy perspective, see McFarlane, B. and Catley, R. (1981), Australian Capitalism in Boom and Depression: Options for the 1980s, Chippendale, Alternative Publishing Cooperative Limited. For a collection of essays by authors from various traditions and on various aspects of the contemporary Australian political process, see Woodward, D., Parkin, A. and Summers, J. (eds.) Government, Politics and Power in Australia, Melbourne, Longman Cheshire Pty Limited. For an approach which combines political philosophy, history, political theory and substantive issues, see Brugger. B. and Jaensch, D. (1985), Australian Politics: Theory and Practice, Sydney, George Allen & Unwin.

[121] For example, Mayer, H. et al (1983), The Media: Questions and Answers, Australian Surveys 1942-1980, Australia, George Allen and Unwin have shown that a wide diversity of perspectives have been brought to bear on this topic. These include: social and individual psychology; linguistics; semiotics; psycho-linguistics and socio-linguists; anthropology; statistics; engineering; various ways of looking at the brain and at mental processes; philosophy; literary approaches; dramaturgical, ritual and symbolic approaches; information theory; rhetoric; market research; and a range of schools within visual, oral and non-veral communication.

This category comprises the largest body of literature.[122] Although there are significant

differences between them, these authors attempt to establish that the private ownership and

control of commercial broadcasting has been responsible, in large part, for the reproduction

of the structures of capitalist cultural and political domination. If they discuss the public

broadcasting sector, it is generally to argue that this is an instance where the state performs

this task on behalf of private capital. There are three criticisms of this view. First, the

question of ideological incorporation of the working class and the role of the media in

reproducing structures of domination can be challenged.[123] Second, the approach is

ahistorical and only partial in its articulation of the forces of social change. For example, it

ignores the alternative and prior functions of broadcasting (to create the nation-state, to

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[122] Althusser, L. (1971), 'Ideology and ideological state apparatuses', in Lenin and Philosophy and Other Essays, London, New Left Books; Bell et al (1982), Programmed Politics: A Study of Australian Television, Sydney, Sable Publishing; Bonney, B., and Wilson, H. (1983), Australia's Commercial Media, Melbourne, The Macmillan Company of Australia Pty Limited; Connel, R.A. (1977), Ruling Class, Ruling Culture, Cambridge, Cambridge University Press; Garnham, N. (1979), 'Towards a Political Economy of Mass Communications' in Media, Culture and Society, 2; Janus, N.A. (1981), 'Advertising and the mass media in the era of the global corporation', in McAnany E.G. et al (eds.), Communication and Social Structure: Critical Studies in Mass Media Research, USA, Praeger; Jouet, J. (1981), 'Review of radical communication research: the conceptual limits', in McAnany E.G. et al (eds.), Communication and Social Structure: Critical Studies in Mass Media Research, USA, Praeger; McQueen, H. (1977), Australia's Media Monopolies, Australia, Widescope International Publishers Pty Limited; Marcuse, H. (1964), One Dimensional Man, London, Routledge; Miliband, R. (1977), Marxism and Politics, Oxford, Oxford University Press; Mosco, V. and Herman, A. (1981), 'Radical social theory and the communications revolution', in McAnany E.G. et al (eds.), Communication and Social Structure: Critical Studies in Mass Media Research, USA, Praeger; Mundy, G. (1982), 'Free Enterprise or Public Service? The Origins of Broadcasting in the US, UK and Australia', in Australian and New Zealand Journal of Sociology, Vol. 18, No. 3, November; Murdock, G. (1982), 'Large corporations and the control of the communications industries', in Gurevitch et al (eds.), Culture, Society and the Media, London, Methuen; and Windschuttle, K. and Windschuttle, E. (1981), Fixing the News: Critical Perspectives on the Australian Mass Media, Sydney, Cassell.

[123] For a critique of the incoporationist thesis, see: Abercrombie, N., Hill. S., and Turner, B.S. (1980), The Dominant Ideology Thesis, London, Allen and Unwin; Chamberlain, C. (1983), Class Consciousness in Australia, Australia, George Allen and Unwin; Giddens, A. (1979), Central Problems in Social Theory, London, The Macmillan Press Limited; Giddens, A. and Held, D. (1982) (eds.) Classes, Power and Conflict: Classical and Contemporary Debates, Hampshire, The Macmillan Press Limited; Goodhardt, G.J., Ehrenberg, A.S.C., and Collins, M.A. (1975), The Television Audience: Patterns of Viewing, England, Saxon House, Teakfield Limited; Sarti, I. (1981), 'Communication and cultural dependency: a misconception', in McAnany E.G. et al (eds.), Communication and Social Structure: Critical Studies in Mass Media Research, New York, Praeger Publishers; and Windschuttle, K. (1984), The Media, Victoria, Penguin Books Australia (who changed his view from an incorporationist account in Fixing the News: Critical Perspectives on the Australian Mass Media (cited above) to argue that there exists neither intentionality on behalf of private owners, nor unmediated receptivity or incorporation on the part of audiences).

establish the national and international communications infrastructure, and to serve defence, marine and meteorological requirements). Further, there is no recogition of the role of minority, non-class social forces in determining the outcome of broadcasing policy, or in the creation of a national public sector or other public sectors. Third, being mainly concerned with ideological effects, these accounts adopt either an instrumentalist, structuralist or functionalist framework to explain state interventions. By contrast, it is argued in this thesis that, although the private sector has been influential, policy outcomes reflect the complex interplay of class and non-class forces, where the state has acted to constrain the ways in which accumulation has occurred, and where the state has sought to achieve social unity. For example, the state has been active in providing alternative structures and outlets to meet the needs of audiences not being met by commercial licensees.

Broadcasting histories

Historians of broadcasting[124] have not been concerned exclusively with the social effects or the commercial uses of radio and television. They have documented in considerable

[124] Allen, Y. and Spencer, S. (1983), The Broadcasting Chronology, 1809-1980, New South Wales, Australian Film and Television School Research and Survey Unit; Barnard, A. (1983), 'Broadcasting in the 1920s: Government and Private Interests', Promethus, 1,1, June; Barnouw, E. (1966), A History of Broadcasting in the United States, Volume 1 - to 1933: A Tower in Babel, New York, Oxford University Press; Barnouw, E. (1975), Tube of Plenty: The Evolution of American Television, New York, Oxford University Press; Briggs, A. (1961), The Birth of Broadcasting: The History of Broadcasting in the United Kingdom, Volume 1, London, Oxford University Press; Clune, F. (1955), Overland Telegraph: The story of a great Australian achievement and the link between Adelaide and Port Darwin, Sydney, Angus and Robertson; Counihan, M.S. (1981), The Construction of Australian Broadcasting: Aspects of Radio in Australia in the 1920s (M.A. Thesis), Monash University; Curnow, R. (1963), 'The Origins of Australian Broadcasting, 1900-1923, in Initiative and Organisation (eds.) Bedford and Curnow, University of Sydney, F.W. Cheshire; Dixon, F. (1975), Inside the ABC: A Piece of Australian History, Melbourne, The Hawthorn Press; Donaldson, F. (1962), The Marconi Scandal, London, Rupert Hart-Davis; Gorham, M. (1962), Broadcasting and Television Since 1900, London, Andrew Dakers Limited; Kieve, J.L. (1973), Electric Telegraph: A Social and Economic History, Great Britain, David and Charles; Pegg, M. (1983), Broadcasting and Society 1918-1939, London, Croom Helm Limited; Sturmey, S.G. (1958), The Economic Development of Radio, Great Britain, Gerald Duckworth and Company Limited; Taylor, P. (1980), An End to Silence: The Building of the Overland Telegraph Line From Adelaide to Darwin, Australia, Methuen; Thomas, A. (1980), Broadcast and be Damned: The ABCs First Two Decades, Victoria, Melbourne University Press; Walker R.R. (1973), The Magic Spark: The Story of the First 50 Years of Radio in Australia, Melbourne, Hawthorn Press; Wedlake G.E.C. (1973), SOS: The Story of Radio-Communication, Melbourne, Wren Publishing Pty Limited; Inglis, K. (1983), This is the ABC, Melbourne, Melbourne University Press.

detail the complexity and diversity of the social struggles surrounding the social uses of the then nascent technology and the later developments of radio and television. However, these theorists lack a coherent theoretical framework to explain why the struggles occurred, the nature of the interests involved, or why the state became implicated in the way that it did with various arrangements in different societies. In short these are descriptive approaches. In this thesis, there is an evaluation of the larger socio-economic and political context, and the relationship between class, non-class forces and the state.

Political histories

Authors in the final category,[125] which to some extent includes elements from general histories of broadcasting, do discuss broadcasting arrangements in terms of government and state. However, these terms are often used interchangeably, and implicitly within a pluralist framework of political power. While not ignoring the importance of historical causes, minority and non-class forces, these writers fail to acknowledge the capitalist bias of the state. An adequate theory of state intervention must recognise the class-sensitivity of the state, without reverting to crude instrumentalist or structuralist theories.

This thesis will show that the intervention of the state in broadcasting arrangements in Australia can be charted around the changes in the policy called localism. It will be shown that localism emerged in the late 1920s with the creation of a dual (public/private) system of broadcasting. The idea was that a widely-scattered number of local commercial stations would provide local services for local residents. The public sector would provide information on relay to all Australians regardless of location. Localism was the responsibility of the commercial sector. However, extra-local ownership and control soon became the norm, particularly in the television sector. Governments understood that measures towards economic rationalisation would be necessary if audiences were to receive high-quality and diverse program material. Thus, the policy became transformed from the early type of localism to a new variation, although the essence of the policy remained the

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[125] For example, Barnouw, op cit; Briggs, op cit; Curnow, op cit, Barnard, op cit; Counihan, op cit, and Allen and Spencer, op cit.

same. Audience needs should not be subordinated to the private interests of broadcasters , and shareholders. I have termed this transmutation the shift from Localism Type I to Localism Type II.

The argument is that the commercial sector has failed largely to comply with either of these policy directives. Localism has become the greater burden of the public sector. This thesis will show that the creation of broadcasting policy involved three interrelated causal elements. First, it will show the struggles within the capitalist class. Second it will show how other minority political struggles impinged upon policy outcomes. Third, it will show that the state performed a dual function by underpinning the conditions of capital accumulation, on the one hand, and by creating alternative structures for the satisfaction of minority audience categories, on the other. It will also highlight some of the other reasons for these arrangements, which I have referred to generally as the search for social unity.

SECTION II - RADIO BROADCASTING

Overview

On 23 December 1983, the Minister for Communications, Michael Duffy, announced that the government would conduct a wide-ranging review of the policy of localism. A Committee would be appointed to examine the relevance of localism to all sectors of broadcasting (commercial, public and government-funded), the impact of localism on new services (such as satellite-related broadcasting and supplementary licences) and the extent to which localism created a barrier to the establishment of new broadcasting services. The Committee of Review reported to the Minister in 1984. In their concluding remarks it was stated that localism should continue and, in the case of both radio and television, be encouraged by granting to commercial licensees second and/or supplementary licences. The local 'sound' of the station should predominate - 'sound' meaning not music, voice, or other single elements of a broadcast, but the 'mix' which would cause listeners in the area to be conscious that they were listening to 'their' station.[1]

The actual definition of localism was outlined in the Introduction to this thesis. It is sufficient to repeat here that, according to the Committee, the basic objective of localism had always been to ensure '... that broadcasting services [were] attentive to the specific needs and interests of each local community'.[2] That is, the service elements of localism were to be regarded as the primary elements. In the early days of broadcasting, localism demanded the realisation of three criteria. First, commercial broadcasters should operate as separate, independent units covering a small geographical area. Second, broadcasters should serve the needs of the community in the station's transmission area. Third, commercial broadcasters should derive their revenue from the sale of air-time to advertisers. I have referred to this as Localism Type I. This chapter will show that the third criterion has overridden the first two.

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[1] Department of Communications (1984), <u>Localism in Australian Broadcasting: A Review of the Policy</u>, Canberra, Australian Government Publishing Service, pp. 263.

[2] <u>Ibid</u>, pp. 5-6.

By the early 1930s, broadcasters had organised themselves into a series of ownership or program networks in order to sustain their commercial viability. The government recognised the necessity and the desirability of networking, and it also regulated the number of licences issued in order to protect private accumulation. However, the government continued to support legislation which articulated the decentralised nature of the system, and it refused to allow stations' higher operating power extending beyond a limited geographical area. In addition, the government demanded that the operating surplus obtained from the structural rationalisations achieved through networking should be re-invested in high quality programs. Over time, the notion of 'community service' changed from one defined in terms of geographical location to one defined in terms of sociological characteristics. I have argued that these shifts represent an expansion from Localism Type I (decentralised structures serving a limited geographical area) to erxtra-local ownership and control (a system comprising a variety of structural arrangements providing high-quality, diversified services for minority social groups). It is argued further that the commercial sector has avoided both of these policies in all but a marginal way.

However, localism remains an important policy objective, but it has become the charter of the public-funded sectors, the ABC and in the 1970s the public radio sector. This situation developed because commercial licensees have sought to maximise profits and minimise costs. To achieve this end, they have preferred to remain situated in the most densely-populated, metropolitan areas, or to extend ownership and control over as many country-relay stations as possible in order to facilitate cost-efficient production, distribution and exchange; they have sought to produce the cheapest programs for mass audiences, rather than special programs for different audience sub-categories; and they have avoided experimental or innovative formats in lieu of programs with proven ratings success in order to sustain high levels of advertising revenue.

I shall posit the following arguments with regard to localism. Localism has been a government objective and one which indicated a reaction against the commercial sector.

Localism has been avoided fairly successfully over time by commercial operators, who have consistently put the pecuniary interests of shareholders over their statutory obligation to provide 'adequate and comprehensive services', despite consistent criticism of this practice by all government inquiries since the 1940s. Localism has been achieved in large part, but only through the non-commercial sectors - the ABC, public broadcasters and Special Broadcasting Services. Further, the success of localism can be traced to the organised struggles undertaken over time by political minority groups in which the state mediated to achieve social unity (a concept which has a specific meaning as defined in the theoretical chapter). The future of localism as a government objective is uncertain, because the claims underpinning localism - that broadcasting services should serve diverse human need - are no longer held to be as credible in government planning.

Finally, this is not an exhaustive documentation. It is primarily a political history of broadcasting in an effort to show the interplay of the above social forces. Radio and television are treated separately because they have been chronologically separate developments, and because they have often been subject to different economic and political pressures.

Chapter Two - The Structural Elements of Localism

The early history

When the Commitee of Review of Localism made their evaluation of broadcasting policy, they made the observation that localism was 'nearly as old as broadcasting itself'.[3] This chapter will document those early characteristic developments and argue that localism - a scheme comprising widely-dispersed and autonomous units providing high quality services for local residents - occupied a central place in the decision-making of both major political parties. It will show that the dual scheme, which was articulated in 1928 (six years after radio broadcasting had commenced), was actually a reaction against the refusal by the private sector to base their operations in the less-commercially attractive country areas. It will detail some of the major schisms between various fractions of capital, between capital and non-class forces, and between government and private broadcasters,

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[3] Department of Communications (1984), Op cit, pp. 5.

and it will reveal the initial reluctance shown by governments to become involved directly in the production of broadcasting services. It will also show that as a result of class and other social struggles, the policy of localism changed from one based initially on a community defined in terms of geographical location, to a notion of community defined in terms of sociological categories.

Between 1922 and 1929 there were many attempts to construct a system acceptable to a variety of social actors. These included manufacturers, amateur experimenters, importers and retailers of radios, manufacturers of transmitting equipment, broadcasters, theatrical and entertainment companies, 'listeners-in' and the Post Office.[4] Government intervention occurred originally as a response to organised efforts to prevent a monopoly of the air-waves and a monopoly on the manufacture of sets. It was not until later that government became more directive. In the later phase, intervention was designed to achieve what I have termed the structural elements of Localism Type I - the dispersion of stations in both city and country areas, regardless of population density. The idea was that listeners in the smaller states and rural areas might be subsidised by those in the more populous states and capital cities[5] to effect a more egalitarian distribution of broadcasting facilities.

When broadcasting commenced in November 1922, it was no more than a monopoly enjoyed by the Amalgamated Wireless (Australasia) Limited (hereafter referred to as AWA). AWA had been able to secure this privileged position because of their earlier involvement with the government in providing general communication services between

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[4] There have been many historical accounts of Australian broadcasting (see Chapter One), but three histories of this early period are particularly lucid. See Curnow, R. (1961) The Origins of Australian Broadcasting, 1900-1923, (M.A. Thesis), University of Sydney; a shorter version can be found in Initiative and Organisation (1963) (eds.) Bedford and Curnow, University of Sydney, F.W. Cheshire; Counihan, M.S. (1981), The Construction of Australian Broadcasting: Aspects of Radio in Australia in the 1920s, M.A. Thesis, Monash University, and: Barnard, A. (1983), 'Broadcasting in the 1920s; Government and Private Interests', Promethus, 1, 1, June. Two further more general historical accounts can be found in Mackay, I.K. (1957), Broadcasting in Australia, Victoria, Melbourne University Press; and Walker, R.R. (1973), The Magic Spark: The Story of the First Fifty Years of Radio in Australia, Melbourne, Hawthorn Press. For an account of the role of the Australian Broadcasting Control Board see, Cole, B.G. (1966), The Australian Broadcasting Control Board and the Regulation of Commercial Radio in Australia since 1948, (Dr of Philosophy Thesis), Illinois, Northwestern University.

[5] Barnard, op cit, pp. 100; Curnow, op cit, pp. 134.

Australia and Britain (and later, Canada). The Company sought to entrench their position by attempting to establish a monopoly on the local manufacture of radio sets and distribution of radio programs. It did this by suggesting to the government that imported sets should be prohibited, that only AWA should be permitted to hire out sets to listeners, and that those sets should be fixed in such a way that only AWA wavelengths could be received by the public. Prime Minister Hughes refused to ban foreign imports, but he did grant a broadcasting licence to AWA. This generated a groundswell of resentment from other interested parties (small radio dealers, experimenters, retailers, manufacturers, importers, and representatives of pastoral interests, major department stores and newspapers), but particularly from other retailers, who wished to sell radios and radio parts. Their response was to form The Association for the Development of Wireless in Australia, New Zealand and Fiji and, in 1923 when a new government was elected, this organisation exerted pressure to crush the AWA monopoly.

The result was a conference of all parties, where the managing director of AWA suggested a plan called the Sealed Set Scheme. It was accepted by all participants of the conference. According to Curnow, the Postmaster-General at the time supported the scheme, because it looked as though it would placate everyone and, at the same time, facilitate a competitive broadcasting structure.[6] It was meant to work in the following way. Each broadcaster would be assigned the exclusive use of a separate wavelength to reach a certain metropolitan area. Under this scheme, listeners would be assured of a good service, because broadcasters would compete with each other to attract the maximum possible listeners. Of course, broadcasters would not base services in non-viable areas: the Post Office would collect a subscription fee from city listeners in order to develop services in those country areas, which were too underpopulated to support their own station. The rate of subscription would vary depending on how many wavelengths the listener opted to use, and sets would be sealed (or unsealed). The dealers and manufacturers would derive their revenue from sales of sets.[7] By early 1924 this scheme had failed. Listeners resented

[6] Curnow, op cit, pp. 125-131.
[7] Barnard, op cit, pp. 105.

restrictions on wavelength reception and responded accordingly. They either took out an experimental licence, or they manipulated their own sets in order to guarantee unlimited reception. This meant that revenue was not sufficient for broadcasters or dealers to cover their costs, and the Post Office did not receive enough money from subscriptions to finance developments in country areas.[8]

Only one broadcaster, Farmer and Company, had prospered from the Sealed Set Scheme and this was mainly because it had enjoyed cooperative relations with Williamson's theatrical company and the Sydney Municipal Council (who arranged concerts). All other parties were thoroughly dissatisfied, and lobbied the Postmaster-General and the head of the Post Office to change the system.[9] Another conference was called, and this time participants divided into two major factions. Farmer and Company stood on one side, and the other broadcasters and Association signatories stood on the other, but Farmer's withdrew from the conference when their scheme of monopoly control was rejected, leaving the others to devise a new scheme.

It is interesting to note that two schemes were proposed then. The first was submitted by Gibson (the Postmaster-General) and Brown (the departmental head), whose objectives anticipated the development of the policy of localism. The idea was to amalgamate some of the larger broadcasters into a single company to ensure high quality services and listener patronage. Then, by redistributing revenue from licence fees collected from listeners in the cities, the Post Office would relay services to the less-wealthy and less-populous areas and, in that way, services could be equalised across all states and regions.[10] All of the broadcasters rejected the idea of voluntary amalgamation, but they all agreed to an alternative system, comprising A and B class stations. Under this scheme, the A stations would be financed in a major way from listener licence fees, while the B stations would be funded from the sale of air-time to advertisers. The A stations would be much higher

[8] Curnow, op cit, pp. 134-6.
[9] Ibid, pp. 137.
[10] Barnard, op cit, pp. 111.

powered than the B stations. They would receive seventy percent of the revenue collected in that state, but from that revenue they would be expected to develop relay stations in the country. Country listeners would be encouraged to buy licences, because there would be a system of gradated charges depending on the quality of reception and distance from capital city stations.[11]

This scheme proved more successful. The number of licence applications jumped from 1,226 to 38,000 and, by 1925, to over 60,000. In 1926 the number doubled again. Retail sales boomed in sets and component parts and the market for crystal sets neared saturation point. However, broadcasters were far less fortunate. In 1925/26, only one station (3LO, in which Farmer and Company and AWA held substantial holdings) had been able to pay a dividend, and this was a relatively small five percent. This failure to achieve profitability was attributed to two factors. First, broadcasters were forced to pay exorbitant copyright fees to the Australian Performing Rights Association (APRA), and to AWA for patent rights on radio component parts.[12] The second factor was related to the unequal distribution of licence-fee revenue in favour of the two most populous states and, of these, the two higher-powered A stations. It was also evident that country listeners remained disadvantaged. This was because, in the quest for maximum audiences, A class stations had directed their services more towards city areas. Satisfactory reception in country areas then depended on the use of more expensive valve sets and, even then, fading and distortion were common problems. In fact, country listeners were doubly disadvantaged because, even though some A stations tried establish country relay stations, the Post Office's inter-capital city land-line was not completed until 1925. When it was completed, it was found that there was insufficient capacity to cope with normal telephone trunk traffic as well as radio usage.[13]

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[11] Ibid.

[12] Curnow, op cit, pp. 162-166.

[13] Barnard, op cit, pp. 114-6.

All of these factors contributed to general dissatisfaction with existing arrangements and the Association for the Development of Wireless this time sought a general inquiry into the whole issue. The main problem seemed to be the unfair advantage enjoyed by 3LO. This was the richest station and the better-placed in terms of resources and connections with regard to copyright and patent agreements. In Victoria, for example, 3LO received seventy percent of the listeners' licence fee (of which thirty percent went to the Post Office), but it also received favourable copyright terms from APRA, the Company which controlled ninety-eight percent of copyright musical works in Australia. 3LO had to pay only four percent of total receipts, whereas 3AR, its largest competitor, had to pay fifteen percent.[14] In addition, 3LO had attempted to take over 3AR in order to monopolise all broadcasting services in Victoria and there was some suggestion that the quality of services was inadequate. On these grounds, the Labor opposition called for a complete nationalisation of broadcasting. The Nationalist government objected to the concept of nationalisation on two counts. First, it would be unfair to penalise broadcasters, who had in their view produced excellent programs and, second, under government control of broadcasting, 'the tendency would be to use the programmes for political purposes'. However, it was conceded, somewhat paradoxically, that broadcasters received inadequate income to provide suitable programs for the public. The Nationalist Party, therefore, sought to introduce a uniform scale of charges and a general review of broadcasting practices at the end of the licence period.[15]

This review prepared the way for the appointment of a Royal Commission on Wireless, which reported to the government in 1927. Its primary objective, like that of the Post Office, was to find a way to equalise broadcasting services across states, and between city and country regions. This again comprised what was later termed the policy of localism. The Commission stated that:

> the Commonwealth as a whole is interested in providing a broadcasting
> service in every part thereof and has a direct interest in introducing the

[14] CPD, 21/7/26, pp. 4433.
[15] CPD, 21/7/26, pp. 4445-6.

amenities of city life to those whose occupations would otherwise deprive them of the same.[16]

The inquiry heard submissions advocating nationalisation, amalgamation of private companies and revenue-sharing with B class stations. The final recommendations indicated little structural change to existing arrangements. Nationalisation was rejected, and so was the suggestion that the government should actually produce programs. First, there was the fear that governments were apt to use information services for political propaganda. Second, a government scheme would, by its very nature, be unable to 'maintain that high standard of business accumen which is essential to securing the best results'. Third, the creation of a corporation, like the British Broadcasting Corporation, would result in a government department whose business would be to provide entertainments for the people. It was noted that Australia may adopt such a mode of control in the future. However, that solution was rejected at the time, since the corporation had been operating for only a short period, and had already received adverse criticism. Fourth, there was a danger that artists and entertainers would withdraw their services, and finally nationalisation would mean the loss of 'decentralisation and local control of broadcasting stations [which was] highly important in a country of such wide distances as Australia'. [17] Thus, the only solution, according to the Commission, was to effect a plan to encourage the whole of the existing stations to cooperate, and

> come to mutual arrangements for future working, subject to strict control by the Postmaster-General, who has ample power under the existing regulations to secure an efficient service for the public.[18]

The Commission identified two major problems relating to insufficient income. First, asymmetrial spread of population across the states had led to variable income, and further the smaller states could not attract high quality entertainers. Second, operating profits were consumed because of the high fees demanded by AWA and APRA. In response to the first problem, the Commission ordered that all listeners' licence fees should be pooled. A

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[16] Report of the Royal Commission on Wireless (1927), Parliamentary Papers, General Session 1926-27-28, Vol. IV, Commonwealth of Australia. pp, 4.
[17] Ibid.
[18] Ibid.

sufficient sum would be deducted by the Postmaster-General's Department to cover administrative and research costs, and the remainder would be used to distribute £5,000 per annum to each station as a guaranteed minimum operating allowance. In return, the A stations would be encouraged to establish relay stations in the non-profitable, country areas. Of course, the A stations were reluctant to do this, because of the capital costs of new structures. They would have preferred an arrangement whereby they could erect higher-powered transmitters, instead of relay stations, to reach the country areas. However, the Commission remained firm that broadcasting must develop as a self-supporting service. In order to encourage the widest possible sale of listening licences, relay stations must be constructed in as many country areas as possible. Against this, the financial burden to private broadcasters would be offset by the provision of public land-lines at the lowest possible rental.[19] For the second problem, the Commission ordered APRA to reduce their charges from seven-and-a-half percent of total revenue from licence fees, to five percent of the station's gross earnings, and it ordered Amalgamated Wireless (Australasia) Limited (formerly AWA) to limit their royalty fees. In the event that this was not heeded, the government should then compulsorily acquire all of the shares in the company.[20]

Overall, it can be seen that the first, significant public inquiry into broadcasting in Australia had identified the problems that would plague all governments in the future. Australia's population was too small, it was spread too thinly in the non-metropolitan areas to support individual commercial stations, the commercial broadcasters themselves refused to cooperate with each other, and related industries harboured different objectives to commercial broadcasters. The objective of government intervention was to create a system of separated, autonomous units yielding a high-quality service to residents in all areas. Non-Labor governments wanted the commercial sector to provide these services, despite all of the attendant shortcomings, which even at this early stage had been revealed. The Nationalist Party and the Royal Commission eschewed the idea that government should

[19] Ibid.

[20] Ibid, pp. 10-5; 21. The government already held 500,001 of the 1,000,000 shares in the company under a previous arrangement.

involve itself directly in the control or production of programs. Yet, it was also clear, that broadcasting and communications services had become too important to leave to the vagaries of the market. Government had to be involved in administering and supervising the structural and servicing components.

The Royal Commission recommended that the Postmaster-General should obtain wider controls over broadcasting by appointing three government officers to the Australian Wireless Committee . This Committee would hold regular conferences with representatives from the A class and B class stations, the Wireless Insitute of Australia, radio dealers and manufacturers, and licensed listeners-in. Its task would be to find mutually compatible arrangements for the progress and development of wireless, and to supervise all matters relating to broadcasting, either in relation to defence facilities or commercial structures.[21]

These recommendations proved to be inadequate. One year later, under the threat of forced amalgamation, new efforts were made by some of the A stations stations to amalgamate voluntarily. In renewing efforts in this regard, Gibson had pursued several objectives. He wanted to reduce administrative and operating costs, he wanted to syphon revenue from the eastern states into program expenditures in Western Australia and Tasmania, and he sought to redistribute urban revenue into the construction of country relay stations. A class broadcasters, however, wanted no more than a simple coordination of programming services, and submitted a scheme through Gibson to the Cabinet proposing the formation of a company comprising all A class licensees.[22] This plan was rejected and on 25/7/28 Bruce announced the government's decision to acquire all plant and equipment belonging to the A stations at the end of the licence period. Barnard has argued that this rather astounding change in policy was informed by two major factors. First, the Nationalists feared that a single broadcasting company of that proportion in such a vital area would present a huge vested interest, and second the government was not convinced that a single

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[21] Ibid, pp. 13-21.
[22] Barnard, op cit, pp. 118.

company would extend relay stations to country areas.[23] It was certainly a watershed in broadcasting history. From that decision, the two-sector system came into operation.

It had taken approximately six years for the government to realise that the commercial sector could not be relied upon to fulfil, what could be termed, 'localist objectives'. The commercial sector refused to take seriously their obligations to service unprofitable country areas, and stations in the less populous states suffered from a lack of entertainment resources, despite a series of government interventions to overcome these problems by the pooling of resources and income, and coordination of activities.

Contained in a 1928 Cabinet policy decision was an outline of the new dual system of broadcasting. The national service would be a co-ordinated public utility financed by a direct charge to those who elected to become listeners, and in which the component parts were to be so related that at least one daily program could be heard by at least ninety percent of the people. The other system (the commercial system, which comprised the old B stations), would comprise an assemblage of individually operated units, which would be financed by an indirect charge on all people by virtue of the broadcast advertising loading contained in the price paid for the goods they bought, and in which the component parts would give a service essentially local in character. The primary system would be the national one. It would have priority over the commercial system in terms of operating power, geographical coverage and choice of radio frequency channel because it would cover non-profitable, sparsely-populated country areas as well as densely-occupied cities.[24] It should be stressed that, even though the government did act against the interests of the larger broadcasters, they were not entirely abandoned, since it was understood that they would use the remaining B stations for advertising purposes.

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[23] Ibid. pp. 118-9.
[24] The Parliamentary Standing Committee on Broadcasting (1943), First Report, Canberra, Commonwealth of Australia, pp. 20.

There were also some qualifications about the public system. The old reservations about direct government involvement continued to hold sway in these formative years. Although the structures had been taken over by the government, the responsibility for providing entertainments and information services was passed to a private entertainment company called the Australian Broadcasting Company, comprising Union Theatres, Fullers Theatres, and J. Albert and Son. This company was enlisted to fulfil the government's plan to redistribute revenue from the larger to the smaller states and from the cities to the country areas.[25] In the first year of operation, the company did improve the number of relays to country areas, although the Post Office was unable to erect the additional sixteen relay stations it had promised, which meant that full national coverage was not realised.[26] On the servicing side, newspaper reports were critical of program standards and lack of program diversity, and the high costs paid to the company for the programs were alleged to be inappropriate to the actual service being rendered. After one year, the contract with the company was abandonded. It had been discovered that the company had over-used its own orchestras to keep costs down and had overpaid on Director's fees to ensure profits over the ten percent of gross income per annum set down in the contract. Thus, in 1932, the United Australia Party under Lyons ended the experiment with private contracting for the publicly-funded national service. In 1931, the Scullin Labor Government had also advocated this action.[27]

The Birth of the Australian Broadcasting Commission (ABC)

The failure of the A.B. Company lay not just with economic fundamentals, but with the servicing component as well. The new arrangement was designed to overcome these anomalies and to ensure full national coverage. The Labor Party, followed by the United Australia Party, introduced the Australian Broadcasting Commission Bill into the Parliament which provided for the erection of eight additional stations in country and outback areas. This would make a total of twenty stations distributed throughout the

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[25] Barnard, op cit, pp. 120; Curnow, op cit, 212-21.
[26] Curnow, ibid, 224.
[27] Curnow, op cit, pp. 222-45.

Commonwealth. The original Bill authorized the Commission (hereafter referred to as the ABC) to 'undertake the provision and rendition of adequate and comprehensive programmes' and 'to do such acts and things ... which may be beneficial to broadcasting programmes'.[28] The Commission would comprise five commissioners (at least one a woman), who would be 'men with no axes to grind ... of independent mind, good judgement, and outstanding ability'.[29] The commissioners would be responsible for policy, while a general manager would undertake supervision of day-to-day program delivery.

The most contentious issues revolved around political control, and sponsorship of programs, with the result that some clauses were amended. Clause 5 was amended to give greater power to the ABC and less to the Minister, but the final passage of the Bill did not allay suspicions of government control. Although the ABC was to be given the status of a statutory authority, and although this would ensure some distance from the political leverage of the government-of-the-day, the Minister would still retain ultimate control. The two major institutional controls lay in the allocation of expenditure and the political appointment of commissioners, but the government also exerted discretionary power over conditions of contracts, and control over technical planning, plant and equipment. Several other clauses were changed. Clause 18, which originally gave exclusive power to the Commission to publish its own programs, was altered to include any firm or person. Clause 22, which originally permitted sponsorship of programs, was withdrawn rather apologetically as a result of organised pressure from the Victorian Chamber of Manufacturers, the Victorian Employers Federation, the Victorian Radio Association, the Electrical Federation of Victoria, and the Melbourne Chamber of Commerce.[30] This revision was accompanied by the statement that the government 'never intended that the Commission should engage in general advertising in competition with other enterprises'.[31]

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[28] CPD, 9/3/32, pp. 841-7.
[29] CPD, 9/3/32, pp. 847.
[30] Curnow, op cit, pp. 254.
[31] CPD, 17/3/32, pp. 1257.

The Labor Party merely accused the government of 'coming to heel at the call of the daily press'.[32]

In 1932, the Australian Broadcasting Commission Act was passed providing for the Australian Broadcasting Commission comprising five members to 'provide and broadcast adequate and comprehensive programmes and to take, in the interests of the community all such measures as are conducive to the full development of suitable programmes'. The ABC was empowered to appoint officers, publish programs and related material, collect news and information relating to current events and to subscribe to news agencies, to establish orchestras and groups of musicians, to appoint advisory committees, and 'to determine to what extent and in what manner political speeches might be broadcast'. There were significant limitations. Salaries were subject to the approval of the Governor-General; the Postmaster-General had to approve the acquisition of property exceeding £5,000, and he must approve any contract or agreement exceeding five years; and the Postmaster-General had the right to prohibit or require the broadcast of any matter. Ultimately, however, the greatest leverage was purchased by virtue of the allocation of expenditure. The service was to be self-financing through a fifty percent share of the £2.4s. .listener licence fee. The Postmaster-General's department would receive nine shillings for maintenance of technical services and land-lines, and AWA would receive three shillings for patent rights.[33]

The ABC fulfilled two major functions. First, it provided the services which the private sector would not provide. For example, it provided training for young artists, it broadcast educational material for adults and children, it fostered the development of Australian drama and Australian music, it broadcast 'controversial' talks, and provided talks for 'the man on the land', it developed school broadcasting throughout the Commonwealth, there were regular news sessions, religious services, sporting coverage and community singing, and

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[32] CPD, 17/3/32, pp. 1258.
[33] The Joint Committee of Public Accounts (1969), The One Hundred and Tenth Report - The Australian Broadcasting Commission, Parliamentary Paper No. 173, Canberra, Australian Government Publishing Service, pp. 5-7.

broadcasting commenced via shortwave frequencies to northern Australia, Papua New Guinea and other territories to the north.[34] Second, the ABC provided a vehicle for the dissemination of information applicable to all Australians. This latter function was especially important, and it is worthwhile considering why it was that the government introduced a public service just at that time.

The period during which the ABC emerged, 1928-1932, was also one impregnated with enormous social unrest and economic depression. The beginning of severe social strain became evident in 1928 with a series of strikes by waterside workers, timber workers and miners. By 1930 the crisis had deepened. The Commonwealth Arbitration Court had ordered a ten percent cut in the national wage and further cuts were made to public works, public services and public service wages. Unemployment had risen from 9.3 percent in the first quarter of 1929 to 29.6 percent in the third quarter of 1932. Regional unemployment was even higher in the smaller states (South Australia, Western Australia and Tasmania).[35]

It could be argued that the ABC was a timely political device. National networking was the cheapest way to provide the same information to all Australians regardless of geographical location. However, the ABC also decentralised its structures to provide information more specifically relevant to the different states and territories. Within six years, extra transmitters had been installed in metropolitan and regional areas so that the states could produce an alternative program for their own listeners.[36] It is commonplace in the contemporary period for the ABC to state that its main aim is 'to develop a sense of national unity and to identify national interest'[37] This role was not so clearly articulated in the early years, but it is evident from the structuration of the transmitters that this task had been

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[34] The Australian Broadcasting Commission (1937-38), The Sixth Annual Report, Parliamentary Papers, Vol. IV, Canberra, Australian Government Publishing Service, pp. 1-25.

[35] Catley R. and McFarlane, B. (1981), Australian Capitalism in Boom and Depression: Options for the 1980s, Chippendale, Alternative Publishing Cooperative Limited, pp. 51-2.

[36] The Australian Broadcasting Commission, The Sixth Annual Report, 1937-38, Parliamentary Papers, Vol IV, Canberra, Commonwealth of Australia, pp. 1-25.

[37] The Australian Broadcasting Commission (1981), Program Policies and Practices for ABC Radio and Television, Sydney, Press and Public Information Department, pp. 6.

formulated at the very beginning. Of course, the programs themselves reflected this role. The Australian National Programme provided information of interest to the nation as a whole, while other programs were designed to cater for specialised sub-groups. More will be said of programming in the next chapter. It will suffice to state here that universality and diversity became the hallmark of the ABC in its very early years of operation. It was also a financial success. For example, in 1933, when the ABC had been operating for just one year, licence applications jumped by nearly 100,000, providing an annual revenue of £550,000. The Commission received 12s. from each licence fee, AWA received 3s. for patent rights, and the remainder, £176,577 was paid back into Consolidated Revenue.

Localism and the Commercial Sector

It will be remembered that the 1928 Cabinet decision had envisaged a local role for the commercial sector. After the nationalisation of the A stations, the Post Office set about putting this plan into action. The post-nationalisation period marked a very different era in commercial broadcasting. After lifting the freeze on commercial licences, which had been imposed in 1926, the Post Office invited fresh applications, but this time the criteria were more specific. Potential operators had to prove adequate financial resources, they had to possess specialist knowledge of broadcasting, and they had to demonstrate a capacity to provide a program. These grounds ruled out many of the old, B operators, who had used broadcasting mainly as a public relations exercise for their other business activities.[38] In the new era, that kind of logic was unacceptable. The Postmaster-General stressed that all services 'must be based on the primary and constant consideration of the requirements of listeners.'[39] Localism began to take a firmer shape. The new licences would be issued for commercial operation in a limited geographical area covering only a fifteen-mile radius, and the needs of listeners were held to be paramount. The scheme attracted much attention, and within a few years the number of stations had increased markedly. For example, in the three years from 1929-31 the number of stations increased from twelve to twenty-

[38] Counihan, op cit, pp. 212-3.
[39] Ibid, pp. 230.

seven. By 1932 there were forty-three stations, and this number had grown to ninety- .
seven in 1942.[40]

In accordance with localist objectives, many stations were established in country areas.
However, localism stipulated that stations should operate as autonomous units producing
material of local interest for local residents. This was to be realised only in a marginal way.
Commercial broadcasters in this phase faced two big hurdles. First, the allocation of many
more licences had increased competition. Second, under the new dual scheme, income
from the listeners' licence fee was allocated to the national service and the Post Office (and
a marginal amount to AWA). The B stations faced greater competition, no assured source
of revenue, and heavy demands from AWA and APRA for patent rights and copyright fees.
Their only source of income came from advertising. In order to attract greater funding, the
commercial stations petitioned the Post Office to increase their transmitting power so that
they could widen their market area without adding greatly to the costs of transmission.
Their requests were refused. Thus, in the early 1930s the financial picture for the
commercial stations was a fairly bleak one and, to add to their problems, they faced
trenchant competition from the well-financed and omnipresent ABC. It was very common
in this period for stations to suffer operating losses and the only way that stations could
increase their profits was to enlarge their market area. Failing an increase in operating
power, there were three ways to do this, and keep their costs to a minimum. Stations
could increase their operating hours, they could arrange with other owners to relay
programs for little additional cost, or they could purchase additional outlets.

The first option did increase income, but transmitting for longer hours also increased costs.
As a solution, stations used recorded material extensively, as opposed to live
performances, although this brought about its own problems. The British firm, Electrical
and Musical Industries Limited (EMI) owned the conglomerate (Associated Record
Manufacturers) from which was derived almost all imported material. When stations
increased their use of recorded music, record sales dropped proportionately, and the

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[40] Ibid, pp. 212-3.

company withdrew permission for their material to be broadcast. After lengthy negotiations, an agreement was reached between the company and the Federation of Commercial Broadcasting Stations to set copyright fees for each station depending on their location and transmitting power. Payments to APRA also rose rapidly from £6,642 in 1931 to £30,000 per annum in the late 1930s. It must be remembered that these spiralling costs occurred at a time of increased competition from other stations for a finite amount of advertising revenue. In renewed efforts to keep their costs down and increase their market area, the stations moved towards ownership and program networking.[41]

By the early 1930s ownership networking had become commonplace. The whole sector was monopolised by a small number of large firms, many of whom were newspaper companies, who had purchased radio stations to retain advertiser patronage. The government viewed ownership networking with great ambivalence. On the one hand, the rationalisation of costs would allow companies to reinvest profits into the production of better programs. Country residents would then be able to hear the same high-quality programs as city listeners;

> the department realizes that the advertisers desire chain advertising, and are prepared to spend money on high-class programmes, provided they are broadcast over a large area and are heard by a great many listeners. The Department has no objection to that. On the contrary, it rather encourages it.[42]

However, on the other side, there was an equally strong sentiment that private control of facilities across media outlets posed a serious threat to democratic freedoms. As a former Postmaster-General argued at the time,

> The press has decided that information cabled to Australia shall come from only one source. The people of this nation get only what the press cares to give them. That is wrong in principle, and is a powerful argument in favour of such a public utility as broadcasting being in the hands of the Government.[43]

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[41] Counihan, op.cit, pp.
[42] CPD, 3/12/35, pp. 2365.
[43] Archdale-Parkhill, CPD, 3/12/35, pp. 2368.

For a non-Labor government, nationalisation was an anathema to sound government practice. The solution was sought in legislative controls over the number of stations owned by one company. On the 21st October 1935, the government announced that it would dismantle existing networks by passing legislation that would limit ownership or control of stations to one metropolitan station in any state; two metropolitan stations in Australia; three stations in any state; or five stations in Australia. The networks argued that these controls would damage cost-effective relaying, which would then reduce advertiser patronage and profits and, ultimately, that this would hamper their ability to produce top quality programs. The argument was that the listener would suffer from controls over networking, particuarly those in country areas, who could not support their own commercial station. These were persuasive arguments for the government and it was decided to allow more generous concessions. The new regulations permitted the ownership or control of one metropolitan station in one state; four metropolitan stations in Australia; four stations in one state; or a total of eight stations in Australia.

These were still difficult times for broadcasters. In 1939/40 a survey showed that only nineteen stations from a total of eighty-four had made a profit of more than ten percent on their gross advertising revenue, while twenty-three showed meagre profits and twenty-three had made a loss.[44] The fragile financial base of the commercial sector was an ideal opportunity for advertisers to capture these outlets for their own purposes. The prevalence of ownership networking meant that advertisers could negotiate with capital city proprietors for the transmission of high-quality programs by relay to country centres. The advertisers were, by this stage, well-organised since American advertiser agencies had penetrated the Australian market bringing with them sophisticated programs featuring overseas 'stars'. Despite the curbs on ownership and control of stations, overseas advertisers could still network their programs by arranging with capital city proprietors to distribute material to their 'sister' or 'affiliated' stations. The stations could keep their operating costs low, far lower than if they had been forced to produce their own programs 'live', and advertisers

[44] Report of the Joint Committee on Wireless Broadcasting (1942), (The Gibson Committee), Canberra, Commonwealth of Australia, pp. 59.

were assured of wide-spread markets with the minimum of negotiation. By 1938 there were two 'client-created networks' - the Major and the Commonwealth Broadcasting networks.[45] For services of a general kind, these arrangements were excellent and especially so for small country stations, whose market areas lacked the necessary density for cost-effective operation, particularly for programs of high-quality.

However, the policy of localism had designated a local and independent role for the commercial stations. What had happened, by contrast, and within one short decade, was the creation of a series of national and regional networks via ownership and control, or program networking arrangements. In fact, by the end of the decade, seventy-eight of the ninety-six commercial stations had become members of either the Macquarie Network or the Major Network. The remaining eighteen stations were associated with regional networks within one state, although they often enjoyed affiliations with the networks as well.[46] From all accounts, localism survived for a brief period only and was characterised by poor financial return. Australia could ill afford a policy which did not take account of the asymmetrical population spread, the small indigenous population and the great strength of overseas competition. In short, commercial viability had overshadowed a commitment to decentralised structures and local services because only in this way could stations attract enough advertiser support to ensure the production of high-quality programs for listeners all over Australia. Yet the legal and administrative framework continued to stipulate local control and local services.

Thus, there emerged a tension between local ownership and control (Localism Type I) and extra-local ownership. In terms of broadcasting objectives, the new system was really an extension of the first policy in that commercial viability was seen to be a necessary precondition for the production of high quality programs for listeners in the station's service area. (Over time, and as a result of much public unrest, the definition of 'high-quality' became more critical, but this will be dealt with in the next chapter). The essential

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[45] Mackay, I.K. (1957), <u>Broadcasting in Australia</u>, Victoria, Melbourne University Press, pp. 142-144.
[46] <u>Ibid</u>, pp. 159-66.

point is that under either set of structures, the policy maintained that the needs of listeners should not subsumed to commercial practices. Networking may have superseded the original plan for decentralisation, but profitability was seen by policy-makers more as a means to an end, rather than just an end in itself. In addition, policy-makers remained cautious of monopolisation by press or business interests. This concern did not extend to legislative action, although a special Standing Committee on Broadcasting was empowered to watch developments of that nature very carefully.[47] The Standing Committee subsequently pointed to the possibility that not enough air-time would be given to local programs in peak listening times, and that stations should keep relevant statistics for review by the Postmaster-General. The general concern over the adverse effects of monopoly control of commercial broadcasting was recognised in the 1946 amendments to the Broadcasting Act 1942, giving the Postmaster-General (and later administrative agencies) the power to supervise the transfer of shares or the terms of contract between stations for the provision of programs or advertisements.[48]

In 1948 the government established the Australian Broadcasting Control Board (hereafter referred to as the ABCB) to supervise on a full-time basis all aspects of commercial broacasting. In particular, the Board was to ensure that stations provided '... adequate and comprehensive programmes ... to serve the best interests of the general public'. This task was interpreted to mean the provision of a local or regional service, as well as other material of a general nature. Therefore, a shift had also occurred in the servicing elements. I have called this a shift from Localism Type I to Localism Type II. It understands that the needs of audiences should remain paramount. The Board showed consistent regard for the necessity of local services. In a very early report, the Board stated that

> one of the functions of a commercial broadcasting station is to provide a
> comprehensive service covering local activities and that from the point
> of view of the well-being of Australian country life the local

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[47] Report of the Joint Committee on Wireless Broadcasting (1942), op cit, pp. 58.
[48] Department of Communications (1984), op cit, pp. 22-3.

broadcasting station may well prove a cementing force for its rural community.[49]

However, networking was also seen to be necessary to preserve commercial viability and so the reality was that there had to be a balance 'between the interests of the networks and the individual stations'. The Board did not wish to exert overt bureaucratic control, it said. Its role was to ensure that the benefits of networking were conferred on listeners, especially listeners in rural areas, while ensuring that individual stations maintained their independence.[50] In this regard, the Board was empowered to take into account when granting a new radio licence, whether the applicant would 'provide a comprehensive community service for the district in which it is to be located'. Of course, commercial viability was an important part of this decision, because it was only under these conditions that a station could be expected to provide a satisfactory service.[51] The rationale was that, where commercial viability allowed, a station owned by local residents would, by virtue of its local character, be in a better position to yield a truly local service.[52]

From the 1950s to the 1970s, the criterion of local ownership continued to play a significant part in the initial choice of licensee, and it was only dispensed with when local residents could not prove financial ability to provide a satisfactory service. By the early 1970s, this practice had become so well entrenched that applications almost always represented a majority proportion of local ownership and directorships.[53] However, the fact that the Board and its successor, The Australian Broadcasting Tribunal, gave preference to organisations which were locally-owned and controlled did not in itself continue to secure local ownership. The Board's powers extended to the initial issuance of the licence, but share transfers and sales subsequent to that often resulted in the loss of local ownership and control.

[49] The Australian Broadcasting Control Board (1950), Second Annual Report, Canberra, Commonwealth of Australia, pp. 24.
[50] Ibid, pp. 7.
[51] Department of Communications, op cit, pp. 31.
[52] Ibid, pp. 100.
[53] Ibid, pp. 101-4.

When the Australian Broadcasting Tribunal took over from the Board in 1977, it paid closer attention to the question of local programming. Localism then became incorporated into the larger rubric of 'the public interest', which extended past local ownership to include such items as the degree of cross-media concentration, public accountability and public access; capital employed and the nature of program services.[54] Local ownership continued to be assessed along with other criteria, like commercial viability, on a case by case basis.

The problem was, however, that local shareholders were often willing to sell their shares to secure a sound investment and the Minister's approval was almost always automatic. Amendments to the Broadcasting and Television Act passed by the Liberal Government in 1981 now make it uncertain whether local ownership and control can be considered as relevant conditions for a licence application, since the only proviso now is a general clause that the applicant must be 'a fit and proper person to hold the licence'.[55]

Certainly, the structural elements of Localism Type I - decentralised, local ownership and control of stations - are no longer an aspect of commercial radio broadcasting. In a survey conducted in 1984 by the Tribunal, it was found that of thirty-three non-metropolitan stations, only five were more than seventy-five percent locally owned. The remaining twenty-eight were less than twenty-five percent local. Of directorships, only in five cases were seventy-five percent of the directors local residents; in two cases fifty to seventy-five percent of the directors were local; in two cases twenty-five to fifty percent were local; while in twenty-four cases, less than twenty-five percent of the directors were local residents.[56] In their 1984 report, the Department of Communications concluded that local ownership and control had not been an important consideration past the initial stage when the licence had been granted. Although most metropolitan stations were locally-owned, the

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[54] Ibid, pp. 113.
[55] Ibid, pp. 120.
[56] Ibid, pp. 123.

great majority of commercial stations (those in country areas) did not show an adherence to the original policy.[57]

The question then became whether the servicing elements of localism had prevailed over the delivery of mass-consumption programs. A full examination of the development of programming from Localism Type I to Localism Type II is contained in the next chapter. It is sufficient to note here that when this issue was examined, the Department of Communications documented the serial development of policies designed to widen the concept of local services. 'Local community' came to mean not just a community in the geographical sense, but a community in the sociological sense of comprising a variety of sub-audience categories based on criteria like age, religion, ethnicity, gender and race.[58] Yet, when the Department examined the programming structure of the commercial radio stations for local content, it applied the former, constricted sense of localism - Localism Type I. It was found that radio broadcasting had been almost entirely 'local' in nature since the advent of television, when advertisers had transferred their patronage to the new, and more appealing medium. This had forced radio operators to produce their own programming, and this had included adequate amounts of local news and information, local advertising and community service announcements.[59] The report concluded that, with the exception of relay situations, the service elements of commercial radio were largely local in character, and that this was 'in close accord with the traditional view of 'local' commercial radio services'.[60]

Of course, the qualification had to be made that a program was local even if it included elements which were not locally-produced. If a program was compiled and scheduled at the local station, then it qualified as a locally-controlled operation, even though a considerable amount of time was devoted to playing music not produced at the local level.

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[57] Ibid, pp. 124-5.
[58] Ibid, pp. 126-131.
[59] Ibid, pp. 131.
[60] Ibid, pp. 140.

The Department remained satisfied that localism had been retained as a significant aspect of commercial radio, especially with regard to country stations.

The adherence to localist objectives in the servicing elements could be attributed to two factors. First, radio was essentially a 'local medium'. In other words, advertising on country stations was more likely to emanate from local businesses. The figures for advertising supported this claim. On average the percentage of local advertising on country stations stood at seventy-two percent, while the remaining twenty-eight percent came from national firms.[61] Second, radio was a 'local' medium because it had to be. It was a case where the needs of listeners coincided fortuitously with commercial profitability, since the latter rested upon the perception by listeners that it was indeed a medium for local expression and local interests.[62]

It is argued in this thesis that the interpretation of localism applied in this instance was a very contracted one. The report had switched from an examination of the wider concept of localism, which had developed over the years to include an expansive set of sociological characteristics, to a much narrower definition. I have termed the early definition, Localism Type I, and the wider definition, Localism Type II. The argument is that commercial radio services are local only if the former definition is applied, and only then with marked qualification. As the next chapter will show, the requirements laid down as a result of a series of government inquiries relating to programming services became far more sophisticated and detailed from as early as the 1940s onwards. When the requirements of Localism Type II are considered, commercial radio in general must be judged a failure. It is also clear that localism has been a government objective. It comprises a series of policy decisions arising from the consistent refusal by the commercial sector to provide programs other than those complying with a market formulae, that is, material that requires the lowest input for the widest possible consumption and profit margin. Governments have responded

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61 Ibid, pp. 137. These figures vary from one region to another. Another source has suggested that on average 82 per cent of the rural stations' advertising was local and only 18 per cent came from the national market (Australian Financial Review, 22/11/83,28).
62 Ibid, pp. 132.

with administrative controls, but without legislative backing. For example, the Board or the Tribunal have never been empowered legally to impose local content quotas to control private sector investments, even though it would be possible to do so in conjunction with commercial viability. However, localism has survived as a valid policy objective, but it has become the burden largely of the public-funded sectors, instead of the commercial sector. These issues will be discussed in the next chapters.

One final point needs to be made about the structural elements of commercial radio. The Department of Communications recommended that localism should continue in the era of satellite-delivered programs. Their report was politically informed in the sense that the regional stations had submitted a good case to the inquiry for an increased role in non-metropolitan areas. Surveys taken of the needs of country listeners had pointed to the importance of localism for rural communities, and this was why the narrower definition had been used to assess their success in achieving localist objectives. When the ABT examined the likely impact of the satellite, it did not include the radio sector because it was seen to be essentially 'a local medium'. The Tribunal could see no evidence of market imbalance, nor of the concentration of power and influence: as a result it recommended no additional regulation.[63] It is the case that regional radio is local if one considers it in the light of an investment medium. It is the case that, until recently, most of the income for regional radio had been dervied from local and regional advertising, while national advertising contributed only about twenty to thirty percent of the total revenue. However, more recent changes in the radio environment may mean that what little localism (in the sense of local services) does remain for country listeners will soon disappear. This is because radio, as an investment medium, has ceased to be the 'poor cousin' of television.

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[63] The Australian Broadcasting Tribunal (1984), SPS, Volume I, Canberra, Australian Government Publishing Service, pp. xli.

The most recent changes in the status of radio, relative to television, can be attributed to the considerable hike in television operating costs and, therefore, advertising rates,[64] together with the advent of FM radio and its impressive success financially.[65] This has led to a serious split in the radio industry between FM and AM operators.[66] The latter have responded in two ways, both of which will tend to increase the propensity for regional radio to become a national medium. AM operators have argued to the government that they should be permitted to transfer to FM frequency bands, since they allege that it is the superior sound reproduction on FM which is responsible for the remarkable financial success of the seven metropolitan FM stations. Other AM operators, especially the large network owners, have decided that the success of FM can be challenged by providing national radio talks and news programs featuring top 'stars' in the Australian entertainment field. However, the cost of labour for these programs is so high that the networks wish to extend their services as widely as possible to include the regional stations. By using an Aussat satellite footprint, the networks could distribute the talks program and national news service, together with national advertising, in the widest possible market area at a reasonable cost, and hence defray the enormous cost of employing top-billing performers.[67] Regional AM operators may find this option much more attractive in the future, because they are soon to face greater competition from the grant of new

[64] The cost of television advertising rose in 1985 by 15-17 percent. This was because operating costs were pushed up by increases in overseas purchases, which were further heightened by the later devaluation of the Australian dollar. These are high increases when it is considered that overseas programming comprises only 25 percent of total programming, and that local programming is 10 percent higher to produce than the cost of an imported product. There is also a trend among advertising agencies to prefer a media-mix, rather than a straight investment in television alone. Thus, radio has become more attractive as part of a diversified media package (Australian Financial Review, 27/7/85). The better status accorded to radio is reflected in the increase in advertising rates by 148 percent from 1980-5 (Australian Financial Review, 21/5/85). Profits for television decreased from 10.8 percent to 3.9 percent over the period 1979-84. (Australian Financial Review, 16/10/84).

[65] During 1984/5, the seven FM stations accounted for 53.5 percent of the $29 million aggregate profits for metropolitan radio markets, while the 27 commercial metropolitan AM stations shared the balance. This is a remarkable feat for the FM stations since they reach only a 25 percent of the total audience. Yet, in the same period, they recorded profits of $2.2 each compared to the $499,000 for each AM station (Australian Financial Review, 18/2/86).

[66] AM operators have the strongest voice in the radio industry association, FARB. FM operators, existing and potential, have formed their own body, called FAIR - FM Applicants for Independent Radio (Australian Financial Review, 31/10/86).

[67] The Australian Financial Review, 'Media Survey', 17/6/86.

independent licences in their own, previously monopolised, market areas. Since July 1986, the radio sector has become dominated by the formation of eight national networks competing for the radio advertising dollar.[68] Should regional profits drop through greater competition from independent FM licensees, or a depressed investment climate (which is highly probable given the current state of low commodity prices), it is likely that they will seek a firmer allegiance with the networks for the national talks/news/current affairs program. This would mean the end to what little local programming currently exists on non-metropolitan outlets, although regional managers at a recent Macquarie network conference agreed that this was not much anyway.[69]

One could argue that a nationally-networked program featuring top presenters and up-to-date information and current affairs would be a welcome change to fairly mediocre program fare, constrained by a limited budget. However, when country listeners were asked to rate what they wanted from local broadcasting services, the responses gave a priority to such issues as high local and regional content, local access to the planning process and a high level of community control.[70] These objectives are outside of the scope of commercial radio. However, the government has moved towards more decentralisation with the announcement that either supplementary or independent licences will be issued in many country areas.[71] This follows a study undertaken by the Forward Development Unit (Department of Communications). The study found that 'diversity of choice' appeared to rate highly among the government's five objectives - the others being viability; Australian content; localism (Type I), and discouragement of concentration of media ownership and control. It was noted that more local stations may not bring more local services. An increase in local services would be secured best by audience patronage, since advertisers would be willing to sponsor them and stations would be more willing to produce them. Alternatively, the Tribunal could consider this obligation at licence renewal time.[72]

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[68] The Australian Financial Review, 7/7/86.
[69] Fell. L. (1986), 'Media' in Australian Society, June, pp. 35-7.
[70] The Department of Communications, op cit, 221-223.
[71] The Australian Financial Review, 25/2/87.
[72] The Department of Communications (1986), Future Directions for Commercial Radio, Volume I: Report, Canberra, Australian Government Publishing Service, pp. 155-162.

It has been argued that commercial radio moved away swiftly from the local role to which it had been designated under the government's dual scheme in 1928, in legal form under the conditions of licence, and by an administrative constraint on transmitting operating power. Within one decade, the commercial sector changed from a system of separated broadcasting units (although the legislation continued to recognise licensees as autonomous operators) to one characterised by extensive program production and distribution networking. In the servicing elements, local services remain to a limited extent in country areas, but this small level of local production may well disappear in the future, unless the new independent FM operators in country areas decide to adopt a more localised perspective. The change from decentralised structures to widespread networking was an essential pathway to commercial viability, especially for the small, country stations. It is an indication that government has been prepared to provide an extremely safe regulatory framework for private accumulation. On the other hand, just as profitability has been recognised as a pre-condition for efficient operation, it has been accompanied by a demand from government that programs should reflect high-quality content. Over time, the notion 'high-quality', and what programs should be included for what audience sub-groups, became more specific. Thus, the notion of 'community service' changed from one defined in terms of geographical location to one defined in terms of sociological characteristics. The next chapter will examine the social forces which led to these changes.

CHAPTER THREE

The Servicing Elements of Localism

Counihan's general argument is that commercial broadcasting can be seen as a series of 'transformations'[1]. The first stage involved the creation of a market for receiving sets, which lasted from the early 1920s to the early 1930s. The second stage had developed by the mid-30's, when broadcasting had become a commercial enterprise, that is, information and air-time were sold in commodity-form. For broadcasters, information was a means to an end, not an end in itself. Programs were geared towards attracting advertiser funding, which meant that the material was designed to capture mass audiences, rather than to provide a comprehensive service comprising a wide range of different material. These transformations involved gradual and piecemeal steps.

I argued in the last chapter that government sought to achieve two goals. It created an efficient framework for private accumulation by restricting the number of licences in any one area and, by ensuring financial viability, it sought to protect the needs of listeners. The needs of listeners were interpreted initially in terms of a geographical community and 'quality' was defined in terms of the technical quality of signal reception. The actual quality of the information, and how that related to the needs of listeners in terms of a social community, became a subsequent concern. This chapter will trace the third transformation, which occurred (like the previous two) in response to the inability of the commercial sector to put national aims before private profit.

It was shown in the last chapter that by the mid-1930s commercial broadcasting no longer conformed to the original plan laid down in 1928 with regard to its local character. Although stations remained legally defined as independent units and were permitted to cover only a limited service area, ownership and programming arrangements had transmuted the commercial sector into a series of nationally-coordinated structures. By the early 1940s, Australian audiences enjoyed a density of broadcasting facilities. There were

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[1] Counihan, M.S. (1981), The Construction of Australian Broadcasting: Aspects of Radio in Australia in the 1920s, M.A. Thesis, Monash University.

twenty-nine national stations - two in each capital city and fifteen covering large regional areas. There were ninety-nine commercial stations - six in each of Sydney and Melbourne, two to four in the smaller capitals, and seventy-two in the larger, non-metropolitan areas.[2] In terms of power and influence, the dominant stations were those based in the largest markets of Sydney and Melbourne. From there, all national advertising accounts were negotiated and the majority of programs produced. These were designed to capture mass audiences across the country.

Until this time, only one major public inquiry had been conducted into broadcasting. The Royal Commission on Wireless in 1927 had been centrally concerned with establishing structures on a wider geographical basis, but comment on services had been minimal. It was noted merely that many complaints had been received from listeners about the monotony of the programs along the lines that there was 'too much sporting information, too much jazz music, [and] too many talks'. These complaints were summarily dismissed. They were thought to be unreasonable demands because listeners paid so little for a whole year's entertainment and, in any case, broadcasting companies had maintained a fair balance and acceptable standards in the face of considerable financial losses.[3] The Royal Commission did acknowledge that there was a problem concerning the lack of choice, but no other action was taken except to request the stations not to broadcast racing, sporting events, music or the news simultaneously.[4] At this stage, the geographical expansion of facilities to country areas remained the primary concern.

Conversely, when the Gibson Committee examined broadcasting in 1942, the content of services became the focal point of interest. This concern was related to the incipient fear of the potential effects of broadcasting messages. Hitler's seizure of the German media had implanted the notion that broadcasting could have a powerful and adverse effect on human

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[2] Report of the Joint Committee on Wireless Broadcasting (1942) (The Gibson Committee), Canberra, Commonwealth of Australia, pp. 9.

[3] Report of the Royal Commission on Wireless (1927), Parliamentary Papers, General Session 1926-27-28, Vol. IV, Commonwealth of Australia, pp. 2.

[4] Ibid, pp. 15.

consciousness resulting in irrational behaviour on the part of the masses. For this reason, government must exert closer authority over the nature of the information itself. According to the Committee:

> broadcasting has progressed from the position of a novel source of entertainment to the status of an essential public service. Its influence on the lives of the people is now so far reaching that its control has become a problem of major national importance... [T]he unique effects of broadcasting are comparable only with those of printing, but, to the extent that listening requires less concentration than reading, it may well be that the influence of broadcasting is far greater. It is therefore not surprising to find the view widely held that the immense importance and value of this new boon to mankind impels recognition of the need for at least some measure of public control of programmes in the general interests of the community, not only to prevent the service from being used for improper purposes, but to ensure that it will exercise a positive influence for good on the individual and national character.[5]

Here was the first pronounced and publicised shift from Localism Type I to Localism Type II in program services. The community was now regarded as a moral community, whose values and attitudes could be shaped for better or worse. It was necessary at this time of national crisis that government should intervene to ensure that broadcasting would be harnassed to achieve national goals. According to the Committee, all broadcasters should present the type of programs which would

> help, and not hinder, Government leadership in striving to maintain the highest ideals which Australia stands for as a Christian country.[6]

Against this objective, the commercial sector performance had been an abysmal failure. Licensees had confined their efforts almost entirely to the area of popular music and community singing sessions. There had been some support for 'good music', but even this limited level could be attributed more to the competitive thrust of ABC programming, than to commercial initiatives.[7] In terms of essential services, such as religious programs, political broadcasts, educational services, and general cultural development, specific criticisms were made. In relation to political broadcasts, it was stated that

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[5] The Gibson Committee, op cit, pp. 8,10.
[6] Ibid, pp. 53.
[7] Ibid, pp. 58.

> there is no reason why the public should be asked to accept anything less than the highest possible ethical standard that can be attained by those who hold commercial broadcasting licences...... [A]n enlightened and informed electorate is the best safeguard for the successful operation of our democratic forms of Government.[8]

The fact that commercial stations did not offer free time for religious sessions

> seems wholly unjustifiable by an organisation to which the Government of a Christian country has granted a type of monopoly.[9]

Further, 'there seems no reason why the commercial stations should not be developed for educational purposes'[10] and they should realise that 'the securing of a much sought after licence carries obligations as regards the cultural development as well as the entertainment of the public'.[11] In short, the Committee endorsed the axiom, for the first time in broadcasting history, that the privilege of a broadcasting monopoly bestowed upon licensees a reciprocal obligation to put public and national objectives before private, commercial gain. Clearly, licensees had not used their power wisely. The new Australian Federation of Broadcasting Stations had drawn up a code of self-regulation as a programming guide for members, but its rules for 'good morals and clean living' had 'been more honoured in the breach than in the observance in quite a number of cases'.[12]

For these reasons, the commercial sector was brought under the same legislative banner as the ABC. It was acknowledged that legislation could not change the nature of irresponsible management, but it could 'prevent that individual from using facilities for the propagation of national degeneracy'.[13] In a positive way, universal legislation could be brought to 'protect the minds of the people from the aggression of corrupted moral outlook' and

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[8] Ibid, pp. 60.
[9] Ibid, pp. 60.
[10] Ibid, pp. 62.
[11] Ibid, pp. 63.
[12] Ibid, pp. 65.
[13] Ibid, pp. 65.

sanctify 'the standards of conduct which are the mainspring of healthy family and national life'.[14]

The Gibson Committee comprised representatives from both major parties, but it was dominated by representatives from the conservative government. Both parties could reach a basic consensus on matters of programming excellence and program diversity, but in the area of freedom of information, it was the very nature of public control which created the essential schism. Three Labor members on the Committee rejected the efficacy of legislative control of the commercial sector, submitting that public accountability could be achieved only if all services were nationalised.[15] The conservative majority rejected nationalisation out of hand. By making a simple equation between public bureaucracy and totalitarianism, government control of broadcasting represented to them the real, potential threat to democracy. Accordingly, specific amendments were made to Section 20(1) of the Act requiring the Minister to put in writing any request to the ABC to broadcast material of any kind, and requiring the ABC to report such cases in its annual report to Parliament. The Committee disapproved of any amendments conveying more power to the Minister or the Governor-General, and sought to underscore the need for the ABC to remain independent from the government-of-the-day.[16]

The ABC should be subject only to parliamentary control and, to this end, a joint-party Parliamentary Standing Committee on Broadcasting would be appointed. It would have a dual function. It would reconcile the tension between government control of the ABC and total ABC autonomy, and it would keep parliament informed of private sector developments. The keynote here was persuasion and self-regulation of the commercial sector, rather than coercion. The ultimate goal was to preserve a competitive environment amongst the commercial stations and between the national and commercial sectors to assure the public 'of some good and varied programmes'.[17] The Committee could investigate

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[14] Ibid, pp. 53.
[15] Ibid, pp. 77.
[16] Ibid, pp. 12.
[17] Ibid, pp.55.

matters raised by resolution of either House, or by the Minister. Also, the Commission and the Federation could request the Minister to submit any matter on their behalf. Comprising representatives of all parties, from all States and both Houses, the Standing Committee was created to act as:

> a democratic instrument which [would provide] Parliament with its own medium to assist it in forming a judgment independent of the Minister, the Government and the broadcasting authorities.[18]

The new administrative and legislative machinery was not in any way meant to deprecate the outstanding performance of the ABC. On the contrary, the ABC had carried out its charter with 'a high sense of the duty and of the obligations and functions bestowed on it by Parliament' and it done this in the spirit of complete political impartiality.[19] The commercial sector, on the other hand, had attracted marked and far-reaching criticism in every field of programming, except those areas catering for mass consumption. Yet, there were to be no structural changes. The system had worked well, precisely because of its competitive dualism. The ABC had 'raised the level of the commercial stations, while the commercial stations [had] kept the national system human'.[20] The only possible danger to freedom of information lay in the concentration of control by newspaper companies,[21] and future developments of that kind should be monitored. However, there was 'nothing inherently wrong with the networking system'.[22] In fact, networking had distinct advantages. Rationalisation of production and distribution meant that better programs could be produced and that services could be equalised between city and country areas. Further, the Committee had satisfied itself that member stations remained self-governing and that the network exercised no authority over them. Local autonomy was an essential element in the commercial system, since it was the needs of listeners, not advertisers,

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[18] The Parliamentary Standing Committee on Broadcasting (1943), First Report, Canberra, Commonwealth Government Printer, pp. 6.

[19] The Gibson Committee, op cit, pp. 11.

[20] Ibid, pp. 55.

[21] Ibid, pp.58. Newspaper companies owned or controlled forty-four percent of all radio stations in the early 1940s.

[22] Ibid, pp. 58.

which were considered of paramount importance. Accordingly, the Post Office had been directed not to increase the operating power and market area of individual stations.[23]

In the structural elements, a tension had arisen between Localism Type I and extra-local ownership and control. Commercial viability could be achieved through networking, while local autonomy would ensure some local accountability. In the servicing elements, the concept had expanded to incorporate wider social functions defined in terms of national goals, or nation-building. The fact that these were specified in some detail is testimony to the fact that the commercial sector had failed in this regard. They had succeeded in providing programs of mass-appeal, but they had not included programs of special or minority-interest appeal such as religious or educational programs or programs of 'high' cultural value. Indeed, the 'low' moral tone of commercial broadcasts attracted the most critical attention, especially since the commercial stations commanded large audiences and many of these included children, adolescent youths and girls.[24]

Solutions were sought in greater legislative control and new administrative arrangements, and the most pressing omissions and/or excesses were pinpointed for immediate attention. Licensees should correlate programs to prevent simultaneous broadcasting of racing events; they should restrict Sunday advertising to sponsorship announcements;[25] and they should censor the advertising of malicious and false patent medicines. Both sectors were required to offer equal time for political broadcasts; to devote two-and-a-half percent of total music time to the works of Australian composers; to adopt a more rigorous policy in dealing with morally objectionable broadcasts; and both should extend and correlate all educational activities. Other decisions taken by the Committee included: free licences for schools, invalid and old-age pensioners; the deferment of frequency modulation broadcasting; the

[23] Ibid, pp. 57-8.
[24] Ibid, pp. 65.
[25] Ibid, pp. 61. Advertising on Sundays had attracted strong criticism from many community groups, who wished to ban it entirely on Sundays, along with other amusements affecting hotel bars, cinemas and organised sport. The Committee agreed that it was a sensitive matter, but it had to consider the effect on the then fragile financial base of the sector, as well as the inevitable withdrawl of entertainment on a day of leisure.

fixing of a common performing rights fee; the setting of minimum licence fees; co-operative arrangements for overseas broadcasts; government control of overseas propaganda; and the censorship of political material, except speeches or statements from the Prime Minister or Leader of the Opposition.[26]

One further aspect of this debate requires elucidation. Armstrong[27] has argued that the pressure for the investigation arose from a series of attempts to increase government control of the ABC. The evidence would suggest that this argument is correct. However, the pressure for tighter controls over commercial activity can be located in the wider community. Approximately one/third of the witnesses represented churches, educational institutions and women's associations.[28] The considerable attention devoted to the relationship between individual morality and Christian ethical values, on the one hand, and democracy and the national character, on the other, suggests that there were other social currents operating in this period of great political upheaval and that these currents contributed to public scrutiny of programming issues. The point here was that Localism had expanded from Type I to Type II.

Although the programming excesses and omissions emanating from commercial sector activity were taken to be matters of serious concern, they could be redeemed through legislative and administrative means. No structural changes were deemed necessary. The new Parliamentary Standing Committee on Broadcasting (PSCB) had been created to mediate, in a co-operative way, between all broadcasters and authorities. A major part of its role was to ensure that the commercial sector would thereafter put national objectives (those referred to as Localism Type II) before commercial profitability. The latter was important, of course, but it was to be secondary. For government planners, commercial viability was a pre-condition for high quality programs and the types of programs which would cater for all sections of the community.

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[26] Ibid, pp. 5-8.

[27] Armstrong, M. (1982), Broadcasting Law and Policy in Australia, Sydney, Butterworths, pp. 37.

[28] Ibid, pp. 9.

One argument in this thesis is that the wider scope of localism has been evaded almost entirely by commercial broadcasters. Nevertheless, localist objectives continued to feature in broadcasting policy, but they became the burden of the public sector(s). In the years between the Gibson Committee and the advent of television in the early 1950s, radio programs continued to come under the close scrutiny of the PSCB. The PSCB published a total of fifteen reports in this period, all of which mirrored the concerns expressed in the Gibson Committee's report. The most problematic areas of programming can be described as coming under the broad headings of sex, politics and religion. These were unresolved dilemmas precisely because the commercial sector ignored its statutory obligations under the conditions of licence.

The remainder of this chapter will trace the outcome of those issues. It will be shown that the government was forced to impose more regulative controls over the commercial sector, and that the scope of the problem culminated in the formation of the Australian Broadcasting Control Board in 1948. Under the same legislation, the funding of the ABC was transferred from a reliance on income derived from listeners licence fees to Consolidated Revenue. The transfer sought to overcome the consistent shortfall in ABC operating expenses, which had risen exponentially between 1942-7 in order to finance the greater burden of localist services, defined again in terms of wider social and national goals.

In the post-war era, Australia faced considerable economic difficulties. One of the most pressing issues for post-war reconstruction was the low rate of population growth. The question of how to increase the volume of families became one of the Committee's first tasks. As the Gibson Committee had remarked in 1942, radio broadcasting had reached such a high level of general acceptance that its role in everyday life had become commonplace. In other words, radio had become an essential social amenity. Its value to rural communities was considerably higher, because country residents did not enjoy the plurality of sources of information or entertainment services available to metropolitan

dwellers. Country radio services could provide essential information such as market reports, local events, local committee activity, health information for isolated mothers, bush-fire control, flood, frost and hail warnings, general education for children and adults, local religious services and political broadcasts.[29] Further, for rural residents who did not own a telephone, and who were located in outlying areas far from a town or neighbours, the radio communication link was a vital one.[30] To a large extent, it made the difference between a happy, if isolated, life and an unhappy one. For the government, rural expansion and a return to full production of commodities for export and domestic use were major items on the post-war agenda. Part of this drive also involved schemes to increase Australia's population. This target was planned through immigration and through schemes to promote motherhood amongst Australian women. Here again, rural communities featured prominently, because families in the country had a higher level of fertility than those in high-density city areas. It had been estimated that if only 365 children were born to every thousand potential mothers, the population would remain stationery. Rural areas produced on average 520 children per thousand mothers, provincial areas produced around 420, while a large city like Sydney actually recorded negative population growth at around 290 children for every thousand potential mothers.[31]

Against this backdrop, the Post Office requested the PSCB to investigate the Deniliquin case. The residents of Deniliquin had sent a deputation to the Postmaster-General because there was an imminent danger that they would lose their local commercial radio station 2NQ to the larger, regional centre of Wangaratta. The residents of Wangaratta also sent a deputation to the Postmaster-General supporting the relocation. Their station had been moved in 1934 to Shepparton from where they could receive only poor quality signals. The problem was that the local licensee had suffered considerable operating losses between 1941-44 because both of the major networks had refused membership to 2QN. This meant that national advertising funding was very meagre and the level of local advertising was not

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[29] The Parliamentary Standing Committee on Broadcasting (1945), Sixth Report, Canberra, The Commonwealth of Australia, pp. 5.
[30] Ibid, pp. 8.
[31] Ibid, pp. 13.

sufficient to cover costs. The Major network had offered some hope of commercial salvation in suggesting that if the licensee could get higher operating power approved by the Post Office, and if the station could be relocated in an area with high market appeal, the company would re-consider 2QN membership in their network.[32]

The Committee decided in the favour of the Deniliquin residents. A principal reason had to do with the size of Deniliquin. It was not a major rural centre, but it was sufficiently large to come under the heading of a provincial area producing potentially around 420 children per thousand mothers. It was no accident that the submissions from the Country Women's Association (CWA) and local farmers were given high currency in the Committee's report. The CWA pointed out the severe deprivation suffered by young mothers in isolated areas without a telephone, regular newspaper services or radio links. Farmers had underscored the importance of Stock and Station broadcasts on the night prior to sales. This information allowed farmers to decide on lines of stock to purchase or sell, and it often saved them unnecessary and costly journeys into the town on market days.[33] The Deniliquin station would stay despite its lack of commercial viability, precisely because Deniliquin itself possessed the characteristics compatible with the government's plans for post-war reconstruction.

The surrounding area comprised good soil for agricultural development which meant the land could be subdivided and the population doubled in a very short time. For a rural area, it was the right size for propagation and would assist with population expansion. In short

> Life on the farm will have to be made much more attractive if people are to be kept there, and there is no better way to assist in doing this than by a local broadcasting station.[34]

The question of funding posed a complex problem because the amount of national advertising received by 2QN was insufficient to cover operating costs. This was

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[32] Ibid, pp. 3-4.
[33] Ibid, pp. 8.
[34] Ibid, pp. 5.

particularly serious. Country stations derived, on average, seventy percent of their income from national advertising,[35] but the networks would use only those stations acting mainly as relay units of the capital city stations where the advertising contracts were negotiated. There was little hope that a low-powered station, like 2QN, would flourish in the environment in which it operated. Advertisers would only pay for the minimum number of outlets for the widest possible market area. To use 2QN for advertising would represent a duplication of costs for advertisers, because the signals from 3SR Shepparton (carrying the Macquarie Network service) could be heard by Deniliquin residents.[36] The licensee of 2QN had been further disadvantaged, because 3SR had offered discount advertising to local businesses, thus reducing the amount of local revenue on which 2QN relied almost exclusively.[37] There was no chance that 2QN could be granted higher operating power either, because the Post Office had advised that an additional higher-powered channel was not available.[38]

The decision not to allow the licensee to re-locate clearly favoured the Deniliquin residents, but in return businesses were required to support their station actively with local advertising. However, even under those circumstances, the revenue would not be sufficient. The Committee ordered the Federation of Australian Commercial Stations to establish a Trust Fund comprising contributions from the networks and the national advertising agencies. Out of this Fund, part of the aggregate surplus could be redistributed to the smaller stations in country areas, which were unfortunate enough to be excluded from national advertiser patronage.[39]

The important points to be made in relation to this case involve the way in which broadcasting services came to be defined. The audience was no longer defined solely in terms of a homogenous, geographical entity. Certainly, there were claims to be made about

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[35] Ibid, pp. 13.
[36] Ibid, p. 12.
[37] Ibid, pp. 7.
[38] Ibid, pp. 10.
[39] Ibid, pp. 15.

a 'community of interest' pertaining to certain regional areas against neighbouring regional areas, but within that larger unit, audiences were broken down into specific social categories. In that era, mothers with young children, as well as farmers, were conceived as high priority groups precisely because of their respective efforts in the context of national economic and social policies. Within this framework, a local broadcasting service came to be defined as an vital social amenity. 2QN would be saved because

> in contrast to the metropolitan city, the country more than reproduces itself; and hence, withdrawal of an amenity which makes life attractive to a rural community is a move to be deprecated in the national interest.[40]

Local people wanted a local station with a wide range of high quality programs. However, an asymmetrical spread of population, low population levels in country areas, and the dominance of national networking made these objectives difficult to achieve. In other words, a tension had developed between Localism Type I structures and Localism Type II services. It was possible to have a local station with local services, but not with sufficient viability. Economic viability could be achieved by networking, but this would be detrimental to the other goal of local accountability.

This tension was also revealed in PSCB reports dealing with specific program categories. Sex, politics and religion basically sum up the major programming areas dealt with between 1942-8 and, again, the major concern revolved around the 'health' of the nation. Indeed, state intervention could be justified in the otherwise sacrosanct domain of family and domestic life only by reference to this overarching objective. With this objective in mind, the PSCB proceeded to deliberate on the questions of compulsory, religious broadcasts, the censorship of information relating to sex education and the censorship of 'blues', jazz and 'boogey-woogie' music imported from America. As to whether the state should intervene, the Committee reported

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[40] Ibid, pp. 13.

The State has the right and the duty to safeguard the moral well being of the community. No single person or interest or small groups of interests can be allowed to do as they like if, in so doing the common good suffers. There is a difference between liberty and licence. We, as a community, have certain ethical principles which not only develop the best in the individual, but which give stability to the community, as such. But we would be blind Utopians if we were to shut our eyes to the fact that, throughout history, man has a tendency to fall away from these standards, which very often demand some sacrifice on his part. And, unfortunately there has always been a small element which, for reasons anti-social or monetary, has been ready to provide man with easy and attractivemeans of disregarding these principles. Since that is the case, the State, very rightly, has to assume the responsibility of preventing such lapses. Such power it already has in the cases of literature and the cinema, for instance, and it is only logical that it would have similar powers in a medium that is as powerful if not more powerful than the written word. In this regard, too, it must always be remembered that the radio is, so to speak, another member of the family. Radio is entertainment in the home, and families have the right to demand of the State that it sees to it that the work of rearing and training a family is not .undermined in such a way. The perusal of a book unsuitable for some members of a family can be controlled within the family itself, and, to a certain extent,so can their seeing an unsuitable film, but the family has no control over what is broadcast, for unsuitable or offensive broadcast material is already heard before it can be switched off.[41]

These sentiments may now seem rather archaic and patronising. However, the Committee's investigations were undertaken at a time of heightened preoccupation with matters spiritual and moral. Religious broadcasting could play an important part towards the great task of re-building a nation after the vagaries of world war.

it is undeniable that in Australia and in other allied countries, the world conflagration has awakened a wider recognition of the need for more extensive education in spiritual values that true education must have a spiritual basis and objective if stability of character and all those other qualities which make for good citizenship are to be developed in a nation which aspires to be truly great.[42]

It was no simple matter for the commercial licensees to incorporate these sentiments into commercial practice. FACS (The Federation of Commercial Stations) had certainly endorsed the tenet that 'Christian teaching, both in its spiritual and moral aspects, is of great importance to national morale and national development'[43], but for licensees there

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[41] The Parliamentary Standing Committee on Broadcasting (1946), Ninth Report, Canberra, Commonwealth Government Printer, pp. 5. This quotation also appears in the PSCB (1946), Eleventh Report, Canberra, Commonwealth Government Printer, pp. 10.

[42] The Parliamentary Standing Committee on Broadcasting (1943), First Report, Canberra, The Commonwealth Government Printer, pp. 7. These comments were repeated to justify the Committee's decision in 1946 to censor talks on venereal disease and other sex matters on all stations. See, PSCB (1946), Ninth Report, pp. 11.

[43] PSCB, First Report, pp. 7.

remained an indissoluable conflict between commercial viability and the inclusion of minority programming. Religious material did not command high audience numbers and, for this reason, the commercial sector saw 'no more obligation to broadcast church services than race broadcasts'.[44]   Clearly, commercial viability came first. Of the ninety-six stations surveyed, fifty advised that they did not broadcast any religious services at all, and eighteen said they did so only occasionally.[45] The lack of positive response from commercial stations was exacerbated by the fact that the Gibson Committee had carried out a survey of the conduct of religious broadcasts in 1942 and, having found that only eight stations out of eighty-five had provided free time, had exhorted licensees to include more religious material and had recommended that if additional licences were granted, or if old ones were to be re-allocated, then religious organisations be given high priority.[46] In 1943, the PSCB decided to take firmer action. On the grounds that 'the Christian conception of life, with all that it implies, is vital to the future welfare of Australia', it commanded commercial stations to allocate, free of charge, one hour between 11 - 12 on Sundays for a religious session.[47]

Similarly, in relation to the question of 'talks on venereal disease and other sex matters'[48], the Committee was persuaded by religious leaders, educationalists and mothercraft workers to censor these entirely on the grounds that

> it is the obligation of Government to induce reduction of the many incitements to sexual adventure, to promote means of early marriage, and to facilitate the implementing of a long-range policy for the reconstruction of society "on a spiritual and religious basis"[49]

This long-range vision about the role of broadcasting in nation-building continued to inform other investigations into the program content of commercial broadcasts. Under the 'sex and other related matters' umbrella, there also arose the question of imported music

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[44] Ibid, pp. 8.

[45] Ibid, pp. 7.

[46] The Gibson Committee, ibid, pp. 60.

[47] PSCB (1943), First Report, pp. 8.

[48] These issues occupied an entire report. See PSCB (1946), Ninth Report.

[49] Ibid, pp. 11.

and 'whether it is desirable, in the public interest, that control should be exercised over ... broadcast programmes'. If so, in what manner?[50] This was not as easy to resolve as the other issues had been. On this occasion, commercial viability acted as a more powerful force in determining the mode of intervention. In this debate, the major social actors included the broadcasting stations, the ABC, educational authorities, music and acting unions, authors and writers, and music publishers. All agreed that the poor quality of music and drama, especially that imported from America, warranted some control, but the participants differed on the degree of control that should be exercised, who should control standards, and exactly what the reasons should be.

Wider implications were involved here. First, it was much cheaper for broadcasters to import material than to produce it at home. For example, the sale price of broadcasting material in the originating country was based on recouping cost and making a profit before export. Foreign producers were then in a position to offer the material to Australian broadcasters at reduced prices, against which Australian producers could not profitably compete.[51] Second, the importation of music, which comprised the bulk of music in Australian programs, threatened to undermine the already weak position of the indigenous entertainment industry. It was noted that there was a dearth of actors, script writers and skilled musicians in all classifications in Australia to supply present and growing demands. If the government banned imported music the broadcasters would certainly face huge increases in operating expenses, since they would have to fill 460,000 hours of broadcasting per annum with costly local labour. Yet, unless there was some form of protection, there would be little scope for encouraging local talent and for developing Australian cultural standards.[52] Third, educational authorities had expressed deep concern to the Committee about the effects on children and young people of certain types of music, described as 'blues', jazz and 'boogie-woogie',[53] as well as drama serials which had as their central themes 'murder, crude violence, mystery, family feuds, domestic quarrels,

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[50] PSCB (1946), Eleventh Report, pp. 3.
[51] PSCB, Eleventh Report, pp. 3.
[52] Ibid, pp. 3-5.
[53] Ibid, pp. 7.

sophisticated sex entanglements, horse-racing (seasoned with intrigue, crooked dealings, deceit and murder), ghosts, torture and low comedy'.[54] These submissions were covered at length and in some detail, with substantial excerpts being published in the Report to underline the potential detriment of this material on the individual and national consciousness.[55] Thus, what lay at issue here involved commercial viability, employment opportunties, the protection of Australian industry, Christian ethics and, over-all, a situation created by broadcasting authorities which was 'inimical to the development of an Australian national sentiment'.[56]

With regard to importation, the issue was more one of international trade agreements. The question of amending the law depended on an interpretation of Australia's obligations under the Atlantic Charter and other instruments affecting international relations. This was an issue outside the ambit and competence of the PSCB.[57] In any case, there was a belief that, although some material was inferior, this was not so of all imported music and drama. Australian audiences deserved access to material of world standards, and placing a quantitative control on imported material may encourage some commercial stations to use their permissible quotas on the cheaper, inferior material.[58] However, the use of imported material could be controlled by articulating a set of standards against which all material should be judged suitable, or unsuitable, for public consumption.

Qualitative controls were hardly relevant to the ABC. It was an 'extremely remote contingency that the Commission might at some time flagrantly fail to discharge its obligations to the satisfaction of the public'.[59] As Lord Reith had stated during his recent visit to Australia, a public-funded broadcaster did not face 'the economic impossibility of reconciling the dividend motive with the public service motive'.[60] It was the 'dividend

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[54] Ibid, pp. 8-9.
[55] Ibid, pp. 7-10.
[56] Ibid, pp. 15.
[57] Ibid, pp. 10.
[58] Ibid, pp. 11.
[59] Ibid.
[60] Ibid.

motive', which 'must necessarily exercise a powerful, if not a predominating, influence'. Therefore, management of commercial broadcasting 'in the public interest is handicapped by obligations to earn dividends, not only for the shareholders of the stations but also indirectly for their advertisers'.[61] Against these pressures, the Committee insisted that, because audiences paid for commercial services by virtue of the price-loading imposed on manufactured commodities, they should also possess the right to have some control over the programs for which they paid.[62]

The conflict between 'a balance-sheet philosophy' and a 'public medium philosophy' had to be resolved in a way which was not 'inimical to the development of an Australian national sentiment', but which would actively encourage 'productions conducive to the inspiration and fostering of patriotism'.[63] In light of these ostensibly transcendent aims, and the keen awareness of the pressures facing commercial broadcasters, the Committee's recommendations appeared rather inadequate. Their recommendations did not extend to legislative action or to higher quotas for Australian musical or drama material. The Federation was given a further opportunity to 'prove the efficacy of its good intentions under the self-regulation principle' on the grounds that the commercial stations had provided evidence of 'an earnest desire and intention ... to play their part in the elevation of the general level of public taste'. The question of setting up an external control additional to the present mode of Post Office control was shelved for the time being. The matter would be reviewed in a few years time when the Federation had had a chance to construct of code of standards for the guidance of its members.[64]

The ambition to harness broadcasting facilities for 'the public good' was not shelved, however. A third report was published simultaneously with these investigations into commercial standards. This was the Tenth Report, which dealt specifically with

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[61] Ibid.

[62] Of course, this power did exist. Section 60 (1) and (2) of the Broadcasting Act compelled broadcasters to provide and supervise programs to the satisfaction of the Minister.

[63] Ibid, pp. 15.

[64] Ibid, pp. 12.

'National Programme Administration'.[65] The recommendations reached in this report verify the claim being made in this thesis that the government continued to support localist objectives, that is, Localism Type II (defined in terms of wider social and national goals) despite a reluctance to impose direct controls over commercial practices in the face of licensees' continued non-cooperation in these matters.

The Role of the Public Sector and Localism Type II Services

The investigation into the ABC had been precipitated by two major problems. The first involved internal frictions caused by the difficulties in juggling two dichotomous objectives: the need to decentralise activities and administration in the states to encourage the training of local talent and to provide local information, against the equally strong drive to centralise planning at the national level in order to pool resources and avoid wasteful duplication of production and administration. At the operational level, the problem had been illustrated by the conflict manifested between administrative officers at the state level and artistic personnel at head office concerning whose authority should prevail in certain circumstances.[66] This issue was really one involving promotional advancement and the necessity for a complaints procedure to be instituted within the organisation. Since the Committee had dealt with these matters in their **Seventh Report**,[67] and an independent tribunal had been established, the whole matter was left in abeyance. The second major problem involved whether there was any justification for the expenditure incurred by the Commission on the types of programs it presented (bearing in mind the allegation made by the commercial stations that only about twenty percent of listeners tuned into ABC programs).[68]

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65 The Parliamentary Standing Committee on Broadcasting (1946), Tenth Report, Canberra, The Commonwealth Government Printer.

66 Ibid, pp. 5.

67 The Parliamentary Standing Committee on Broadcasting (1945), Seventh Report, Canberra, The Commonwealth Government Printer.

68 The Parliamentary Standing Committee on Broadcasting (1946), Tenth Report, Canberra, The Commonwealth Government Printer, pp. 6.

On the question of whether there was justification for the expenditure incurred by the Commission on the types of programs it presented, there were three divisions of opinion. At one extreme, there was the view that the ABC should vacate the field of light entertainment, leaving this type of material to the commercial sector entirely. At the other extreme was the view that the ABC should be reserved exclusively for the 'cultured few'. In the middle was the opinion held by ABC management that the ABC should do both. In fact, in 1945 the ABC had instituted two sets of programs on two sets of transmitters. The first service was called 'The National Programme', which was characterised by 'quality artistically and mentally'. The second service was called the 'Interstate Programme'. This comprised mainly light entertainment, although it carried news and 'quality' items as well. The idea was that the ABC should conduct broadcasting 'with a long-range aim of raising the general level of appreciation of programmes which made a demand upon respect for truth, good thought, fine music and fine plays'.[69] The main reason for introducing light entertainment into ABC programming was to recruit audiences for the National Programme through the avenue of the lighter, and more popular, Interstate Service.

In response to the allegation made by the commercial sector that only twenty percent of people listened to ABC programs, the ABC replied that Gallup polls did not take into account school broadcasts (for which there were approximately 300,000 regular listeners), country programs or the more popular mass-listening programs, such as 'Hospital Half Hour' and 'Music While You Work'. In any case, listener research may be useful for commercial purposes, but the ABC had to do more than merely meet public taste. The ABC, like the the BBC, had an 'obligation to lead, rather than to follow, public taste'. This meant that ratings figures were not entirely relevant, since the ABC had

> a dual purpose of broadcasting enlightenment and entertainment for the
> common good and of inducing nation-wide appreciation of the finer things
> of life, thereby assisting, as the Commission has pointed out, to build
> Australians into a race of thoughtful people of the good taste and behaviour
> conspicuous in a model democracy.[70]

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[69] Op cit, pp. 7.
[70] Op cit, pp. 8.

It was clear that the ABC had to adopt that role because the commercial sector had consistently neglected its own programming obligations under the conditions of licence. However, the unintended consequence of taking that stance set the ABC on a path of escalating costs. In the next financial year the ABC's deficit jumped from £14,952 to £75,000 in 1946/7 and the PSCB was called again to re-examine ABC finances in its final, **Fifteenth Report**. The Committee, like the ABC, remained steadfast in the view that the ABC had to attract audiences away from the commercial sector in order to create 'a race of thoughtful people', which it could not do if it did not present light entertainment and the more popular programs.[71] It was true that substantial reductions could be made if popular programs were omitted, since these involved a wasteful duplication of programs provided by the commercial stations. However, the ABC had other cultural goals to which it must attend, and which it could not fulfil adequately unless it attracted listeners by other means. In short, 'You can't educate people if they aren't listening'.[72]

Before this Report is examined more closely, it is well to note that the ABC also inherited other responsibilities in this period. Apart from its role as an educationalist in the wider sense of 'cultural enlightenment' and national unity, the ABC was forced increasingly to assume more responsibilities for direct political education. In this vital area, and in the interests of 'a true democracy', the commercial sector could not be relied upon for 'factual and impartial' information. Together with the provision of light entertainment, news gathering and news reporting functions contributed to the explosion of costs for ABC services. The debates described below also validate the argument that the commercial sector refused to honour their intended role in achieving the government's localist objectives. The outcome was that Localism Type II services had to be entrusted to the national broadcaster.

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[71] The Parliamentary Standing Committee on Broadcasting (1947), <u>Fifteenth Report</u>, Canberra, The Commonwealth Government Printer, pp. 31-2.

[72] <u>Op cit</u>, pp. 30.

Political broadcasts and the news

Like religious sessions and program standards, political broadcasts had been singled out for special attention. The Gibson Committee had referred this matter to the PSCB, because there was evidence that stations had presented unequal opportunities for political parties at election times. This had occurred because it was possible for one political party to buy up all the air-time available for electioneering. In addition, some parties owned or controlled their own licences.[73] After the Gibson Committee, regulations under the new Australian Broadcasting Act 1942 ensured that all political parties would be given access to air-time (although it was possible for one party to buy more time than other parties). However, there was a problem in deciding which parties should be recognised for the equal opportunity to buy air-time. The Federation thought that this should be resolved by the PSCB. The PSCB advised that the commercial stations should follow the ABC policy of offering time to parties which had won representation in Parliament. It was also stipulated that rate cards should not exceed those for other talks, that the name of the party should be announced prior to the broadcast, and that any alteration to rate cards should be submitted to the Postmaster-General's Department.[74] Thus, election broadcasts posed no particular problems for commercial broadcasters. Political speeches could be treated like any other talks program or advertisements, for which a comparable level of funding would be received. The question of general political news reporting was far more problematic, since there existed a conflict of interest between the ABC, which sought access to news reports, and the newspaper companies, who owned the majority of the capital city radio stations.

This conflict had far-reaching effects on the financing of the ABC: it also had important implications for the role of the ABC. It was during this period that the ABC first earned its reputation as the station for news and current affairs; a function which the Dix Committee (1981) later designated as its primary role. As with other programming matters of national importance, news broadcasting and news gathering functions were acquired, because the commercial sector continued to demonstrate gross negligence in those areas.

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[73] The Gibson Committee, op cit, pp. 59-60.
[74] PSCB, First Report, pp. 15-6.

Further, even when ABC management decided that it could not perform these functions adequately with the limited funding at its disposal from listeners' licence fees, the Labor Federal government refused to allow the ABC to derive news items from the newspapers or private broadcasters. Independent news gathering, on top of the ABC's requirement to provide both serious and popular programming, stretched the ABC's limited budget. As a result, decisions had to be made about whether to reduce the functions of the ABC commensurate with the income from listeners' licence fees, or adopt a new mode of financing. Towards the end of the 1940s, the ABC was forced to adopt a new system of finance. The ABC became funded, like any other government department, out of the general pool of Consolidated Revenue.

The ABC had to perform certain social functions appropriate to national goals. These functions were all the more important because, by then, it had become obvious that the commercial networks would not be recruited willingly into national schemes, which involved the sacrifice of any margin of profitability. Sometimes legislative coercion was applied, but very often it was easier to shift these tasks onto the ABC. This was no more evident that in the case of news gathering and news reporting.

The ABC and News gathering

Because the history of this dispute is long, complex and voluminuous; in the selective political history that follows, only the main events and arguments will be discussed. I wish to show that the pursuit of localist objectives came to rest on the ABC, and that the economic burden of these responsibilities eventually resulted in alternative forms of government funding.[75]

The history of this dispute spanned the period from 1932 to 1946. The first conference between commercial stations and the ABC was called in 1935 to settle the question of the time and duration of the evening news broadcast. The problem was that the ABC wanted

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[75] A more detail account of some of these debates can be found in Curnow (1961), op cit, pp. 347-364.

to bring the time forward from 7.50 p.m. to 7.25 p.m., whereas the newspaper companies feared that the earlier release of news would adversely affect newspaper sales. After some debate, a consensus was reached. However, one company reversed its decision after the agreement, and the pact had to be abandoned.

In December 1935, the ABC decided that it would collect its own news. It notified the newspaper companies (referred to as the Australian Newspaper Conference and, later, ANPA) of their decision, and requested the government to pass the appropriate legislation. Eventually, the newspaper companies agreed to the new format because, while an agreement was sustained, the newspapers could maintain control of news gathering and continue to receive payment for the news items used by the ABC. These conditions prevailed for some years until the ABC decided that it would not rely solely on cuttings from ANPA for its news reports. It would take news from two other papers outside of the Newspaper Conference, the Sydney Morning Herald and the Labor Daily. At this time also, the ABC decided it should gather its own political news from Canberra through a special correspondent located in the Parliament.[76] Cabinet was especially anxious for the ABC to appoint a special Federal reporter in Canberra, because Prime Minister Lyons had been accused at that time of using the ABC for party political purposes. Lyons had ordered the ABC to make available a five minute timeslot in order to dispute the credibility of the newspapers over a national news item. The newspapers were outraged, not just at the attack on their credibility, but because the ABC had been used to challenge their leadership in news reporting.[77] As a result of these events, an ABC roundsman was allocated a seat in the press gallery and official access to ministers. The newspapers saw this as a move towards a fully-independent ABC news service and pressed the ABC for a draft agreement stating that it would not supplement the news service, except as provided in the agreement. In response, the ABC agreed to collect its own news on Sundays only, but left in abeyance the issue of the Federal correspondent.[78]

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[76] Ibid, pp. 351.
[77] The Parliamentary Standing Committee on Broadcasting (1944), Fourth Report, Canberra, Commonwealth Government Printer, pp. 10.
[78] Ibid.

When war broke out in September 1939, the Minister for Information intervened in the dispute because the government was concerned that people should be kept fully informed of events relating to the war. At a conference of the newspapers, the commercial stations and the ABC, it was resolved that the evening news bulletin should commence at 7.00 p.m. instead of 7.30 p.m. and that the Commission should have a Federal roundsman stationed at Canberra, but only there. It would not appoint roundsmen in other capital cities, and it would collect news in the States on Sundays, Good Friday and Christmas Day only, when newspapers were not available.

In August 1940, the ABC decided that these arrangements did not extend far enough. In a letter to the newspapers, the Commission requested the right to expand the duration of the news to a maximum of ten minutes, to select 'fresh' news in each session, and the right to broadcast a news session in the early morning following a new trend established by some commercial stations. This would not diminish newspaper sales, it was argued, since it had been shown that news broadcasts acted as pointers and stimulators rather than purveyors of news. In addition, 'natural' time limits, the need for program balance and listener exhaustion provided built-in safeguards to ensure that a full presentation of material could be delivered adequately only by the print medium. The ANPA agreed to allow the ABC to extend the duration of the broadcast, but refused to agree to the extension of ABC news gathering. In a further conference in February 1941, the Commission said it could not agree to limit its own news gathering activities, but assured ANPA that it would continue to use their services in a major way, and that it would not establish a completely independent service.

No agreement was reached at this conference. The ABC later resolved that it could not accept a situation which might diminish its own reputation for accuracy and impartiality. In 1941 a Broadcasting Bill was introduced providing for independent ABC news gathering.[79] This Bill was withdrawn when in 1942 the Gibson Committee was

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[79] Ibid.

appointed to review all broadcasting services. Prior to the inquiry, the Chairman of the ABC stated that, for economic reasons, it had no wish to establish a completely independent news service. However, it must retain the right to check the source of news reports 'in order to ascertain that points of view or other aspects of news were being brought forward'.[80]

From all accounts of these events, it is clear that the government and the ABC harboured a central concern about the false rumours circulating about the war. The government sought ways to alleviate widespread public anxiety. It arranged for the ABC to broadcast news and other reports at a midday session to serve country residents, who had delayed access to daily newspapers, and arranged with commercial stations to report news on a 'factual and objective' basis.[81] Further to this scheme, the ABC instituted a special Canberra bulletin into the morning news session, which required the ABC to appoint special staff to collect statements which may have been made overnight. Importantly, staff did not rely on newspaper versions of events.

These additional activities and staffing requirements made heavy inroads into ABC finances. The Gibson Committee was asked to adjudicate on new arrangements with the newspapers. The Committee divided along party lines. The Labor Party simply condemned commercial broadcasting, saying that all information services should be nationalised. The conservative, United Australia Party majority advocated a subordinate role for the ABC. It said that the ABC should continue to take news from the newspapers, it should acknowledge the source of the news reports, and it should not extend its news gathering activities. In return, the newspapers should not impose restrictions on ABC news bulletins, either in terms of the time of the session or the length of the bulletin. Unless extra funds were allocated to the ABC to extend activities, and these would cost at least £60,000 per annum, the ABC should reach a fair and reasonable agreement with the newspapers. The Gibson Committee recommended recourse to arbitration, if necessary.

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[80] Op cit. pp. 11.
[81] Ibid.

The ABC decided to relinquish independent news gathering and to allocate these savings to the employment of 'observers' and to improvements in the presentation of news. However, the government then said it would not approve complete withdrawal of all independent news gathering and insisted that the Federal roundsman be retained. The ABC then re-negotiated with the newspapers for the supply of news, excluding Canberra political news. The newspapers forged a compromise solution which involved the creation of a parliamentary newsagency from which the newspapers and the ABC would obtain their material.

The important point to be noted at this stage was that the government refused to allow the ABC to take its news from the newspaper-dominated agency, despite the Commission's assurance that reports through this medium would no longer, as before, be 'coloured, either consciously or unconsciously, by selection, exclusion or otherwise'.[82] This was the stage at which the PSCB, a Labor-dominated body, deliberated on the proposals. It recommended that the ABC should not collaborate in this regard, since 'the agency would be preponderantly, if not wholly, under the control of the newspaper interests represented by ANPA or AAP'. Although the draft agreement allowed for an ABC representative to be included on the board of directors controlling the agency, it was considered doubtful if the existing legislation could confer this membership or, if it did, the ABC representative could be easily outvoted.[83]

In their decision to go against the advice of the ABC, and to insist that the ABC start to move towards completely independent news gathering activities, the PSCB had been persuaded by the British Press Delegation, the Australian Journalists' Association (AJA), and a leading newspaper proprietor. The AJA confirmed 'innumerable instances of pressmen being directed to supply news according to the policy of the newspapers on which they serve', and they also argued that newspapers falsely presented speculative comments as authoritative accounts. In their view, this had resulted in the community

[82] Op cit, p. 12.
[83] Op cit, pp. 13.

being misinformed through inaccurate information, a practice which would be intensified if the ABC remained subject to selections made by the newspapers.[84] According to the leading newspaper proprietor, '[t]he gravest danger ... would be not so much what appeared but what did not appear'.[85]

In its final recommendations, the PSCB said that it would be better for the community for the two sectors to adopt a competitive stance towards each other. The ABC should extend news gathering throughout the six state capitals, and in other major regional centres. It could continue arrangements with the newspapers for the use of general news items, but collation of news reports pertaining to the war effort should remain solely under ABC discretion. The PSCB understood that the newspapers would not welcome these arrangements, but they should be reminded that they themselves were subsidised generously by Post Office traffic concessions totalling £355,000 per annum for domestic facilities, and £400,000 for overseas facilities.[86] The non-Labor minority on the Committee dissented from the recommendations, stating that the community would be better served by the ABC coming to co-operative arrangements with the AAP and ANPA.[87]

New experimental agreements were drawn up for a one year trial, under which the ANPA agreed to give the ABC access to domestic news and the AAP agreed to provide access to overseas news reports, without restriction as to the frequency or length of broadcast. The question of payment had yet to be resolved and on 20th October 1945 the matter was referred to the Deputy Prices Commissioner of New South Wales . The Arbitrator ruled that the ABC should pay £12,500 per annum to AAP for overseas news. This was £2,500 more than the ABC had been prepared to pay, and the ABC would be excluded from management decision-making. However, it would not be made liable should there be interim increases within the one year term. For domestic news the ABC would pay to

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[84] Op cit, pp. 14.
[85] Op cit, pp. 13.
[86] Op cit, pp. 15.
[87] Ibid.

ANPA £7,500 per annum, even though this was far less than the cost of an independent service and despite ANPA's claim to £10,000. The Arbitrator pointed out that this was a reasonable charge taking into account the ABC's additional costs of collecting news in Canberra and the other state capitals.[88] At this point in the negotiations, the PSCB was again called into the debate at the request of the Minister to advise whether the terms and conditions should be agreed to.

The problem this time existed not so much between the ABC and the newspapers, but within the ABC itself. The newspapers had decided to agree to whatever proposals were put forward by the Arbitrator, since in their view the matter was a political one where government policy was involved. Such were the difficulties that the newspapers had urged the ABC to set up its own service, but when the ABC pressed for a negotiation, the newspapers had asked the ABC to name its terms. The newspapers had agreed to the terms, but the cost remained in dispute.[89] Now that the cost had been agreed to, the problem remained internal to ABC management.

One ABC commissioner, the ABC's Director of News, and the PSCB Labor members objected to the newspaper/ABC liaison. In the final analysis, a completely independent service was the only arrangement which could overcome the journalists' charge in 1944 of 'innumerable instances of press men being directed to supply news according to the policy of the newspapers on which they serve'[90]. Clearly, this problem was not unique to Australian newspaper proprietors. The National Union of Journalists at Liverpool had urged the Government to appoint a Royal Commission on the Press of Great Britain to inquire into monopoly ownership, lack of independent competition, and 'the influence of financial and advertising interests on the presentation and suppression of news, and the

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[88] The Parliamentary Standing Committee on Broadcasting (1946), Fourteenth Report, Canberra, The Commonwealth Government Printer, Appendix C, pp. 23.
[89] Op cit, pp. 5.
[90] Op cit, pp. 17.

dispersion or suppression of essential facts in home and foreign news'.[91] The argument was that

> the Commission should have adequate means to ensure sustained public confidence in its activities by all sections of the community, and we agree with the Commission that payment of a lot of money is justified to secure that confidence by removal of any ground for remediable complaint... we consider it should have a special charter in the Act to establish groups of journalists for attainment of its objective of independence in the sphere of Australian news, and, as far as possible, overseas news.[92]

Not all of the Commissioners had agreed that the ABC should establish a completely independent news service, although they all wanted 'the Commission to get as far away as it can from any possible ground for suspicion, it being most vital that the ABC should have the complete confidence of the community in its news services'.[93] The problem was that the new arrangements would cost £83,000 as opposed to the existing budget of £53,000. The Director of News said that £83,000 would not be an excessive amount to spend on news considering the vital importance of the service. AAP and ANPA had in fact put the estimates much higher. In their experience, it would cost the ABC not less than £110,000 to collect all of its news.[94] At the heart of the issue lay the dilemma of how much it would cost to secure public confidence. The Chairman of the Commission agreed that the £900,000 currently being spent on programming would be wasted without the confidence of the public. An independent news service would secure the confidence of the public, according to the General Manager of the Commission, but £90,000 expenditure would be wasted unless sufficient funding were made available to provide good programs either side of the news service. What they all agreed upon, however, was that the news was the most important item in the ABC's programming.[95]

The decision of the PSCB finally carried and the ABC was empowered to carry out its own news gathering and news reporting activites, both at home and overseas. The cost was

[91] Op Cit, pp. 9.
[92] Op cit, pp. 18.
[93] Op cit, pp. 1.
[94] Op cit, pp. 17.
[95] Op cit, pp. 4.

enormous. In 1947/8 the independent news service had cost £165,000, including £34,500 for the London staff and cable service, and £30,000 per annum for regional news services. This may have been considerable expenditure to secure news gathering autonomy, to ensure political impartiality and to sustain public confidence, but when the Fitzgerald Committee examined the structure and functions of the ABC in 1948, not one of its tasks or any item of expenditure was considered excessive or wasteful. In addition, it was found that personnel were well-qualified for their respective tasks and that they had been carried out efficiently. Indeed, the Committee estimated that such was the disproportionate level of the responsibilities imposed upon the ABC within the total broadcasting spectrum (as prescribed under the Australian Broadcasting Act 1942) that expenses would doubtless increase in the future.[96] Further, no real savings would be possible in the total budget for 1946/7 of £1,132,284, and the current deficit of £239,254 could not be reduced in the future. Unless revenue was increased substantially, or unless the ABC curtailed its activities, it would no longer be possible for the ABC to remain financially self-supporting through income from listeners' licence fees and it would not be able to establish a sinking fund to meet repayments of loans.[97] In the view of the Committee, the ABC should be provided with more revenue, since its obligations were no less onerous than the creation of national unity.

> The Commission has a clear obligation, as a Commonwealth organisation,
> to develop through radio a sense of national unity and to aid in the breaking
> down of excessive parochialism.[98]

The Role of the ABC and ABC funding

As the Fitzgerald Committee had stated, the strategy of using the national broadcaster in order to create national unity had gained considerable currency by the end of the decade. However, to do this, the ABC would need funding additional to listeners' licence fees. This was a problem which had received attention from the PSCB in its **Thirteenth and Fifteenth Reports,** which meant that the Fitzgerald Committee has to be seen as the end

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[96] The Fitzgerald Committee (1948), Report of Committee on Certain Aspects of the Administration, Australian Archives Accession MP 520, File 1/6/1 (Victorian Branch), pp. 32.

[97] Op cit, pp. 57.

[98] Op cit, pp. 7.

result of a number of inquiries carried out into ABC finances and functions from 1942 to 1948. In these two PSCB reports there can be found the most convincing evidence of the argument that the provision of Localism Type II services remained an important government objective and that they had to be undertaken by the ABC precisely because of the unacceptable performance of the commercial licensees.

It will be remembered that the place of the ABC within the broadcasting system, and its relationship with the commercial sector, had been examined in the PSCB's Tenth Report (1946). The Committee had then endorsed the ABC's dualistic strategy to provide popular programming with the long-term goal of recruiting listeners to the more serious and criticial material on 'The National Programme'. According to the PSCB, the aim of the national broadcaster should be to 'build Australians into a race of thoughtful people of the good taste and behaviour conspicuous in a model democracy'.[99] To do this, of course, it had to compete with the commercial sector (which claimed to attract eighty percent of audiences) by presenting light entertainment. In view of the ABC's long-term aim, there was no way that this ostensibly more frivolous function could be discarded. However, these gradually expanding functions had resulted in higher costs at a time when wages and salaries of administrative and artistic personnel had also risen, when income from listeners' licence fees had ceased to rise at the same rate, and when the ABC faced more competition from the commercial stations.[100]

At this stage, the PSCB examined all areas of ABC activity and compared methods of ABC financing with those adopted in Britain, South Africa, New Zealand, and Canada. It was found that only in Australia was the public broadcaster forced to compete with a commercial system operating four times as many stations but where, at the same time, the method of funding was tied entirely and inflexibly to the income from a licence-fee. Having decided first that the ABC had to fulfil cultural and entertainment functions, three

[99] The Standing Committee on Broadcasting (1946), Tenth Report, Canberra, The Commonwealth Government Printer, pp. 8.
[100] The Standing Committee on Broadcasting (1946), Thirteenth Report, Canberra, The Commonwealth Government Printer, pp. 5.

optional forms of financing were discussed.[101] All of these would be raised again during the next thirty years, especially in times of national economic decline. First, one method would be to raise finance through a direct tax, that is by increasing the listeners' licence fee. None of the committee favoured this scheme, because it would be unfair to country listeners, who were already disadvantaged by not having the choice of programs available to city listeners.[102] The second method would be to finance the more costly technical services through Consolidated Revenue. This would involve indirect taxation for which there was much more support on the grounds that non-profitable country areas and minority services should be provided equitably through centralised funding, just like unprofitable railways were provided at community cost in the national interest to develop the country. The third method, which was partially supported, involved financing the technical services through the listeners' licence fee, leaving the Commission to accept sponsorship for programming. Of course, the latter method would encroach upon advertiser funding, drawing it away from the commercial sector, but since total income for the commercial stations had almost doubled between 1942-6, the inroad which would be made by the ABC did not seem unwarranted.[103] The final decision to make a special grant of an additional £223,000, following a similar method for the previous two years, was merely a holding strategy. The Committee would be reconvened at the next sitting of Parliament, when it should consider as its first task a more permanent method of ABC financing along the lines mooted by the Committee in its **Thirteenth Report**.[104]

The next inquiry constituted a full-scale investigation to which submissions were invited from the ABC, the Post Office, the Treasury, the Federation of Commercial Stations, the

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[101] Op cit, pp. 8.

[102] Op cit, pp. 14.

[103] Op cit, pp. 15. The income for the commercial sector rose from £1,330,000 in 1941-2 to an estimated £2,200,000 in 1945-6. It was also pointed out that the sponsorship method had been suggested in 1928 by a broadcasting advisory committee. The suggestion then was that a number of C class stations be constructed alongside the A (national) and B (commercial) stations. B stations would derive income from limited advertising; C stations would be operated by a national authority to take bigger advertising accounts; and A stations would be financed from listeners' licence fees plus the profits from the C stations. No action was ever taken on the C station component of the scheme, and the proposal eventually lapsed.

[104] Op cit, pp. 16.

Federal Council of Radio Manufacturers and from the general public. In its final and **Fifteenth Report**, the Committee recommended again that the ABC's 1947 estimated deficit of £70,000 be met from Consolidated Revenue. As an indirect tax, this was the most equitable method of ensuring that the burden would fall on everyone. Why were the other two options discarded? First, a direct tax, like an increase in the listeners' licence fee or stations' licence fees, a radio receiver tax , or an advertising tax would have been much more regressive. All taxes on private enterprise activities, like the stations' licence-fee, the receiver tax or the advertising tax would eventually find their way into higher prices for commodities to the greatest disadvantage of lower income earners. Likewise, an increase in the listeners' licence fee would disadvantage pensioners, low income earners and country listeners, who did not enjoy the same choice of facilities.[105] Sponsorship was the other option, but this too was rejected.

These reasons are particularly illuminating. On purely economic grounds, the amount of additional net revenue anticipated from sponsored programs would be comparatively small, unless the ABC consented to lower its standards. This was because the national sector in Australia, unlike other countries, faced a very competitive commercial sector. In other countries, sponsors had to comply with certain advertising standards because all facilities, public or commercial, were administered by some kind of statutory authority. If sponsors wished to advertise on radio they had to agree to these conditions, such as time restrictions, trading restrictions and censorship. In Australia, sponsors could simply transfer their business to the commercial sector unless the ABC agreed to lower its standards. This was the real crux of the issue. No solution could be contemplated which might threatened to undermine the role of the official national broadcaster. As the PSCB put the case

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[105] Op cit, pp. 29-30.

> In order to secure advertising contracts for the small number of sponsored programmes likely to conform with the standards which the ABC, as the trustee of a publicly owned utility, would be obliged to insist upon, the Commission would probably have to surrender its best listening hours in the evening, to the detriment of sessions at present devoted to broadcast talks and discussions for the benefit of all classes of the community, designed to promote and maintain well-informed public opinion in pursuit of the ideal of real democracy and higher cultural standards.[106]

However, the pernicious influence of the commercial sector was a strong impetus to retain the 'higher cultural standards' of the ABC. Evidence for this position was no more apparent than in the paucity of replies received by the Committee from the general public, despite invitations to do so placed through the Press of every State and through every broadcasting station throughout Australia, national and commercial, advising the public that the revenue from listeners' fees was no longer sufficient to cover costs and that the alternatives included sponsored programs or the allocation of funds from Consolidated Revenue. In the view of the Committee, the fact that only one hundred replies had been submitted from the 1,500,000 licensed listeners and some millions of other listeners in Australia could be attributed to a number of influences, not the least of which was

> the effect of excessive radio and other entertainment of a certain types calculated almost continuously in the best listening hours to divert the mind from entertainment at a high level or from anything of a cultural nature.[107]

In supporting their criticism of low standards in the commercial sector, the PSCB cited a similar report published by the Federal Communications Commission in the United States of America. Like the Committee's **Eleventh Report**, this American report had also referred to commercial advertising excesses, which were 'incompatible with [the stations'] public responsibilities and which threaten[ed] the good name of broadcasting itself'.[108] For these reasons, the suggestion by Treasury that the ABC vacate the field of light entertainment, and the suggestion by four dissenting members of the Committee that the ABC relinquish its independent news gathering activities, could not be sanctioned. If the ABC were to curtail these vital activities, which were designed to promote 'a race of thoughtful people' in the pursuit of 'the ideal of real democracy and higher cultural

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[106] Op cit, pp. 28.

[107] Ibid.

[108] Ibid.

standards', the ABC must reside in a competitive, rather than complementary, relationship to the commercial sector.

When the Fitzgerald Committee passed its judgement on the ABC in terms of its role to 'develop through radio a sense of national unity and to aid in the breaking down of excessive parochialism', it had merely endorsed a long history of such decisions brought about by careful examination of the relationship between the two sectors and the role of broadcasting generally, defined in terms of what I have called Localism Type II. The 1948 amendment to the Act severed the direct nexus between ABC revenue and the public service. The amendment demonstrated that the ABC would be harnassed to the attainment of national and social goals, regardless of cost, because those objectives lay outside of the normal business goals of the commercial sector. The inability of the commercial sector to achieve those national aims was not overlooked by the Labor government in the late 1940s although the Parliamentary Standing Committee had by then lost its credibility with both sides of the House. In its place, the Labor Government created a new statutory authority, called the Australian Broadcasting Control Board (hereafter referred to as the ABCB). On 28th September 1948, Prime Minister Chifley stated that

> It was essential that machinery should be available to ensure that the broadcasting services in Australia both National and Commercial, should be established, developed and operated along sound lines and with proper regard to the public interest... [and because broadcasting] could not continue to be controlled effectively on a part-time basis.[109]

Reflecting on its role in more detail, the Postmaster-General Cameron explained in his address to Parliament that the new Board was created to impose some degree of co-ordination between the programs of both sectors and to reallocate frequencies so that services could be extended more efficiently to the less-densely populated country areas. The Board was to curb excessive networking and it would help non-networked stations withstand the competition from their stronger networked competitors. It was to curb excessive sponsor interference in programs so that programs were designed to satisfy the

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[109] The Australian Broadcasting Control Board (1949), First Report, Canberra, The Commonwealth Government Printer, pp. 5.

needs of listeners, rather than advertisers, and it was to ensure that more political and controversial topics were included in station programming.[110]

This controversy had flourished in the context of the fear of a future war against communism, and in the shadow of the war against facism. In addition, the need for nation-building in the post-war era had shaped the two sector system in a way not envisaged by the original planners of the service in the 1920s or 1930s. The role of the ABC in this era is best described as Reithian in the sense of his paternalist view of the BBC in cultural and educational development.

Conclusion

In this chapter I have argued that a paternalistic role, which was adopted eventually by the ABC was not born solely out of the idealistic mould of a public-spirited ethos, although it is true that this provided a model. The failure of the commercial sector to carry out its servicing obligations (even after these had been articulated in legislative form, and endorsed continually in numerous inquiries into program standards and broadcasting objectives) was a major impetus governing the form and the functions of the ABC towards the end of the 1940s. However, this point needs to be made more precisely. The PSCB inquiries acted merely on the surface of an underlying and continuous political process in which the major social actors included church groups, women's associations, rural communities, educational authorities, the Post Office, the Treasury, the Federation of Commercial Stations and radio manufacturers. The expansion of the role of the ABC can be seen as the result of a complex interplay of social and political forces in a context where various governments sought to use broadcasting facilities in the quest for national goals. It was also the case that, even when the commercial sector failed to comply with Localist objectives, little direct pressure was placed on programming output. Governments had followed two contradictory paths. They had sought to promote both a flourishing private industry and it had sought to promote social equality. The result had been the creation of two competitive, nationally-networked sectors, where the national sector inherited the

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[110] Commonwealth Parliamentary Debates, 27/10/48, The Senate, pp. 2134-5.

social equality functions of Localist Type II services, whereas the commercial sector had been left alone, largely as a collection of business enterprises.

In the 1950s television was introduced into Australia and radio took second place in the broadcasting hierarchy. During the next twenty years, radio attracted little serious political comment. The Board continued to monitor the effects of networking on country stations and to remind stations of their role in this regard, that is to provide Localism Type I services. The main reason for the lack of concern was that the large national advertising accounts were placed with television licensees and radio stations had to adopt a more localised perspective in their programming format. I demonstrated in the previous chapter that these practices continued until very recently, when large national radio networks have emerged. The Labor government has recently announced new services for regional areas, but whether they will provide more local services remains questionable.

Despite the localisation of radio broadcasting by both sectors from the 1950s onwards, some audience sub-groups remained dissatisfied. In the early 1970s, educational groups, ethnic communities, specialist music societies and country residents petitioned the Liberal government for access to additional radio facilities under the new expansionary phase offered by Frequency Modulation. Eventually, this was to culminate in an entirely new sector, designed to provide an alternative to the mass-production logic of the commercial stations, and as a palliative to the over-burdened ABC. The next chapter will examine the emergence of the public radio sector and its role in providing Localism Type II services.

CHAPTER FOUR

Localism and Public Broadcasting

I argued in the last two chapters that government policy had changed from Localism Type I to II in the servicing elements. Public broadcasting was an attempt to fulfil that objective in a complementary fashion with the ABC. The public broadcasting movement was a new phase; it was characterised by locally-owned structures (Localism Type I) with and an emphasis on decentralised decision-making in order to facilitate popular access to radio broadcasting. The service elements embodied Localism Type II - wide-ranging and diverse program categories relevant to the needs of audience sub-groups in the station's service area.

In many ways, this movement shares similar characteristics to what Giddens has termed 'a new social movement'.[1] New social movements derive support from diverse social backgrounds; they are not 'single issue'; they are decentralised; they tend not to have a formal structure or membership; and they are oppositional.[2] If new social movements are defined as 'collective enterprises to establish a new order of life', then it may be somewhat over-ambitious to define the public broadcasting movement in terms of this concept. Yet, it is not theoretically immodest to suggest that, towards the end of the 1970s, the new third broadcasting sector took on some of the characteristics of a new social movement. It presented an oppositional stance to the ABC and the commercial sector, but especially the latter and it offered a fresh opportunity for hitherto disparate and excluded minority groups to manage themselves and construct their own approach to information programs and entertainments.

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[1] Giddens, A. (1984), The Constitution of Society, Cambridge, Polity Press, in association with Basil Blackwell, Oxford, pp. 204-5.

[2] Ibid. Giddens explains that a millenarian movement of the Middle Ages was steeped in a supernatural, religious or other-wordly context where the ultimate goal was sudden and complete transformation and salvation of the world order.

The main point to be made here is that public broadcasting sought to change the structures of broadcasting by increasing the choice of information and programs available to the public. It was a movement which recognised the inherent inadequacy of the mass-oriented commercial programs. It also expressed the complex nature of ABC responsibilities and the limits of the ABC's commitment to program diversity.

The early history

The history of public broadcasting is necessarily located in the development of frequency modulation (FM). European and American broadcasters had used the FM part of the broadcasting spectrum since 1936 for 'fine music' programs and for the sound component of television. However, in Australia, all broadcasting services had been developed in the amplitude frequency (AM) bandwidth. By the 1940s this sphere had become congested. FM bandwidths (including Very High Frequency (VHF) and Ultra High Frequency (UHF)) were seen as options for two main reasons. First, FM would provide a great number of additional channels and, second, given the nature of the modulation process (which reduced background noise and increased the range of fidelity), it was capable of yielding high-quality sound reproduction. This was its major attraction for music enthusiasts.

The Gibson Committee had considered FM in 1942 and had recommended that the PSCB carry out a more thorough review. The PSCB recommended that tests be carried out by the Postmaster-General's Department, and by the commercial stations, if they so desired. At this time, the attraction of FM stations lay, not so much in its high-fidelity capacity, but in its potential to provide adequate services in rural areas, where country listeners had been disadvantaged since the 1920s by the shortage of channels in the medium frequency band.[3] The Committee recommended that efforts be directed to change this situation by improving FM reception to reduce the cost of receiving equipment.[4] In 1947, following the Committee's recommendations, experimental FM stations were established by the

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[3] Op cit, pp. 12.
[4] The Parliamentary Standing Committee on Broadcasting (1946), Twelfth Report, Canberra, The Commonwealth Government Printer, pp. 15-9.

Postmaster-General's Department. Stations were located initially in Sydney and Melbourne, and later in Brisbane and Adelaide. Programs resembled those presented by the ABC. The decision to allow the commercial stations to participate in the experimental phase was rescinded in 1948 when the Labor government decided that the available FM channels would be used for the sound component of television. During this period, the PSCB was disbanded and replaced by the ABCB.

In December 1949 the Liberal/Country Party was elected to government. Following the Labor Party decision, the new government announced the introduction of television services to the six state capital cities as soon as practicable. It also ordered the Board to undertake a review of radio with the intention to improve services in country districts.[5] The Board reported that the considerable demand for new services could not be met in the over-crowded AM bandwidth. FM did offer a potential for expansion, but financial viability could not be assured in some rural areas and many listeners had expressed fears that their equipment would be rendered obsolete by the new, and more costly, FM receivers.[6] The matter was settled shortly afterwards, quite separate from these considerations, when the government announced that the nine available FM channels would be required for the sound component of television.[7]

The ABCB continued to undertake investigations into FM during 1957/8, but the possibility of using VHF bandwidths for television barred further action.[8] In 1961 the Huxley Committee recommended that thirteen VHF channels be used to extend television services to country areas, to develop fixed and mobile radio services, and to provide for Aeronautical Services, the Amateur Service and Space Services.[9] The possibility of

[5] The Australian Broadcasting Control Board (1949), First Report, Canberra, The Commonwealth Government Printer, pp. 9.
[6] Ibid.
[7] The Australian Broadcasting Control Board (1950), Second Report, Canberra, The Commonwealth Government Printer, pp. 14.
[8] The Australian Broadcasting Control Board (1958-9), Eleventh Report, Canberra, The Commonwealth Government Printer, pp. 14.
[9] The Australian Broadcasting Control Board (1972), Frequency Modulation Broadcasting, Canberra, Commonwealth Government Printing Office, pp. 19.

expansion into FM was then deferred until June 1968 when the Postmaster-General made a statement in the House of Representatives. This statement had followed continuing interest and representations from FM enthusiasts and general questions asked in Parliament.[10] However, some time elapsed before the Board was requested to conduct further inquiries. Their report was eventually published in June 1972.

Report of the Australian Broadcasting Control Board on Frequency Modulation Broadcasting

It should be stated at the outset that the Board's scheme for the development of FM did not go ahead. The report is examined here because it provides an important landmark in the development of public broadcasting. It was at this stage that minority groups had become sufficiently organised to submit fairly detailed plans of their own goals and methods of program delivery. It revealed the social conflicts between commercial broadcasters and potential licensees, and it addressed the perennial problem of how to reconcile economic viability with program diversity. In addition, it was an interesting research document in terms of locating the status of Localism Type II policies in the early 1970s because the terms of reference directed the Board to examine any deficiences of the existing AM service.

Through a full-scale public inquiry, the Board was able to establish that there were indeed serious deficiencies in the existing AM system. Of special significance was the general criticism from nearly all witnesses that the bulk of commercial programming had been directed almost entirely at mass audiences. Conversely, there had been almost no cognisance of the needs of minority groups desiring specialist program material.[11] In addition, the AM system was technically deficient on several counts. It was over-crowded,

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[10] Op cit, pp. 6.
[11] Op cit, pp. 38.

it was unsuitable for stereophonic sound, and AM signals in more distant areas were characterised by periodic distortions, fading and interference from electrical appliances.[12]

It is important to note that the strongest pressure for FM came from educational authorities, but 'fine music' enthusiasts, country residents and electronics manufacturers should also be included here. Educational representatives wanted to provide an Australian counterpart to the Open University system in Britain[13], and The Music Broadcasting Society sought more serious music programs and current affairs.[14] For country residents, who had only one ABC network, where time was often occupied with parliamentary and school broadcasts, FM would allow the ABC to give them another choice of programs and an opportunity to provide local content.[15] Tests conducted by the Postmaster-General's Department confirmed this.[16] In addition, the Australian Electronics Consumer Industry Association (AECIA), representing major manufacturers, supported the move towards FM in the UHF portion of the spectrum, because this would open up a new market for radio receiving sets.[17]

Of course, new outlets would present competition for existing broadcasters. Hence, it was predictable that the Federation of Australian Commercial Broadcasters (FACB) and the regional commercial broadcasters would oppose FM. FACB argued that if there were any minor deficiencies, and this was questionable, they could be met within the existing system.[18] The situation for regional licensees was a genuine problem. If AM licensees were permitted to operate FM stations in country areas, advertising revenue would be split

[12] Op cit, pp. 42-4. It was also noted that 58 percent of discs produced in 1970 were stereophonic. The superior sound potential of this technology could not be realised, of course, on AM frequencies.

[13] Op cit, pp. 81-3. Several institutions made representations - The Christian Broadcasting Association Limited, the University of New England, the Department of Education of the University of Sydney, the Department of Adult Education at the University of Adelaide and the Workers' Educational Association of New South Wales.

[14] Op cit, pp. 38. These findings were ascertained from a survey of its 2,500 members.

[15] Op cit, pp 36.

[16] Op cit, pp. 37.

[17] Ibid.

[18] Op cit, pp. 38.

and the increase in operating expenses would further diminish their already poor financial base. With those inroads, programming standards would have to drop, especially in local services such as news programming.[19] Whether genuine cases or not, the commercial stations wanted to eclipse any moves towards increased competition, although they did not object to specialised, non-profit stations catering exclusively for minority groups, provided they did not seek advertiser funding.[20]

Of all of the submissions, evidence from the ABC proved most persuasive. The Board recommended that FM be introduced on the grounds that, not only would it provide a technically better service, but more importantly it would provide the ABC with a second national network for country listeners. The demand for 'fine music' was significant, although not sufficient in itself. An additional third station in each capital city was justifiable only as part of an overall plan, where they could then be provided at reasonable cost. It was here that the concept of public, or 'access', stations was deliberated with cautious enthusiasm. The Board was satisfied that there were enough minority organisations (educational, musical, professional, religious, and special-interest groups) to warrant stations of that kind, particularly since these groups would ever be sufficiently numerous to constitute a large audience. Furthermore, since the ABC had accepted so many responsibilities, no one minority group could expect to receive enough specialised programming via ABC facilities. Accordingly, the Board recommended that the Broadcasting and Television Act be amended to make provision for a third type of station which, following the USA model, might be called Public Broadcasting.[21] It is pertinent to note, however, that to qualify for these facilities, the minority groups would have to be 'reputable, established and financially secure'. They should be granted a licence only after a survey of the area of location revealed the number of groups which might be interested, their financial status, their long-term stability and the degree of potential audience demand for the services proposed.[22]

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[19] Op.cit, pp. 49.
[20] Op.cit, pp. 80.
[21] Op.cit, pp. 87.
[22] Op.cit, pp. 88.

The problems of financial support and economies of scale were important in this investigation. The commercial stations were also to be licensed on the grounds that it was necessary to achieve economies of scale in manufacturing in order to keep the cost of receiving sets as low as possible. As commercial stations commanded the majority of audiences, and as Sydney and Melbourne were the most populated areas, commercial FM licences should be made available there. This created a problem for program diversity. FACB had argued that the logical course for commercial operators would be to duplicate AM programs on FM stations enabling cost-sharing across both outlets. This suggestion was opposed strongly by all witnesses, except FACB, on the grounds that duplication of programs would constitute a waste of channel space. They argued that the singular deficiency of the present system was lack of diversity. Duplication of commercial programs would merely produce more mass programming. Further, duplication would actually deter the creation of a new market for receiving sets, because the public would have little incentive to purchase new equipment. It was also the case that too many FM commercial stations would diminish the amount of available advertiser funding so as to render present operations uneconomic and this would lead to undesirable reductions in services. In light of all of these problems, the Board decided that commercial FM should be permitted, but with the following qualifications. An FM licence would be regarded as a separate licence under the Act; licences should not be offered to existing operators; operating power should not exceed beyond the metropolitan area; cross-ownership and control should be monitored by restraining maximum entitlement by existing broadcasting companies to no more than fifteen percent; and, in the initial stages, when establishment would put costs at a premium, FM operators could enter arrangements with AM licensees, but only for a strictly limited period.[23]

There were also technical problems to be overcome at this stage. FM bandwidths were divided into UHF and VHF. VHF had already become overcrowded with television sound and other services and could only be utilised if television services 3, 4 and 5 were moved to

[23] Op cit, pp. 76-9.

UHF. This would mean that viewers would have to purchase new receivers and aerials; that more stations would have to be erected to cover the same area, and that the move would cost some television stations around $250,000.[24] The problem with UHF lay in the non-availability of transmitters and receivers, because FM had been developed in other countries almost universally in the VHF band. Against this, however, Amalgamated Wireless (Australasia) Ltd had assured the Board that a full range of both types of equipment could be made available from the three years following the determination of technical standards. Thus, the Board recommended that FM broadcasting be established in the UHF band.[25]

In this inquiry the Board had encountered all of the elements that would confront planners repeatedly in the future - the overall goals of broadcasting, the specific purpose of FM broadcasting, the inadequacy of commercial-sector programming, the conflict between commercial viability and program diversity, and the irrepressible force of organised minority groups who sought from broadcasting an alternative to the mass-produced fare of the commercial sector, but each of whom could never be large enough to win a separate licence. The timing of the scheme was important for later events. The Board ascertained that the first commercial and public stations could be established at the end of 1977 following public inquiries to issue licences. The national stations could be established from 1978 onwards, and the country regional network would be completed by the end of 1981.[26] That is, the emergence of the third sector would take at least ten years. This process would be far too protracted for an incoming Labor government trying to capture the voting loyalty of minority political groups.

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[24] Op cit, pp. 23-32.

[25] Op cit, pp. 48.

[26] Op cit, pp. 71. A further report was prepared by the Board on the timing of the scheme and pointing out the main considerations in their decision to establish FM broadcasting in the UHF, rather than the VHF, band. See The Australian Broadcasting Control Board (1973), Current Status of Frequency Modulation Broadcasting Plans, Canberra, The Government Printer of Australia.

The Senate Standing Committee on Science, Education and the Arts

The ABCB scheme was eclipsed, in the first instance, by the Senate Standing Committee on Education, Science and the Arts.[27] The first Committee was chaired by a Liberal/Country Party Senator and the last two by Labor Senators. The three reports are dealt with more thoroughly in Chapter Six, because the issues related to television broadcasting, as well as to radio. I shall include here only an outline of their comments relating to the development of FM and public broadcasting. As the Committee itself noted, this inquiry was the first official investigation since the advent of television to cover all aspects of broadcasting in Australia. The only other comprehensive inquiry, in pre-television days, had been conducted by the Gibson Committee in 1942.[28] Like the Board's report in June 1972, the Senate Committee confirmed the lack of program diversity.

> Programming is what it's all about; it is the end product, the interface between the broadcaster and the viewer or listener. It is, we recognise, a matter wide open to subjective judgment; good programming is almost as elusive a concept as good taste. Nevertheless we ask: is it as good as it could be, what is and what ought to be its relationship to community standards? Is there a sufficient range available so there is truly a choice? Because if there is, each particular group in the community can select what it wants. By 'range' we mean both range across the output of any given station, and range across the stations whose output is available at any given time.[29]

These remarks had a special bearing on the development of FM radio, because it was thought that the new technologies, including satellite and cable transmissions, which could inject into radio programming the badly needed element of diversity . Suggestions had been made about imposing a quota system to ensure higher levels of Australian content and more diverse categories of programs, but no recommendations were offered in this regard. In relation to over-concentration of ownership and control of the commercial sector, it was pointed out that the danger was more one of 'over-fragmentation' of the industry to the detriment of commercial profitability.[30]

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[27] Senate Standing Committee on Education Science and the Arts (1972), Progress Report on All Aspects of Television and Broadcasting, including Australian Content of Television Programmes, (October), Canberra, The Government Printer of Australia.

[28] Op cit, pp. 1.

[29] Op cit, pp. 5.

[30] Op cit, pp. 6-8.

The comments of the second Committee, chaired by Labor Senator J. McClelland, were far more directive. The report emphasised the lack of informed scrutiny of the media, the need for greater diversity, the need for expanded services, and the need for more independent, professional research on broadcasting issues. The report also included the first deviation from the Board's recommendations in 1972 that FM be developed in the UHF band. The Senate Committee claimed that the Board had been over-influenced by technical issues, whereas the real questions involved the basic philosophy of the broadcasting system as a whole. The purpose of broadcasting was

> to entertain, to inform, and to act as a forum for scrutiny of the values of the society it serves.[31]

According to the Committee, one of the marked deficiencies of the present system was the conservative nature of the commercial system. Licensees had relied on the ratings system to argue that they did serve 'the best interests of the general public', but these were very unreliable indicators. Certainly, it was difficult to know what the public wanted, but the point was to 'avoid giving the public what someone, whether commercial mogul or government bureaucrat, thinks is good for it'. To avoid either pitfall, the government should create a plurality of institutional arrangements to secure a variety of wants. Pluralism should be achieved across the range of stations in Australia and also within the output of each station.[32] Accordingly, the government would legislate for two more specialised levels of public broadcasting. The first level would allow smaller organisations, and those seeking only intermittent access, to band together to use common facilities. The second level would comprise a local community, such as a group of suburbs or a satellite town. Some groups (music, religious or educational bodies) might have adequate fiancial resources to operate their own stations, but other groups (such as ethnic

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[31] Senate Standing Committee on Education, Science and the Arts (1973), Second Progress Report on All Aspects of Television and Broadcasting, including Australian Content of Television Programmes, (August), Canberra, The Government Printer of Australia, pp. 4.

[32] Op cit, pp. 6.

groups) may be eligible for government support, or be permitted to accept limited sponsorship.[33]

This report represented a significant depature from the Board's findings in 1972 for two reasons. First, the Senate Committee had few qualms about open access to public facilities, regardless of financial security. The necessity for pluralism within the system now meant that the criteria for eligibility would rest on community need and the skill to provide a service. Second, the Senate Committee was highly critical of the Board's plans for UHF. The major attraction of FM lay, not in better sound reproduction (for which UHF was more suitable), but in its capacity to open up the system to new operators, particularly disenfranchised community groups. The costs of UHF would be higher, about ten percent of the population already possessed VHF FM receivers; UHF would render these obsolete, UHF was not used anywhere else in the world; new standards and technologies would have to be developed. Although television channels 3, 4 and 5 would have to be re-located, they were not based in any capital city. Of special consideration, however, was the element of timing. UHF operations would not begin until 1977 - four years away - and final completion would not occur until 1981.[34] This would be an unacceptable delay for a Labor government, whose term in office was a novel and experimental experience. After some twenty years in opposition (federally), the party was anxious to implement social reforms as rapidly as possible. Eight years' delay would not enhance their electoral chances, which were pinned on casting the widest net over a range of socio-economic groups, including the socially disprivileged. For reasons of expediency, the government referred the matter to a sympathetic intermediary.[35]

Sir Francis McLean, a former BBC enginner, delivered his report in March 1974. His major term of reference was 'the Australian Government's desire that FM broadcasting be

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[33] Op cit, pp. 16.
[34] Op cit, pp. 18-23.
[35] For a very succinct and detailed account of the Labor government's involvement with FM, including the conflicts within the Party, see Davis, G. (1984), 'Government Decision-making and the ABC: The 2JJ Case', Politics, (November), Vol 19, No. 2, pp. 34-42.

introduced as speedily as is possible consistent with the public interest'.[36] The 'public interest' in this case meant social plurality. McLean reported that this could be achieved by using the VHF portion of the FM spectrum. An extra hundred channels could be released in the immediate future, and they would also meet expanding requirements in the long-term future (which in practice meant the next two decades); notwithstanding developments in cable and satellite transmissions. With VHF, the first transmitters could be ready within two years. Development could then proceed at twenty-five stations in the first two years and thirty-five per annum thereafter.[37] The difference between the rate of progress between UHF and VHF was dramatic. UHF would not be ready for five years and only twelve transmitters could be established in the first year and, by the eighth year, only fifty extra stations would be available.

The Public Broadcasting Association of Australia and the Department of the Media

On 7 April 1974, the Labor Cabinet endorsed the McLean recommendations. In the meantime, the possibilities of public broadcasting had attracted wider interest. A broadcasting co-operative steering committee had formed in early 1974 and, on 15 March 1974, the spokesperson, Dr Peter Pockley, released a press statement announcing that a meeting had been planned, at which attendance was invited from delegates representing groups from all states working towards the establishment of FM public broadcasting stations. The meeting would consider the structure and ownership of stations, programming philosophies, training of staff, public financing and exchange of programs. Support was requested from the Prime Minister's Department, the Minister for the Media and other government departments and agencies.[38] In response to this interest, the Department of the Media announced a government-sponsored conference to precede the public broadcasting conference. The Department's approach to public broadcasting was

[36] Report of the Independent Inquiry (1974), Frequency Modulation Broadcasting (The McLean Report), (March), Canberra, The Government Printer of Australia, pp. 9.
[37] Op cit, pp. 39.
[38] Community Radio Federation (1974), Department of Media Conference papers, 3-4 July, Appendix A.

discernibly ambivalent. The following statement could be seen to portray the cynicism, the

opportunism and the paternalism of some planners within the media bureaucracy:

> The 'serious' or 'committed' public broadcasters are, through lack of information, currently subscribing to a very naive view of public broadcasting in Australia. At best, they will require intensive training in the mechanics and techniques of radio broadcasting; at worst they require a thorough education in costing, administration, scheduling, production, announcing and station co-ordination. While conscious of these groups' naivete, it is submitted that, collectively, they form a powerful political force. An alliance of educational, environmental, religious, union, women's and community groups, antagonistic to government initiatives in this area, could seriously impair the overall public receptiveness to the new and exciting services the government is providing for the benefit of the community. Further, the groups that are currently potentially antagonistic derive ironically from those which might be considered the government's traditional base of support. There is clearly a valuable public relations exercise to be conducted in this area. Commercial broadcasters in Australia represent the greatest repository of diverse radio broadcasting skills. Further, they have indicated a strong desire to be involved in planning discussions relating to the overall extension of radio services. Further still, they have indicated a very real prepared-ness to assist the embryo public broadcasters in attaining a standard of skills that will not jeopardise the overall quality of radio broadcasting in Australia.[39]

The conference was attended by four main umbrella groups - educational authorities, music

societies, ethnic organisations and community groups. The latter included many 'left' and

marginal political groups, like unions, gay liberation groups, feminists, and 'alternative'

art, history, music and cultural groups. The exception was the National Council of

Women, who were distinguished by their relative conservatism, in the sense that public

broadcasting was seen more as a spare-time activity for house-wives and retired workers

under the tutelage of professional presenters. Of course, there was nothing inherently

misplaced with that goal, but the other groups were more ambitious. Standards were

important, but the other groups sought local ownership and control of the facilities and

direct community participation in constructing program content distinctively different from

the other sectors.

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[39] Department of the Media, 'A plan for monitoring demand trends in the area of public radio broadcasting in Australia' (no date), cited in Griffiths D., (1976), 'Autocracy in the Airwaves', Media Centre Papers, La Trobe University, Centre for the Study of Educational Communication and Media.

Thirteen papers were delivered at the Conference covering issues such as the concept of public broadcasting, funding, technical issues, type and hours of service and licensing arrangments. As a result of this conference an associate body was formed, whose principal tenets emphasised the political independence from the ABC and the commercial stations, a diversity in political views and program format, open access to facilities, freedom from party-political control or government supervision, and partial funding from government for initial establishment costs. Thereafter, public stations would be funded from subscription financing, sponsorship and fund-raising.

At this stage a schism developed between conference participants and the Department of the Media. The Department's plans for FM, known as 'Document J', had been compiled three weeks before the conference, and was not made available for open discussion. Participants regarded this as precipitous and subversive.[40] A government officer denied that firm plans had been made before wider public input could be incorporated, but the suspicions remained. It was around general opposition to this document that the disparate groups united into one body, the Public Broadcasting Association of Australia (PBAA).

Public antagonism to Document J focussed on what was conceived to be the undue favouratism bestowed upon the commercial sector, to the obvious determent of potential broadcasters. Under the Department's scheme, the ABC would have had an additional FM network of twenty stations in each of the capital cities and six large regional centres, and an additional regional network of AM stations. A massive twenty-eight FM commercial licences would be issued over the 1975-77 period, whereas only four FM and seven AM licences were to be issued to public broadcasters in the initial period up to 1977. Depending on the initial response, it was possible that only nineteen stations would be released for public broadcasters.[41] Participants to the conference argued, correctly, that the commercial sector had had opportunities since the 1920s to improve the range, quality

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[40] This is the position also taken by Griffiths, D., op cit, pp. 11.
[41] New Journalist (1974), July/August, No. 15, pp. 11.

and style of material, but they had failed dismally.[42] There was widespread support for this view. In a climate of general opposition, and interdepartmental and ministerial rivalry, Prime Minister Whitlam requested the Priorities Review Staff (PRS) to prepare an independent report on the matter.[43]

The PRS was a unit situated within the Prime Minister's Department.   The PBAA and the PRS shared a similar philosophical approach to public broadcasting. Both advocated community ownership and control of facilities with local participation in administration and program construction.[44]   However, the PRS scheme was, perhaps, more forward-looking. In this view, public broadcasting would merely offer the first step towards local community participation and control in other media as well, such as television, cable TV, films and newspapers. It was a scheme far removed from the Department of the Media's Document J. In fact, the PRS report openly criticised the Department's approach, because

> needs and demands have been buried beneath technical and economic
> considerations, such as assumed listener market per dollar of
> expenditure.[45]

Both the PBAA and PRS approach saw broadcasting, in general terms as a vehicle which should fulfill 'broad social communications functions'. A firm distinction was drawn between their own goals and those of the commercial sector. The latter comprised 'nothing but industrial enterprises [which had] to be regulated in the public interest as business concerns'.[46]   Because of their vastly different purposes, the PBAA and the PRS considered the ABCB inappropriately designed as a common administrative organ. They sought an alternative authority to oversee licensing and funding arrangements, and

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[42] Op Cit, 'A Chance to Start Again', pp. 9. See also VL5UV submission to the Department of the Media Conference (1974), pp. 6; evidence given by community groups to Priority Review Staff (1974), Report on Radio, (August), Canberra, AGPS, pp. 21-23; Department of the Media (1974), The Public and the Media, (August), pp. 79-97.
[43] Griffiths, op cit, pp. 12; Davis, G., op cit, pp. 38.
[44] Priority Review Staff, op cit, pp. 29.
[45] Op cit, D3.
[46] Ibid.

through which open discussion could be encouraged between government and community groups.[47]

In summary, there were two alternative principles for the development of public broadcasting. The PBAA and the PRS were convinced that demand would increase exponentially once the facilities were established. For them, demand should follow supply. By contrast, the Department of the Media advocated a more conservative and gradualist approach, where developments would have to be informed closely by quantitative evidence such as audience ratings or survey data, by evidence of financial self-sufficiency, and by the level of demand exerted by groups who should themselves be internally cohesive.[48] According to this view, supply would follow demand.

The evidence would suggest that the suspicions held by the Department of the Media were inappropriate, especially at that stage. Participants to the PBAA conference held several weeks earlier had portrayed potential and actual cohesiveness as well as some flair for self-direction. Further, each of the groups had a history preceeding the PBAA conference. Some of them had made submissions to earlier inquiries into FM. Indeed, the McLean report had made special reference to their keen enthusiasm for alternative structures and services.[49]

It must be noted that not all departmental personnel held conservative views. The Planning and Research section of the Department of the Media, for example, had also been requested to prepare a position paper. This was called **The Public and the Media**. Like the PRS, this study sought to explicate the philosophy behind public broadcasting, but their arguments were backed by empirical studies carried out in Australia and overseas. Access,

[47] PBAA resolutions, (1974) New Journalist, No. 15, pp. 15. It is interesting that the PRS and PBAA recommendations were compatible with policies being developed around the same time by the Departments of Urban and Regional Development, Social Security and the Social Welfare Commission. See Department of the Media's letter to the Priority Review Staff (1974), op_cit, Annex C, pp. 1.

[48] Op_cit, pp. 3.

[49] Report on the Independent Inquiry (The McLean Report), op_cit, pp. 18.

accountability and participation were the main themes of the paper, with strong emphasis being placed upon the democratising effects of 'access' public radio.

> Access appears to work best on the community at the grass roots level. Its aim is to foster democracy on a more local and therefore increased level for the citizen ... It could signal the decline of the electronic mass media or herald an alternative structure such as cable TV or both.[50]

The report noted the disappointing level of public response to advertisments regarding access opportunities but maintained that, whatever the level of interest in the community, the broadcasting system should house alternative media structures. They could be funded from a plurality of sources (subscription funding, sale of air-time to 'select' advertisers, merchandising and local business advertisements).[51]

Public Broadcasting and the Labor Party

The PBAA, PRS or Planning and Research schemes were not implemented. By August 1974, the government was confronted with serious economic recession, which precluded the high costs of a more expansive scheme. Instead, Whitlam asked for some 'low cost options'.[52] The result was a scheme more attuned to the aspirations of Document J, than to the PRS, PBAA or the Planning and Research schemes. Of the one hundred or so new stations technically available Cabinet approved only two FM stations for the Music Broadcasting Societies of Victoria and New South Wales; it approved the conversion of 5UV (University of Adelaide) to full AM status; and it made available to the ABC two experimental stations in Sydney and Melbourne[53] together with a further fourteen AM and fourteen FM stations. After all of the extensive planning, investigations and research, this plan did not represent any significant advance over the plan endorsed by the Liberal/Country Party in1972, except that expansion would now occur in VHF, instead of

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[50] Planning and Research Section of The Department of the Media (1974), The Public and the Media, pp. 123-4.

[51] Op cit, 120-34.

[52] Davis, op cit, pp. 38.

[53] These two stations became 3ZZ in Melbourne, the first ethnic/access station, and 2JJ in Sydney, the first 'young style' rock station. In the government's haste to do something quickly, they were licensed under the archaic Wireless and Telegraphy Act, 1905 presumably to undercut further delays in legisative amendments. Fraser later showed that, because of their poor legal status, they could also be terminated with similar case.

UHF.[54]   Subsequent to the Cabinet decision taken in September 1974, two additional stations were licensed in Sydney and Melbourne. This time they were administered under the aegis of the Broadcasting and Television Act, within the jurisdiction of the ABCB. During Labor's term of office, these were the only two licences awarded after formal public hearings.[55]

The Third Senate Committee on Education, Science and the Arts (April 1975), chaired again by a Labor Senator (this time G. Georges), attacked the ad hoc and cavalier mode of licence allocation. They had been granted with no regard to compatibility between purpose and type of frequency, and there had been no public inquiries to ascertain who the initial licensees should be. For example, AM frequencies were better suited to cover large areas, whereas FM frequencies should be reserved for music stations, but there appeared to be no systematic plan for either.[56] This report like the previous one recommended the early development of public radio. It was noted that during the one and a half years since their last report the demand for public radio seemed to have risen. Although the actual level of demand could be determined accurately only with the passage of time, every opportunity should be made available to interested groups to take part.

> Such a move raises the prospect of a wider choice for radio listeners and additional catering for minority tastes. Moreover, it seems to the Committee that it is a sign of a healthy democratic state if the use of radio frequencies is given to a wide range of community interests.[57]

Like the PBAA and PRS reports, the Committee expressed some ambivalence about whether the Board could adjust its role to a non-commercial sector. Yet in other ways the Board was the better suited to the task, since there had to be some control by an

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[54] Davis, op cit, pp. 39-40.

[55] Bear, A. (1979), 'Public Broadcasting in Australia', Studies in Continuing Education, (Ed.) J.W. Warburton, University of Adelaide, Department of Continuing Education, pp. 9.

[56] The Senate Standing Committee on Education, Science and the Arts (1975), Third Progress Report on All Aspects of Television and Broadcasting, including Australian Content of Television Programs, Canberra, The Government Printer of Australia, pp. 6.

[57] Op cit, pp. 9.

independent body, and a government department or a consultative committee would be open to interference from the government of the day.[58]

By 1975, no less than eight reports had been conducted on the feasibility of public broadcasting. All of them were comprehensive studies and their findings were optimistic (if sometimes cautious) about the strength and the future viability of the venture. In June 1975, when Moss Cass replaced Douglas McClelland as Minister for the Media, yet another Working Party was set up. However, this time it was to consider not 'whether', but 'how' public broadcasting should proceed. Cass did not wait for the final report of the Working Party to be released. In August, 1975 he allocated twelve experimental licences to educational institutions in five states under the Wireless Telegraphy Act 1905.[59]

The Working Party's report was released in October and reverberated the same sense of urgency. Their findings underlined the frustration felt by community groups over the government's protracted inaction and delay. There was some uncertainty about the exact level of demand in the community, but there was no doubt that many community groups remained firmly disenchanted with existing media services and that government intervention (either through legislation, various supervisory bodies, or the ABC) had failed to promote the kind of pluralism now being sought by public broadcasters.[60] New licensing mechanisms should be instituted according to the following criteria: whether the applicant would extend the range of services; whether there was evidence of community support; whether community participation was intended; whether the program format was innovative; whether the applicant already held a licence; and, most importantly, whether the applicant would grant access to outside groups.[61]

The Ethnic Stations

[58] Op cit, pp. 12.
[59] Bear, op cit, pp. 9.
[60] The Working Party on Public Broadcasting (1975), Report to the Minister for the Media by the Working Party on Public Broadcasting, (October), Canberra, The Australian Government Printing Service, pp. 5-6.
[61] Op cit, pp. 85-90.

There was one other notable development during the Labor government's term of office. This was the advent of ethnic broadcasting. Two stations, 3EA and 2EA, went to air in June 1975 for a trial period of three months, and their licences were later extended for a further six months. This development was compatible with the Labor government's general orientation towards ethnic relations, first outlined in 1973 by Al Grassby at the Office of Community Relations in a paper entitled 'A Multicultural Society of the Future'. The new policy was called 'cultural pluralism'. It took a qualitatively different stance from Liberal/Country Party policies. These earlier policies were referred to as assimilation and integration (1956-61), and interactionism (1962-1970).[62] Cultural pluralism eschewed both the ethnocentrism of assimilation and the 'melting pot' hypothesis of interactionism. The new approach embraced the principle that ethnic groups should continue their own communal life and preserve their own unique cultural heritage and language.[63]

As a policy, 'multiculturalism' represented a pragmatic acceptance that the ethnic groups had not 'melted into each other'. In the 1970s there were 2,300 ethnic organisations,[64] and by mid-1972 18.5 percent of voters were foreign-born By 1980, it had been estimated that post-war immigrants and their children would constitute one in three of the voting population.[65] Thus, it was a logical step for the Labor government to extend broadcasting facilities to these organisations in order to foster a perception of the Party as an advocate of ethnic needs.

In summary, the Labor Party stood to gain a great deal from being identified as the protagonist of the nascent public broadcasting movement. If those groups - educational,

[62] Martin, J. (1981), The Ethnic Dimension, (Ed.) S. Encel, Sydney, George Allen & Unwin, pp. 145.

[63] Harris, R. McL. (1979), 'Anglo-conformism, Interactionism and Cultural Pluralism: A Study of Australian Attitudes to Migrants', in Mosaic or Melting Pot: Cultural Evolution in Australia, (Ed.) P.R. De Lacey and M.E. Poole, Australia, Harcourt Brace Jovanovich Group (Australia) Pty Ltd., pp. 36. For a general, theoretical analysis of various types of multiculturalism and pluralism, see J. Rex (1986), Race and Ethnicity, Milton Keynes, Open University Press.

[64] Op cit, pp. 35.

[65] Western J.S. and Wilson P.R. (1973), 'Politics: Participation and Attitudes', in Australian Politics: A Third Reader, (Eds.) H Mayer and H. Nelson, Melbourne, Cheshire, pp. 322.

environmental, religious, union, women's, community and ethnic organisations - who sought alternative arrangements and information services, decided to join an alliance against the government over this issue, then the party would be threatened with the loss of part of its traditional voting base, and also a potential voting base in the burgeoning strength of the ethnic community. Thus, the political process here must be conceived as a 'push' and 'pull' interaction.

Public broadcasting and the Liberal Coalition Government

The Liberal government was no less aware of these opportunities. When the Fraser government won office at the end of 1975, almost all of the public broadcasting stations were ratified. It would have been a simple matter to constrain developments at that stage, because only six stations - the two fine music stations (2MBS-FM and 3MBS-FM), the two ABC experimental stations (2JJ and 3ZZ), and the two ethnic stations (2EA and 3EA) - had begun operations before the government took office. All of the other 'experimental' licences had been granted under the Wireless and Telegraphy Act 1905 (except the two community stations, 3CR and 2CT). None had gone to air and revocation would have been much easier since the majority came under the little-used and archaic legislation. In fact, Fraser did close down 3ZZ, ostensibly on the grounds that ethnic groups were better served by 3EA. Dugdale has offered a different explanation. She has asserted that 3ZZ was closed down because the Liberal Party believed the management committee to be 'communist-dominated'. In February 1976 the Liberal Party and the Captive Nations and National Civic Council organised a ticket to win all but three places on the 3ZZ Planning Committee. As it turned out, this was an interim plan. In 1977 Fraser closed down the station entirely.[66]

The ABC also experienced austere treatment under the Liberal government, for similar reasons. Nixon, the 'caretaker' Postmaster-General, alleged that the ABC had a 'well-

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[66] Dugdale, J. (1979), Radio Power: A History of 3ZZ Access Radio, Melbourne, Hyland House, pp. 109. This argument is supported by Harding, R. (1979), Outside Interference: The Politics of Australian Broadcasting, Melbourne, Sun Books, pp. 7-9; 108-114.

established bias towards Labor and the socialist side of politics' and the ABCs annual budget was cut by $1.1 million. This meant that, together with the absence of a normal supplementation of $7.3 million, the ABC had to find savings equivalent to $8.4m. This resulted in staff cuts, redundancies, reduction in transmission hours, disbanding choral and music groups, closure of overseas offices, reduction in local program production, and abandonment of the 2JJ relay to Melbourne.[67] Pro-liberal commissioners were appointed to out-vote Whitlam appointees, and Sir Henry Bland was appointed by Fraser to take up the Chairmanship. Sir Henry provoked serious conflicts within the ABC. Matters were brought to a head when it was alleged that he had sought to censor Manning Clark's Boyer lecture.[67A] He resigned in December 1976, to be replaced by another Liberal appointee, John Norgard. Under his tutelage, the more radical programming elements were purged. Broadband, the Terry Lane show and Lateline were taken off the air.[68] In summing up this period, the Fraser government's strategy was to obliterate the more obvious radical elements in the public broadcasting arena and to build on whatever meagre initiatives had occurred under the Labor regime. Bear has noted that the coalition government also considered closing the two ethnic stations 2EA and 3EA, but this did not eventuate.[69]

ABC supporters were not passive in the face of these events. In response to much newspaper criticism, two organisations were created - 'Friends of the ABC' and 'Aunties' Nephews and Nieces' - with branches in the state capital cities. Their aim was to focus public attention upon the need for an independent and democratic national broadcasting service.[70] The ABC itself pressed for a public inquiry into administrative arrangements to divert subsequent attacks, and for different reasons the ABCB and the commercial sector

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[67] Op cit, pp. 39.

[67A] This appears at first glance to be simply a management initiative. However, the context of the initiative was more complex. Harding has alleged that the decision was prompted by an attack on Clark's speech launched by Senator Carrick, the Liberal government's spokesman on media matters. See Harding R. (1985), `Australia: Broadcasting in the Political Battle', in R. Kuhn (ed.), The Politics of Broadcasting, Great Britain, Croom Helm, p. 253.

[68] Harding (1979), ibid, pp. 64-85; Harding (1985), ibid, p. 253.

[69] Bear, op cit, pp. 11.

[70] Harding, (1979), pp. 51-3.

also sought a public investigation. The commercial sector sought to reverse the Labor

majority on the Board, but licensees also wanted the assurance of tighter government

controls over the new, potentially competitive public radio stations.[71] The result was the Green inquiry.

The Green Report (1976)

The findings of the Green Report are discussed more fully in Chapter Six, since his remarks applied more to television broadcasting. I shall only include here what was relevant to the growth of public broadcasting. Green looked at public broadcasting in the context of the whole broadcasting system and, like the Senate Standing Committee, he tried to articulate the goals of broadcasting generally. He described what can be conceived as a reconciliation of the service elements of Localism Types I and II. Overall, the system should offer a variety of services for 'mass, special interest and minority audiences on a national, regional and local basis'.[72] Where was the location of public broadcasting within this broad framework?

Following the Working Party on Public Broadcasting (1975), Green noted the active and growing interest in public broadcasting shown by education, community, ethnic, religious, local government and music bodies. He concurred with the Working Party's evaluation that, in terms of the overall system, the public broadcasting sector should be a micro-localised service catering for special interest and minority groups. Public broadcasting would be synonomous with diversity, would allow participation by community groups at the local level, and would ensure some accountability for hitherto neglected minority groups.[73] Public broadcasters should not have to provide comprehensive programming, nor should they duplicate existing programs. Rather, they should concentrate their efforts in the areas of information and education.[74] In the main, public broadcasting would '... fill many of the "gaps" in the overall programming spectrum for which the national and commercial sectors [were] not well suited'.[75] Thus, through Green, the public

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[71] Op cit, pp. 48.

[72] Green, F.J. (1976), Australian Broadcasting: A Report on the Australian Broadcasting System and Associated Matters, Canberra, Australian Government Printing Service, pp. 42.

[73] Op cit, pp. 36.

[74] Op cit, pp. 36-8.

[75] Op cit, pp. 38.

broadcasting sector was finally legitimised and the system moved from two to four sectors. The fourth sector comprised the ethnic stations, which were financed solely from government appropriations, whereas other public broadcasters were expected to finance their own operations by fund raising, subscriptions and limited sponsorship.

The Liberal Cabinet accepted Green's recommendations for a new public broadcasting sector, but the new legislation also included public television. The amendments specified that licences could be allocated to non-profit corporations, who wished to operate a radio or television licence for one or more of the following purposes: to provide services for people within a specified area; to provide programs of a specified nature; or to provide programs for a specified purpose. The Green report had spelt the death knell for the Control Board. In its place, the Australian Broadcasting Tribunal (hereafter referred to as the ABT), took over most of the existing functions of the Board, including the responsibility for public inquiries, licensing, renewal and monitoring of commercial stations, and the setting of minimal program standards. In this latter function, the Tribunal carried out its first investigation into the controversial topic of self-regulation.

Social diversity, public radio and the commercial sector

Basically, the ABT rejected the idea that it was possible for the commercial sector to reconcile a private economic logic with public service obligations. For commercial broadcasters

> a necessary and justifiable desire for profits could be in conflict with their acknowledged social responsibilities.[76]

Although justifiable, at least at one level, the lack of innovation and diversification was emphatically unacceptable from the point of view of their statutory obligations.[77]

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[76] The Australian Broadcasting Tribunal (1977), Self-regulation for broadcasters?: A report on the public inquiry into the concept of self-regulation for Australian Broadcasters, Canberra, Australian Government Publishing Service, pp. 7.

[77] Op cit, pp. 81.

> We place firmly and unmistakably on record that we believe that commercial radio should be bolder, more innovate, more concerned for its audiences and more determined to lift itself out of the mundane and repetitive rut into which it has fallen.[78]

There were three critical programming areas - children's material, advertising and Australian content - which commanded specific attention here. The Tribunal noted that Australian musical productions accounted for only twenty-five percent of the top hundred singles played by commercial radio stations. Music comprised approximately sixty percent of total transmission time, but little part had been played by stations at the production level, and many witnesses had 'little if any praise to offer for the small amount of encouragement given to Australian performers'.[79] Further, commercial radio [had] deserted children, particularly those under ten years of age'. The Tribunal did not accept 'that radio [could] continue to operate in a vacuum of uncaring unawareness where the children of this nation are concerned'.[80] Accordingly, stations were ordered to increase Australian content to thirty percent of music transmission time as from 1 May 1979.[81] Also, ten minutes per weekday should be allocated to children's material of a general nature, and thirty minutes should be allocated per week to a regular drama program for children.[82] Adherence to these specifications would be examined at licence renewal time against what the Tribunal called the station's Promise of Performance schedule. In return, stations could increase their advertising component from twenty percent to thirty percent of total transmission time, and the additional advertising could be placed in peak listening brackets commanding higher advertising rates.[83]

The Promise of Performance stipulation did represent a marginally stronger inducement to the commercial sector compared with the pious hopes pinned on industry self-regulation. At least higher minimal requirements would redress deficiencies in the more critical areas, but what of the plea for diversification and innovation? The Tribunal stressed that FARB

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[78] Op cit, pp. 82.
[79] Ibid.
[80] Op cit, pp. 83.
[81] Op cit, pp. 88.
[82] Op cit, pp. 89-90.
[83] Op cit, pp. 91.

(The Federation of Australian Radio Broadcasters) and individual licensees bore an undeniable responsibility to 'seek to find out what the community wants to hear'. Further, 'there was still a great need for [radio] to reach out to people, to sense, interpret and fulfil their needs and to provide companionship'.[84] Paradoxically, however, no regulative stipulations were imposed upon the commercial sector. Following somewhat in the footsteps of the ABC, the innovative and diversification functions would fall upon the public broadcasting sector.

> The essence of public broadcasting is the fulfilment of a need for alternative programming and the development of a new relationship between broadcasters and their audiences. Public broadcasters will generally have different overall aims and organisations from broadcasters in the other sectors and will generally produce programs which are totally dissimilar in style and content to programs transmitted by commercial and national broadcasters.[85]

The PBAA had described public radio programming as 'complementary, alternative and innovative.[86] To ensure that public broadcasters would fulfil role, that is, provide Localist Type I and II services, the Tribunal would apply the following criteria: would the applicant extend the range of meaningful services? Was there evidence of community support? What machinery would exist to enable community participation in management and programming decisions? Would total transmission time constitute a reasonable period? To what extent would the applicant grant access to outside groups?[87] After the initial licensing process, however, the role of public broadcasters should be determined by marketplace pressures, although the Tribunal would continue to monitor Australian content, children's programs, religious programs and political broadcasts against a Promise of Performance schedule at licence renewal time.[88]

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[84] Op cit, pp. 82.
[85] Op cit, pp. 101.
[86] Op cit, pp. 103.
[87] Ibid.
[88] Op cit, pp. 100.

Complementarity versus competition

The government and the commercial stations did not believe that functional complementarity could be left to the marketplace, even though the PBAA's Code of Ethics had endorsed that position. [89] In an address to the House of Representatives in early 1978, Minister Staley explained the position of the government with regard to public broadcasting.

> Its role is to provide Australians with a range of choices which the national and commercial sectors are not able to provide. Public broadcasters will best perform this role not by duplicating the programming of national and commercial stations, but by defining very clearly for themselves, the Tribunal, and above all their audiences, the 'special purpose', which motivates them. In doing so, they will add to Australian broadcasting an exciting and challenging new element which should make it one of the best systems in the world. [90]

The 'best system in the world' was one which could reconcile two dichotomous goals: commercial viability and social diversity. The government would intervene to do this. It would continue to allow the commercial sector to orient itself towards undifferentiated audience blocks via mass appeal programming by virtue of its economic structure and marketing requirements. The ABC would also cater for mass audiences as part of its national responsibilities, but it would direct this programming more towards regional audiences, and towards specialised cultural and educational interests. By contrast, the public broadcasting sector would be local in structure and specialised in program content.

Accordingly, the government would issue three separate types of licences. Educational institutions would have medium geographical coverage Category E licences. Category S licences would be issued to special interest groups, such as music, sport or religious associations for medium coverage broadcasting. Low-coverage licences extending to around fifteen kilometres would be issued under Category C for community groups. In this category lay the optimal opportunity for local participation in management and programming. [91]

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[89] Op cit, pp. 103.
[90] Commonwealth Parliamentary Debates, House of Representatives, 5/4/78.
[91] Ibid.

The commercial sector continued to lobby actively for containment, despite the Minister's explicit formulation that commercial viability should not be jeopardised and that public radio programs should 'complement and supplement and not seek to compete with existing sectors'.[92] During the first ABT inquiry to grant licences, representatives of the industry argued to the Tribunal that no licence should be granted unless there existed unequivocal evidence from sample surveys or public opinion polls that there were specific needs not being met under the existing scheme.[93] Some licensees took a more extreme position by arguing that public broadcasters should be barred from including any material that had ever or might be heard on national or commercial stations, including material such as classical and light popular music, news and sport, and 'talk-back' sessions.[94]

The Tribunal discounted both arguments. Unless the public knew the whole range of possibilities that broadcasting could offer, a sample survey would be unlikely to reveal the demand for a particular item or format not currently available. An unduly strict interpretation of the non-competitive criterion would make public broadcasting impossible. It would also be against the spirit of the legislation. A public broadcaster could use some of the same ingredients in an area where national and commercial broadcasters were in part satisfying community interests, but were not substantially satisfying those interests. The criterion to assess public broadcasting licensees would be two-fold. First, the Tribunal would take into account whether 'the manner in which program ingredients [gave] an overall character and purpose which [was] distinctly different from that of either a commercial or national broadcasters'. Second, the Tribunal would assess whether the 'programming output was dependent upon a large element of local community participation'.[95] Especially commendable, said the Tribunal, were those applicants whose submissions promised to emphasise children's programming and Australian content, and

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[92] The Australian Broadcasting Tribunal (1978), Public Broadcasting: Report on Inquiries into the Grant of Licences for Public Broadcasting Stations, Canberra, Australian Government Publishing Service, pp. 10.

[93] Op cit, pp. 8.

[94] Op cit, pp. 10.

[95] Op cit, pp. 11.

those whose organisational and management structures stressed community participation.[96]

As a result of this inquiry, twenty-four licences were issued. Fourteen had been held prior to the inquiry as experimental licences under the Wireless Telegraphy Act. Three of these were allocated to music broadcasting societies and the remaining applicants were associated with universities or other educational institutions. One was designated a Category E (educational) licence; seven S Category (special interest) licences were issued; and two Category C (community) licences were issued (one to the Mount Newman mining town, and one to the Toowoomba community associated with the Darling Downs Institute of Advanced Education).[97]

Public radio broadcasting in the 1980s

The failure of the commercial sector to embrace its statutory obligations under the Act, and the inability of the ABC to stretch its resources to localised and specialised content, are both underscored by the rapid and widespread growth of the public radio. By 1984, the public broadcasting sector had swollen to fifty stations,[98] and by 1986 there were sixty-five stations, despite the existence of one hundred and thirty commercial AM radio stations and seven FM stations plus two AM ABC networks, one country AM network of about eight stations, and an FM stereo service covering thirty metropolitan and country centres.[99]

The public broadcasting movement is also growing. A survey carried out in 1986 by the Public Broadcasting Foundation (PBF) ascertained that a further one-hundred and fifty groups had expressed an interest in establishing a station.[100] The majority of aspirants (seventy-three percent) sought a community licence and most were situated in rural areas.

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[96] Op cit, pp. 14.

[97] Op cit, pp. 21-3.

[98] The Australian Broadcasting Tribunal (1984), Annual Report 1983/4, Canberra, Australian Government Publishing Service, Appendices C and Q.

[99] Department of Communications (1984), Localism in Australian Broadcasting: A Review of the Policy, Canberra, Australian Government Publishing Service, pp. 83,92.

[100] The Public Broadcasting Foundation (1986), A Different Kind of Radio: Profiles and Needs of the Public Broadcasting Sector, Victoria, pp. i.

Only three were in major metropolitan areas. Nine aspirants, also mainly from rural towns, sought a special interest licence.[101] (It should be noted that after 1986 the Category E (educational) licences were to be incorporated into the Special Interest category).[102] At the time of the survey, community licences made up sixty-three percent of all licences; twenty-three percent were Special Interest licences; and a further fourteen percent were Educational licences.[103]

It is open to interpretation as to whether the public broadcasting movement can be defined as 'a new social movement'. Nevertheless, the public broadcasting movement certainly did change the structure of broadcasting in Australia, and stations have fulfilled their charter to provide an alternative to the existing sectors. Public broadcasting involves localism in the fullest sense. It combines the structural elements of Localism Type I (decentralisation of ownership and control) with the servicing elements of Localism Type II (diverse and high-quality programs for a range of audience sub-groups within the station's service area). Their success cannot be overestimated, especially since they have undertaken the burden of Localism Type II services with a miniscule proportion of income, compared with the ABC and the commercial sector.

For example, the PBF survey showed that public broadcasting provided wide-ranging and diverse programs. Seventy-three percent of stations devoted over sixty percent of time to music programming across a wide range of styles.[104] On average, twenty-four percent were Australian composition and thirty-three percent were Australian performance. The remaining forty percent of broadcasting time comprised a wide range of spoken-word material, with the distinction that many of these programs were compiled with the assistance of outside groups and organisations denied access to other media outlets.[105]

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[101] Op cit, pp. 36.

[102] Op cit, pp. 2.

[103] Op cit, pp. 3.

[104] Op cit, pp. 12. Classical music 8% total music time: Rock music - 25%; popular music - 23%; Jazz, soul/blues, country and ethnic - 5% each; remaining 24% devoted to more specialist sub-groupings.

[105] Op cit, pp. 14-6.

The major community organisations involved with programming were educational groups, ethnic, youth and student groups followed by cultural, arts and political activitist groups.[106]

It must be borne in mind that the public broadcasting sector has been charged with more responsibilities, but with less funding.[107] In 1976/77 total annual revenue had reached around $2.5 million; an average of about $90,000 per station. By contrast, ABC radio received $36 million ($390,000 per station) and commercial radio attracted $95 million (an average of $782,000 per station).[108] By 1981, income from all sources for the whole sector had risen to $3 million. This figure rose to $7 million in 1985. A total of $1.2 million was granted by the Commonwealth Government in 1985/6. Other sources included various employment programs funded by the federal government, local government funding, listener subscriptions, radiothons, special functions, studio hire and sponsorship. Sixty-three percent of stations said that they relied very heavily on sponsorship for funding and that without it they would forced to close down.

The inordinately high burden placed upon public radio has been shouldered primarily by volunteer labour. It was estimated by the PBF that the whole sector employed a total of 20,000 volunteers. The value of their labour was estimated conservatively at $50 million per annum. Their survey showed that almost two-thirds of volunteers were aged between twenty and forty years, and a third of them aged under thirty years. Over half spent up to five hours per week working in their station. Forty-six percent of volunteers were employed full-time or part-time outside the station, and fifty-four percent were unemployed.[109] As a corollary, the volunteer system has also acted as a low-cost training facility for the other sectors. In the four year period from 1982 to 1986, three hundred and eighty-three public radio employees proceeded to paid employment with one

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[106] Op cit, pp. i.
[107] Op cit, pp. ii.
[108] Conlon, K. (1980), 'A Public Broadcasting Perspective', Public Broadcasting Association of Australia Representative, Address given to Public Broadcasting Conference held at Australian National University, July 1980.
[109] Op cit, pp. 9.

of the other media sectors. Of these, one hundred and thirty-four gained employment in commercial radio or television.[110] However, training was mentioned as a major problem. For many stations, lack of time and shortages of staff with skills to train others meant that volunteers were not equipped optimally to provide more high quality programming.[111] Of the one-hundred and sixteen permanent employees, sixty-nine percent were employed on a full-time basis and thirty-one percent on a permanent part-time basis. On average, there were only two full-time paid employees per station. The average wage for a manager was estimated at $20,000, but over half (fifty-two percent) of those surveyed earned less than that amount.[112]

How do public stations cope with these problems? The majority of stations surveyed (eighty-six percent) said they would like ABT regulations regarding sponsorship to be loosened because present regulations were too restrictive to attract more funding.[113] The PBF survey noted that there had been a general move away from direct community income towards commercial sponsorship. This had risen from nineteen percent in 1984 to a projected figure of twenty-seven percent of total income in 1985.[114] Aspirant stations also expected to rely on sponsorship, and unrealistically so. On average, they expected to receive fifty-eight percent of their income from commercial sources when they were licenced, compared with only twenty-five percent from the community.[115]

Sponsorship is an especially vexed issue. The PBF report showed that nearly fifty percent of sponsorship funding had to be expended to generate and maintain sponsorship,[116] but with only meagre support from government sources, and given the enormous effort

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[110] Op cit, pp. 12.
[111] Op cit, pp. 11.
[112] Op cit, pp. 6.
[113] Op cit, pp. 33. The ABT has directed that certain limitations apply to sponsorship. No announcement should try to persuade or induce the listeners to purchase goods or services; no more than eight announcements should be broadcast in one hour; no one sponsor shall be mentioned more than four times in an hour; and no sponsorship announcement should be in excess of forty words.
[114] Op cit, pp. ii.
[115] Op cit, pp. 39-40.
[116] Op cit, pp. 41.

involved in fundraising activities, it is understandable that stations see this source as the most reliable.

Localism and Radio Broadcasting

I have argued in this Section that in the 1920s responsibility for local services was seen to be the domain of the private sector. The commercial sector consistently rejected this role. Within a short time, formal and informal agreements between station licensees had transformed the system from an assemblage of individual, autonomous units into a series of national networks, although legally stations have remained licensed in accordance with the original plan. Commercial programming followed this logic. Programs were designed for mass audiences, not community need. Over time, government policy-makers accepted the necessity for a rationalisation of structural arrangements in order that licensees might sustain profitability and channel some of the surplus back into high-quality programming.

As early as the 1940s, program content and program standards came to be defined in terms of national objectives. Consequently, audiences were no longer seen in terms of a geographical mass, but were identified in terms of discrete sociological characteristics. This was the essence of the shift. Whatever the formation of the structural elements, the goals to be achieved by all sectors remained the same. Broadcasting should serve the diverse needs of audiences within the station's service area. Localism Type II takes into account the variability in structural arrangements, and the sustained commitment by governments to serving audiences in their larger and smaller sub-groupings.

From numerous government inquiries since the 1940s, it has been shown that the commercial sector failed to comply with localist objectives relating to service elements. The public funded sectors inherited these responsibilities. The ABC came to be known as the 'universal aunt' precisely because it had to produce mass programming of a high quality to compete with the commercial sector, but it also had to provide specialised minority programming in order to fulfil its public service Charter. The financial burden attached to these miscellaneous tasks became overwhelming. By the end of the 1940s a decision had

to be made either to scale down the range of operations, or to increase funding. The decision to take funding requirements from Consoldiated Revenue reflected the ABC's inconvertible role in terms of localism Type II objectives. However, even with a more generous budget, there was a limit to the degree to which the ABC could specialise. By the late 1960s and early 1970s, numerous minority groups lobbied governments for access to FM frequencies. Out of this general climate of disenchantment with the performance both sectors, emerged the public broadcasting movement.

Public broadcasting has combined three elements - access, accountability and participation - identified by community groups through a range of studies as critical to their community needs and well-being.[117] More than any other sector, therefore, public broadcasting attempts to embody a democratic ethos. It is a fragile democracy. The PBF found that the majority of stations were ill-equipped in all respects - financially, technically, administratively and in terms of staffing, particularly skilled staff. The constant search for reliable funding has driven stations towards greater reliance on sponsorship and a proclivity to relax the sponsorship guidelines. Some public broadcasters harbour a mistrust of advertiser funding, although those stations who advocate no sponsorship at all represent a small, if vocal, minority within the PBAA. The proclivity towards greater reliance on sponsorship is almost inevitable, given the conflict between limited resources and the production of innovative and diverse programs with minimum full-time staff and lack of training resources to teach volunteers, who can at best be engaged on part-time basis.

On the other hand, there is always the danger of sponsorship interference. The degree to which this might have already occurred is not known, but is not seen to be a significant problem in Australia, except perhaps for the weaker stations. However, it has been a problem in the United States where it was shown that sponsorship interference increased when public broadcasters accepted corporate underwriting. Stations faced two alternatives.

[117] These studies have already been mentioned. They include the Broadcasting Needs Study and others referred to by the Localism Review,1984, pp. 221-3 and a survey by the Department of the Media 1974, pp. 53.

They could either cease to transmit 'unacceptable' programs, or suffer crippling reductions in finance.[118]

Reactions against sponsorship have been most vociferous from the commercial sector, who have lobbied the government for more restrictive sanctions against public broadcasters. In Australia, new sponsorship guidelines have been drafted, the details of which were not available at the time of completing this thesis. One station manager[119] advised that the guidelines would not be more restrictive. Essentially, they would transfer the mode of control from the Act (where the wording has been rendered ambivalent by a High Court decision regarding what could be defined as advertising) over to the ABT, which will monitor sponsorship as part of general program standards. Thus, the change will be more a shift from a legislative determination to an administrative one.

In conclusion, it is essential to underline the connection between the empirical evidence and the theoretical framework relating to state intervention in Australia. The evidence shows that the state has followed two divergent paths. It has supported a private sector system of broadcasting with the inevitable consequence that audience needs have been submerged beneath the drive for profitability. This is axiomatic given the logic of private sector activity. In response to dissent by organised minority political groups, the state has intervened to provide some legislative controls in critical areas of program content, and more importantly it has created alternative structures which do address themselves unequivocally to the satisfaction of wide-ranging audience needs, including the requirements for innovation and experimentation. To varying degrees the public sectors have operated in accordance with a democratic ethos. They have offered access, participation and accountability.

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118 Look and Listen (1985), April, pp. 59-61; Saldich, A.R. (1979), Electronic Democracy, Television's Impact on the American Political Process, New York, Praeger Publishers, p. 76.
119 Interview with David Turrell, Station Manager, 5MPAA, Salisbury, South Australia, 11/2/87.

The state must respond in these ways because it is primarily a redistributive, rather than a producing, entity. It must rely on the private sector for economic growth and for its taxation revenue-earning properties. At the same time, the state supports an open representative system embodying the promise of universal political equality. Between the failure of the economic system and the promise of the political system stands the form and function of the state. How and to what degree this intervention occurs will depend on the organised strength of class and other socio-political groups, and on wider socio-economic forces, including international bodies.

To put it simply, the state has an interest in social unity because it is both a cause and effect of the tension between the persistence of economic inequality and the possibility for political equality. By supporting both, the state paradoxically recreates and perpetuates disunity. As an example, the 'complementarity versus competitive' debate in relation to the public and private sectors provides a case-study of the state's contradictory role. Since the 1940s, lack of diversity has been the singular most consistent criticism laid against the commercial sector. All public inquiries have condemned this practice, yet little has been done in terms of direct legislative controls to remedy the problem. Rather, the state has intervened indirectly to provide competition from the public sector. There will always be conflicts here. Even if the public sector relies on funding from Consolidated Revenue, it can never fulfil all of its tasks in such a way as to compete directly with the private sector, because the efforts of the latter are concentrated in only a few, well-tried areas. The charge can then be made that the public sector has failed to be competitive and, therefore, its funding must be constrained. The contraction in operations will, in turn, generate the criticism that the ABC is elitist or not accountable to the tax-paying public which funds its operations.

Public radio broadcasters face similar dilemmas, but here they are confronted directly with the commercial sector because both compete, at least potentially, for advertiser funding. Should the public stations attract too much advertiser support, which would mean that they have successfully drawn audiences away from the commercial sector, the latter will seek to

contain their activities. To what degree the government complies, or how the issue is resolved, remains open to question. The point is that these elemental tensions within the theory of constitutional government in Western liberal democracies will always provide the contextual conditions for government intervention. The next chapter will examine these issues in relation to television broadcasting.

SECTION III - TELEVISION BROADCASTING

Overview

The following three chapters deal with various aspects of localism and television. It will be apparent that commercial television swiftly evaded the legal criterion demanding separate and autonomous operation. High production costs, Australia's vast land mass, asymmetrical spread of population in favour of city licensees, together with a very small population in overall market terms, are all factors which have limited the ability of the commercial sector to provide local services on a decentralised basis. The tendency towards networking is endemic to private-sector activity. Decentralised structures (Localism Type I) produce a recipe for high costs and low profit ratios. The logic of the market has dictated that licensees will seek to rationalise inputs by increasing their market area and by providing low-cost material of sufficient interest to capture the largest audience categories.

In Chapter Five - The Structural Elements of Localism - the development of commercial television will be examined in terms of the policies set down by the government for the industry as a whole, and for stations individually. It will be shown that the Liberal government introduced television within a dual system (comprising a national and a commercial sector). Like the policy first enunciated in 1928, in relation to radio, the national sector was to comprise a nationally-networked structure providing a service for at least ninety percent of Australians, while the commercial sector would comprise independent, autonomous units which were intended to offer a service for the specific needs of local communities.

The Royal Commission in the 1950s recognised that television operators would have to organise themselves into co-operative networks in order to offset the enormous costs of production and distribution of programs. However, the legislation was never changed. This meant that the Board continued to issue licences whenever possible in accordance with localist criteria (local ownership and control), but marketplace activity (share transfers and

share trafficking) created a series of extensive networking arrangements. Government legislation tried to curb networking at various times, but these attempts have been either partial or inadequate. In the early 1980s, it was noted that local ownership and control were uncommon, sustained only in the case of fifteen metropolitan stations (out of a total of fifty). More recent decisions by the Labor government (which are discussed in Chapter Eight) will obliterate Australia's regional television structure. Unless appropriate legislation is introduced, this will mean that services relevant to local communities will cease also.

Chapter Six - The Servicing Elements of Localism - has traced the transition from Localism Type I to Localism Type II. Type I is enscapsulated in the original 1928 plan for a dual radio system, which was also adopted by the Liberal government in the 1950s in the case of television. In Localism Type I services were defined in terms of audiences in a given geographical area. The costs of television production are so high that localism refers in practice to regionalism, but it still relates to a geographical definition of audience needs. It was realised very early that programs must conform to certain standards and they should serve national goals. Audiences were defined in this sense as obtaining discrete sociological characteristics. The concept of the audience as comprising a variety of smaller sub-groupings (all of whom had to be brought under the national banner by being recognised in program services) is the essence of Localism Type II in the servicing elements. Thus, like the case for radio, policy statements have acknowledged the necessity for structural arrangements to permit commercial rationalisation, but they also specify that 'the public interest' must prevail over a narrow concern for private profitability. These are statutory obligations contained within the conditions of licence, and they are monitored by the Australian Broadcasting Tribunal. Chapter Six shows that the commercial sector has evaded these Localism Type II responsibilities.

Localism Type II in the servicing elements has prevailed, however, but it has been achieved in large measure by the public-funded sectors, the ABC and Special Broadcasting Services (hereafter referred to as SBS). Chapter Seven examines the relationship between the ABC

and SBS and their role in Localism Type II. It also makes some observations on the role of the public sectors for the future, especially in relation to the government's new proposals for equalisation of commercial services in country and city areas. Chapter Eight looks specifically at the debates surrounding this decision, which will shape the broadcasting environment for the foreseeable future, and in which both types of localism have suffered a serious erosion.

CHAPTER FIVE - THE STRUCTURAL ELEMENTS OF LOCALISM

The early organisation of the structures of television has been examined in detail by Curthoys.[1] I will examine here only those decisions and debates which are relevant to the policy of localism. The Gibson Committee was the first official organ to consider television. In 1942 it was merely part of an overall inquiry into broadcasting practices and the matter was referred to the Parliamentary Standing Committee on Broadcasting (PSCB) for perusal. In the interim period, the Committee decided that commercial participation should not be permitted and that the new Act should be worded accordingly. By 1944 the possible introduction of television was raised again by the Postmaster-General, who requested the PSCB to examine the matter alongside their investigation into FM broadcasting. Their report was tabled on 17th June 1946.

Almost all witnesses to the Committee had argued that television should proceed. The Committee agreed on the proviso that economies of scale could be achieved enabling the service to be provided at reasonable cost.[2] Like the early stages of the development of radio, the main areas of concern revolved around technical standards. High program standards were important, but primarily as a vehicle to assist the overall development of the industry. In other words, high-quality programs were a necessary inducement to sell

[1] Curthoys, A. (1986), 'The getting of television: dilemmas in ownership, control and culture, 1941-56', (Eds.) A. Curthoys and J. Merritt, Better Dead Than Red: Australia's First Cold War: 1945-1959, Vol. 2, Sydney, Allen & Unwin, pp. 123-154.
[2] The Parliamentary Standing Committee on Broadcasting (1946), Twelfth Report: Frequency modulation broadcasting, television broadcasting and facsimile broadcasting, Canberra, Commonwealth Government Printer, pp. 29.

receiving sets. The idea of a dual system was regarded as economically unfeasible, since many countries had reported viability problems. Sets were expensive, programs were costly to produce, there was a shortage of suitable material and most stations transmitted for only a few hours each day. Of course, the immediate post-war period was an economically difficult time generally. In Britain, people were more concerned about shortages of food, clothing and housing than a luxury good, like television. Shortages of labour and materials had restricted manufacturing, factories found it difficult to convert to television production, and there were strikes in the allied electrical trades industries. Public acceptance had been tardy even where these shortages had not occurred. In America, only seven thousand receivers had been sold although an estimated twenty-seven million people were located within the range of a transmitter. The Post Office claimed that those problems would be compounded further in Australia by small population size, asymmetrical spread of population and the vast distances to be covered if country residents were to receive a similar service to city dwellers. For those reasons, equity had to be a primary concern. Television might have been a feasible proposition in a high density area like Melbourne, but it would still be much more expensive per capita than the cost of facilities in London. Equity could be achieved on one of two ways. Either television could be financed through a special levy on the sale of receivers, or it could be financed from licence-fee revenue. Both methods would achieve cross-subsidisation from the densely-populated areas to sparsely populated areas. With both options, government would have to subsidise total establishment and operating expenditures, and much of the material and the equipment would have to be imported from either America or Britain.[3]

For all of these reasons the PSCB took a fairly cautious stance, especially in relation to commercial participation. Licensees in the USA and Britain had continued to express grave doubts about the capacity of television to attract mass audiences, and the Federation of Commercial Broadcasting Stations in Australia remained skeptical about the investment potential of the new medium. On the other hand, none of the larger broadcasters wanted to

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[3] Op cit, pp. 20.

forgo a new opportunity should the venture prove attractive in the longer-term.[4] As a compromise, the PSCB agreed that broadcasters should be permitted to experiment conjointly with the Post Office, if they so desired, but no guarantee could be given of their future participation.[5]

Equipment manufacturers could not agree among themselves as to which kind of system would prove most popular, but all agreed that a new medium would boost retail sales at a time when the market for radio receivers had reached saturation point. Manufacturers were actually better versed than most regarding the problems that Australia would face. They stressed the necessity for avoiding cheap, technically-inferior equipment and low program standards which they said would retard public acceptance, rapid set penetration and, ultimately, their own receiver sales.[6] Some argued that public acceptance could be enhanced by introducing colour models, while others wanted to create two markets - an early one for monochrome sets, and then a market for colour when the first had been saturated.[7] Newspaper companies were also divided. Capital city newspaper companies with financial interests in commercial radio stations sought early access to the experimental phase. Newspaper companies without broadcasting interests saw television as a threat to their commercial viability and demanded early opportunities to invest. They rejected the notion that licences should be issued automatically to existing radio licensees.[8]

In summary, the PSCB (which was dominated by Labor members) advocated a monosectoral system in the experimental phase. The commercial sector was invited to participate, but the government would be deeply involved in all developments from the outset. The Post Office would settle international trade agreements, establish technical standards, and secure sources for program material from overseas producers. The major objective was to avoid cheap equipment and cheap programs. Television had to be made as

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[4] Op cit, pp. 23.
[5] Op cit, pp. 31.
[6] Op cit, pp. 24.
[7] Op cit, pp. 25-6.
[8] Op cit, pp. 27.

attractive as possible to stimulate the widespread sale of sets, which would in turn increase manufacturing runs, reduce tooling costs, and enable further savings to be passed onto consumers.[9]

These recommendations were not operationalised. It was not until 1948, after the creation of the Australian Broadcasting Control Board, that the issue was raised again. As one of its first tasks the Board was requested by the Labor government to prepare a report on television. The Board concurred with the PSCB's findings in 1946 that the costs of television would be prohibitive, especially for private firms. The Board recommended, like the PSCB, that services should be conducted under a monosectoral system, and that transmitters should be located in the densely-populated capital city centres. It would be too expensive to base operations in country areas initially, but extensions should proceed at the earliest opportunity.[10]

The monosectoral system, comprising only the national service, was attractive to Labor, but for reasons other than a compatibility with their broad conception of social justice. The Labor Party, under Ben Chifley, had been concerned for some time about the adverse political effects of the alliance between newspapers and broadcasting stations. Chifley was particularly concerned about 'the influence they can exert on the public mind ... [and] ... if they so desire, misrepresent public policy'.[11] As Chifley saw it, the choice was either rule by the media or rule by the government.

The Development of Television under the Liberal/Country Party Coalition

When the Labor Party lost office in December 1949, the Liberal coalition promptly reversed their policy to exclude the commercial sector. The Liberal scheme would permit commercial television within a dual system similar to radio. Television would be introduced in a limited and gradual way. One national transmitter would be established

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[9] Op cit, pp. 31.

[10] The Australian Broadcasting Control Board (1949), First Annual Report, Canberra, Commonwealth Government Printer, pp. 9.

[11] Commonwealth Parliamentary Debates, 3/12/35, pp. 2365.

initially in Sydney and to other areas over time. One commercial station would be licensed in Sydney and Melbourne, and in any other capital city where an applicant could prove a capacity to provide a service.[12] By contrast with Labor plans, this was a highly inequitable scheme. Nevertheless, if commercial participation was accepted as an overriding factor, then at least the scheme was economically rational in the face of sizeable uncertainties. First, the government remained unsure about the initial public response to television. Second, there were no guarantees how long it would take for establishment costs to be returned to private investors. Third, it was not certain whether sufficient advertising revenue could be raised to cover costs. For these reasons, the Liberal scheme would have to be highly protectionist. Competition would be limited to safeguard profitability, and services would be limited to densely-populated areas in order that stations might attract sufficient advertiser funding. The early implementation of the scheme was abandoned, however, when the domestic economy suffered a decline and the government announced that defence spending must receive a higher priority. The introduction of television was deferred for one year.

The Royal Commission on Television

In January 1953 Prime Minister Menzies announced that television services would commence without delay and that a Royal Commission would investigate the number of national and commercial stations that could be established, the areas to be served, the stages of development, the conditions which should apply, and what program standards should be observed to 'ensure the best use of television broadcasting in the public interest'. Special conditions would be applied to the broadcasting of political and controversial matter, religious services, advertisements and operating hours.[13]

The Royal Commission was a facade. Cabinet had already pre-empted the major decisions - the question of commercial participation, the number of stations and their location, and

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[12] The Australian Broadcasting Control Board (1950), Second Annual Report, Canberra, Commonwealth Government Printer, pp. 14.

[13] Report of the Royal Commission on Television (1954), Canberra, The Commonwealth Government Printer, pp. v.

what administrative machinery would be required. The voluminous dissent that came to the fore during the inquiry did not significantly alter the original plan, the elements of which were contained in an interim Bill introduced to the House on 18th February 1953. This was six days after the Commission had been appointed and approximately one year before the Commission had submitted their report. The only variation conceded as a result of the inquiry concerned the establishment of two stations, instead of one, in both Sydney and Melbourne. The Interim Bill was passed in March 1953. Postmaster-General Anthony made two pertinent remarks. He said that television should be made available to the Australian people for the purpose of education, culture and entertainment. He also announced that the dual system would be adopted since it had 'been so remarkably successful [sic] in respect of sound broadcasting'.[14]

In terms of the structural elements of Localism Type I, stations would be licensed and operated as individual units, although some ministers doubted the ability of the private sector to deliver suitable services. Anthony himself, during an initial Cabinet discussion, proposed government ownership and control of transmitters under the auspices of a statutory authority, like the British Independent Television Authority, which would make time available to private and public users. The Chairman of the ABC and major electrical firms urged the government to adopt this scheme, but the government would not be persuaded against a dual scheme on the grounds that government control would restrict the profits and investment opportunities of private business.[15] The Royal Commission had been issued with no writ to examine such arguments. In reality, the Commission had been appointed to authenticate decisions which had been made already.

Many submissions also objected to commercial participation on social/moral and/or economic grounds. The skepticism about the educational and cultural potential of commercial television was shared by many educational, religious, cultural and women's groups. (These arguments are examined in the next chapter dealing with the servicing

14 Op cit. pp. 4.
15 The Australian Financial Review, 6/1/86.

elements of localism). Other objections were premised purely on economic grounds. Basically, this perspective regarded television as a non-essential luxury good which Australia could ill-afford in the post-war period. Producer groups and their advocates (including rural associations, a rural branch of the Liberal and Country League, regional radio networks and Associated Newspapers Limited) argued that labour and expenditure should be devoted to more important public-sector services like roads, housing, irrigation, schools, hospitals, electrical facilities and telephones.[16] Some of these groups, like the regional radio networks and newspapers, simply eschewed the additional competition for advertising, which television would present. Farmers, however, were more concerned about equity. They had found it difficult to retain labour in the country without modern facilities, and it appeared to many grossly unjust that the government proposed to introduce a non-utilitarian luxury good for the exclusive use of city dwellers when many country areas lacked basic services.[17]

Why was television introduced?

In the face of widespread dissention, for many different reasons, why was television introduced? Five reasons can be identified from the evidence. First, there was the conservative government's principled support for a free enterprise economy, even though the industry would be a highly protected one. Second, television presented a potential to serve a wider defence function, although this was somewhat debateable.[18] Third, it

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[16] These submissions can be found in Volumes 2 and 3 of the Exhibits, MP 1228/3, Australian Archives (Melbourne), The Royal Commission on Television (1954).

[17] Op cit. The Farmers Union of Western Australia, Exhibit 76, Volume 3, Australian Archives (Melbourne), MP 1228/3. A variation on this view was submitted by the National Farmers Union (comprising eleven affiliated bodies). In their view, television was an inevitable development, but rural dwellers should not be taxed to pay for the facility when they would not receive a service. Commercial stations should be licensed because they provided their own capital costs. See Volume 2 Exhibits.

[18] Op cit. See Exhibit 52, Volume 3, E. Oliver, Institute of Radio Engineers and Exhibit 42, Volume 1, L.A. Hooke, Managing Director of AWA and Chairman of the Electronics and Allied Industries Division, Chamber of Manufacturers. Both agreed with the findings of a government investigatory team that there existed a close relationship between the component parts for television and modern defence requirements. On the other hand, Sir Frederick Shedden, Secretary of the Department of Defence, advised that the defence potential was a limited one. See Report of the Royal Commission on Television, pp. 101.

offered the expansion of employment opportunities.[19] Fourth, it symbolised the end of war-time privations.[20] Fifth, there was no reason not to introduce television at that stage from an economic point of view. In other words, professional advice from academic and banking economists had surmised that television would place no strain on the economy, it would not cause disruption to other essential services, and there was no reason to assume that private expenditure on television would find its way into other areas if television was deferred on economic grounds.[21]

Having accepted these arguments, the Royal Commission had to deliberate on the the number of stations and the areas to be served initially. The key term was **effective operation**. The Commission interpreted this to mean a system which was sufficiently viable financially to provide high program standards in quality and quantity from the outset.[22] It was understood that there was a natural antagonism here, because 'positive obligations' (Localism Type II in the servicing elements) inevitably made inroads to profitability.[23] The solution was to intervene politically in the marketplace. The government would limit competition between a few licensees in order that they may produce high quality programs for diverse audience categories. The idea was that television should be developed by the private sector as a public service first and, only secondarily, as a business enterprise.

[19] See Exhibit 137, Volume 2, Professor W. Prest, University of Melbourne, who argued that large public works were nearing completion and the problem of finding alternative employment for redundant labour may become acute. Television construction would absorb only a small proportion of this labour-force, but it was still an alternative source of employment.

[20] Catley R. and McFarlane, B. (1981), Australian Capitalism in Boom and Depression: Options for the 1980s, Australia, Alternative Publishing Cooperative Limited, pp. 73-5. These authors make the point that by 1949 the electorate had become disenchanted with the argument posited by the Labor government that rationing remained essential for economic recovery. The Liberal coalition had appealed to this sentiment in the election. Apart from its other aspects, television represented a luxury consumption good. As such it was an appropriate symbol for the new era of economic growth and heightened private consumption in the immediate post-war period.

[21] Evidence given by Professor Prest (Exhibit 137), G.R. Mountain, Chief Inspector and Senior Economist of the National Bank of Australasia Limited (Exhibit 136, Volume 2) and Roland Wilson, Secretary to the Treasury (Exhibit 135, Volume 2) showed that the call on resources for the first four years was not likely to be of major significance. See also a summary of findings in the Report of the Royal Commission on Television, pp. 97-101.

[22] Op cit, pp. 112.

[23] Op cit, pp. 152.

Private broadcasters opposed political intervention. In their view, governments should not intervene. The forces of free competition should determine 'naturally' the availability of capital and this, in turn, would determine the number of stations that could be commercially viable.[24] The Commission rejected this free-market argument on the grounds that the pressure to obtain an economic return on capital invested during the inaugural period would lead to a lowering of program standards. Low standards would be extremely difficult to eliminate in the longer term if too many licensees had to compete for an unknown quantity of advertising revenue.[25] Thus, an unrestricted number of stations would negate the primary consideration that 'the new medium ... be used to its best advantage as a means of broadening and enriching Australian life'.[26]

In practical terms, television would proceed in three developmental stages. In the first stage, transmitters would be established in Sydney and Melbourne. Operators should expect to derive no income. In the second stage, when the number of television receivers would have increased, advertising revenue would be expected to rise also. After some years, depending on the sale of receivers, costs would be recovered and profits would be made. At this third stage of economic stability, there would be wider extension of the commercial service to other city and country areas.[27] Of course, there were political costs associated with this high level of intervention. The two most obvious would be the problems of monopolisation and a city/rural inequality.

Monopolisation

The Commission had advocated the establishment of two commercial stations in the cities to provide competition and choice for viewers.[28] Further, the system of ownership and control relating to radio should apply to television. The legislation allowed ownership or

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[24] Op cit, pp. 82-3.
[25] Op cit, pp. 93.
[26] Op cit, pp. 115-6.
[27] Op cit, pp. 112-123.
[28] Op cit, pp. 117-8.

control of not more than one metropolitan station in any state; four metropolitan stations in Australia; four stations in one state; or eight stations in Australia. Advertisers and potential regional broadcasters said that monopolisation would be against the public interest. Smaller broadcasters feared a reduction of regional autonomy and advertisers suspected that a small number of licence-holders would undermine their own ability to bargain for competitively priced air-time. The Australian Federation of Commercial Broadcasting Stations and the larger broadcasters, on the other hand, stressed the advantages that would accrue through monopoly control. Broadcasters could enlarge their market areas, and achieve economies of scale. Higher profits would encourage better programs and facilitate the spread of stations to the less densely populated country areas. The Commission agreed that monopoly control would secure those advantages and recommended that preference should be given to those licensees who promised to extend services to country areas.[29]

The system being advocated would almost certainly result in the media domination by a small number of operators located in the most densely-populated city areas, where advertiser revenue would be negotiated and where contracts for the sale and distribution of programs would be centralised. In essence, decentralised ownership and control could not forestall the political power afforded to those licensees located in the largest market areas. Those were unfortunate side-effects, but they would have to be tolerated if commercial viability was to be sustained and if country areas were to be serviced at the earliest opportunity. However, provisional safeguards were instituted to prevent further concentration of ownership and control through unauthorised licence trafficking and share transfers. Section 50 of the Act stipulated that a licensee could not transfer, or otherwise dispose of a licence, or permit any other person to participate in the benefits of a licence, or exercise any of the powers granted by the licence. The history of the structural development of television would show that this stipulation was ineffective. As the Commission noted, there existed no legal provision to prevent the transfer of shares and, administratively and legally, it was impracticable to regulate market transactions directly.

[29] Op cit, pp. 139-40.

The Commission was forced to acknowledge that such regulations would have to be policed by the Board at licence renewal time.[30]

City and rural inequality

The Liberal coalition's gradualist approach was resented by rural dwellers. It was not only unfair in taxation terms but, in their view, it would deter national development. Farmers already faced labour shortages and the new facility would induce the younger generation to the city. The Commission agreed that this was 'socially unfortunate' but inescapable. There were two partial solutions. First, rural dwellers should not have to pay taxes for a service they would not receive. Hence, the national service would be funded by licence-fees. Second, high priority should be given to the early extension of television to rural areas.[31] Of course, nothing could be done about the inequitable funding process for the commercial service. Country residents could not be cushioned from an additional levy placed on all commodities to cover the costs of advertising and, in addition, they already faced higher charges from freight, transport and fuel levies. It was inevitable that they would be forced to pay for a commercial service that they did not receive.

Summary

The Liberal coalition introduced television broadcasting on the same basis as radio. Legally, commercial stations would be licensed as individual and autonomous units and licensees would retain sole and total responsibility for the material broadcast from that station, including all announcements, programs and advertisements. It was evident from the beginning, however, that extensive networking and monopolisation would be necessary to ensure economies of scale. Commercial viability was sought to ensure the production of high-quality programs and to assist the early extension of services to country areas. It has been argued that television was a multi-faceted commodity. It would underpin the government's commitment to a 'free' enterprise economy, although television would have to be a highly protected industry; it may assist an indigenous defence capability; it would

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[30] Op cit, pp. 141.
[31] Op cit, pp. 119-20.

boost the electronics industry; it would provide a source of employment in the electrical industries, manufacturing and building trades; and it signified an end to war-time privations. It would symbolise a new era of growth and prosperity, particularly in luxury consumption goods and social services. Its cultural and educational potential was the one feature promoted by the government. It is argued that this was merely one of many concerns at the time. Many submissions received from minority political groups denied the competence of the commercial sector to realise that potential. Their arguments are examined in the next chapter.

Government intervention can be summarised in the following terms. The government attempted to reconcile the irreconcilable. It attempted to find a political solution to the conflicts between private capital (and conflicts within that class) and minority political groups. Private capital sought profits, while minority forces typically sought social and cultural ends. In effect, the state followed two contradictory paths. It indirectly supported economic inequality by allowing commercial entry and by providing a safe, regulatory framework to inhibit competition. At the same time, the government supported political equality by stressing that television should be operated primarily as a public service. Both the national and commercial sectors had an inalienable obligation to provide programs for all sections of the community. Localism Type I in the structural elements was instituted through the licensing procedure. However, within four years, cross-directorship control had occurred to an extent that it became necessary to impose stricter legislative controls. However, these were too late to stem the tide of market domination, and the legislation was not made retrospective. By the end of the 1950s, networking had placed control of television within the hands of the largest Sydney and Melbourne companies, which were able to control the financial destiny of other commercial outlets. The remainder of this chapter will trace the conflicts between large and small capital units over the issue of organisation of the television industry to the early 1980s.[32]

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[32] For a detailed account of the political history of networking and cross-media concentration from 1936-1976 see Brown, A. (1986), Commercial Media in Australia: Economics, Ownership, Technology and Regulation, University of Queensland Press Scholars' Library.

THE ESTABLISHMENT OF THE DUAL SYSTEM: STAGES I - V

The Broadcasting and Television Bill 1956

Postmaster-General Davidson introduced the new Bill into the House on 19 April 1956 to give practical effect to the Commission's findings which had been delivered on 20 February 1954. The scheme would start in Sydney and Melbourne, and services would not be extended until economic indicators showed sound prospects for success.[33] The government was obviously well aware that a contradiction existed between profitability and accountability. Davidson stated that

> Large sums of money have to be invested in stations, and the people who invest the money are entitled to expect a reasonable return on their outlay. But the conduct of a commercial television service is not to be considered as merely running a business for the sake of profit. Television stations are in a position to exercise a constant and cumulative effect on public taste and standards of conduct, and, because of the influence they can bring to bear on the community, the business interests of licensees must at all times be subordinated to the over-riding principle that the possession of a licence is, indeed, as the royal commission said, a public trust for the benefit of all members of our society.[34]

Clearly, commercial participation was permissible on the understanding that services would be conducted first as a public service, and second as a business enterprise. The Board would be empowered to ensure this arrangement. Licences would be issued initially for a five year period, because operators required a sureity of licence renewal to establish a sound financial footing. After that stage, licences would be issued for one year, and renewable only after a review of performance. The government also decided that stations should be owned by as many people as possible 'to prevent ... any one organization [obtaining] control of any substantial number of stations'.[35] A new Section 53A prevented ownership or control by any person to one station in any capital city and two stations in Australia. Further, the government would ensure that television stations remained owned by Australians. New Section 53B would stipulate that no overseas shareholder could hold

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[33] Commonwealth Parliamentary Debates, 19/4/56, pp. 1533.
[34] Commonwealth Parliamentary Debates, 19/4/56, pp. 1536.
[35] Commonwealth Parliamentary Debates, 19/4/56, pp. 1537.

more than fifteen percent of the issued capital. The government remained convinced that the commercial sector could be relied upon to deliver high standards as long as licences were owned and controlled by Australian citizens living in the station's service area, as long as shareholdings were distributed as widely as possible, and as long as the Board had the power to monitor programs, control networking arrangements and review station performance at licence renewal time.

This created a schism between broadcasters and the government. Just as they rejected the need for government interference in controlling the number of stations, so they eschewed the need for government regulation of program content. FACB had argued to the government and to the Royal Commission that self-regulation by the industry, guided by consumer sovereignty, would offer the best form of program regulation. Davidson was careful to assure the industry that the Board would act with a view to co-operation, consultation and residual control. It would not exert overt bureaucratic control over private-enterprise activity, except in specific areas deemed sufficiently important enough to require legislative direction. These areas would include religious material, political broadcasts, the use of Australian content, and the necessity for complementary programming where only one sector operated in a particular area.[36]

The point to bear in mind about the ensuing events which determined the structure of the industry was the permanent tension between local ownership and control, and extra-local ownership. The Board adhered to local ownership and control whenever possible. However, those decisions were often diluted either by the failure of the government to ratify the Board's proposals for local ownership (as in the Adelaide case), or by subsequent share transfers, which resulted in local ownership being relinquished after the licence had been granted to local residents in metropolitan areas (as in the Brisbane case). The emergence of extensive networking arrangments within the industry led to further legislative amendments to curb networking but, by that stage, the largest companies already held control of the smaller stations by virtue of their power over production and distribution

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[36] Commonwealth Parliamentary Debates, 19/4/56, pp. 1543.

arrangements. In retrospect, it can be seen that three of the four applicants in Stage I constituted the forerunners of the present metropolitan media monopolies.

STAGE I - GRANT OF TV LICENCES FOR THE SYDNEY AND MELBOURNE AREAS

Local ownership and control did not pose a problem at this stage, since the parties interested in the company seeking the licence constituted local shareholders. All eight applicants (except the Australian Workers Union and the Australian Labour Party who were not successful) held business interests in broadcasting and the print media. Amalgamated Television Services Pty Ltd (ATN) and Consolidated Press Ltd (TCN) gained licences for Sydney; General Television Corporation Ltd (GTV) and the Herald and Weekly Times Ltd (HSV) were granted licences for Melbourne.[37] Their constituent interests included substantial shareholdings in newspaper and radio companies. The major criterion was financial security.

The applicants had to show secure financial backing. They would have to erect costly studios and transmitters, and withstand the initial establishment period when little or no returns would be forthcoming, but still remain financially strong enough to invest in high quality programs (Localism Type II services). In this regard, the Board constructed a set of criteria which would inform all of its subsequent decisions. Licensees should possess good character and high reputation; directors should hold the confidence of the community; they should appreciate the responsibilities imposed by a licence; they should possess the capacity to deliver a high standard, and they should display a willingness to co-operate with the Board and accept such guidance as became necessary. Further, they should be able to demonstrate a sincere desire to balance the need for immediate return on investments and high profits, with a commitment to maintain a high standard; they should possess the financial stability to discharge such responsibilities, have a proven record in allied fields,

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[37] The Australian Broadcasting Control Board (1956), Eighth Annual Report, Canberra, Commonwealth Government Printer, pp. 28-33.

and an ability to comply with technical standards.[38] The Board specified that these criteria exemplified the basic axiom set down by the Royal Commission in 1954 that television must be operated by both sectors as a public service.

> the use of this new medium of communication must be regarded by the commercial as well as national stations as in the nature of a public trust for the benefit of all members of the community.[39]

STAGE II - THE GRANT OF TV LICENCES IN THE ADELAIDE, BRISBANE, PERTH AND HOBART AREAS

The Brisbane and Adelaide hearings are of special historic significance. For reasons not made public, the government decided to defy the advice of the Board. This was the first real indication that the government and the Board operated from different positions. The Board adopted the original Localism Type I criteria set down in the legislation. The government, however, overruled their decision in favour of extra-local ownership and control by granting licences to companies who enjoyed strong financial ties with the existing licensees. This set a precedent for non-local control in the subsequent licence hearings. The practice was reinforced by share-transfer and share-trafficking, over which the Board exercised no power. The Board could merely monitor and document such changes to ensure that the two station rule was not exceeded. These transfers have been automatic, despite the fact that, except for the period 1960 - 1965 and possibly from 1981 onwards, the Minister had in principle possessed the legal power to prevent such transfers.

In the case of Adelaide and Brisbane, existing licensees sought substantial interests in the two licences. Their interests did not amount to majority shares, but the Board advised that the Sydney and Melbourne companies would be in a strong position to exercise de facto control over the stations, if their applications were successful. The Board proposed that

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[38] The Australian Broadcasting Control Board (1955), Report and Recommendations to the Postmaster-General Pursuant to the Television Act 1953 and the Television Regulations on Applications for Licences in the Sydney and Melbourne Areas, Canberra, Commonwealth Government Printer, paragraph 32.
[39] Ibid.

licences be granted to local companies and not to either of the Melbourne or Sydney companies, or to significant shareholders in those companies, on the grounds that further expansion of these already powerful groups would be against the public interest. The public interest would be better served by independent, local licensees; a policy which was consistent with other English-speaking countries, and the Australian legislation under Section 91 of the Act, which specified the maximum number of stations which any one person could own or control, directly or indirectly.

Accordingly, the Board made two decisive recommendations. First, fresh applications should be invited, and the licensee should be prevented from entering into any exclusive arrangement with another commercial station for the provision of programs, or for the sale of air-time or advertising. Second, only one licence should be issued, because these were limited market areas and the amount of capital required for two would have to be procured from existing media interests in Sydney and Melbourne. This, too, would result in de facto control.[40]

The government ignored the Board's recommendations for only one licence and requested that the Board make its recommendation from among the existing applicants. Accordingly, the Board stated that, since the government's original considerations regarding local ownership and control no longer applied, it should also lay aside considerations for the desirability of local control. It would ignore the government's former directive to guard against newspaper control of television stations. On this new basis, the Board reported that all of the applicants appeared competent. Licences were then granted to Southern Television Corporation Limited (The News Ltd) and to Television Broadcasters Limited (The Advertiser group) for Adelaide, and to Queensland Television Limited (associated with the Melbourne and Sydney stations) and Brisbane TV Ltd (comprising newspaper companies, electrical firms, electrical manufacturers and radio stations).

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[40] The Australian Broadcasting Control Board (1958), Tenth Annual Report, Canberra, Commonwealth Government Printer, pp. 24.

At this stage also, licences were granted to one company each in Hobart and Perth. They were largely locally-owned and controlled having no close association with the Melbourne and Sydney licensees. The Hobart and Perth companies were approved on the proviso that they undertook not to enter into any exclusive arrangement with other stations for the provision of programs, or for the sale of advertising.[41] No such condition was imposed on the Adelaide or Brisbane licensees which made monopoly control a future certainty in those areas.

The abandonment of Localism Type I structural arrangements in the Adelaide and Brisbane cases highlighted three issues. First, as the Labor opposition argued, the government had made 'a rod for its own back' by giving way to pressure from the powerful broadcasting monopolies.[42] Second, the government's interference had flagrantly disreputed the Board's ostensible statutory independence, showing that the Board possessed little discretion in administrative matters. Third, the reversal of the Board's decision paved the way for future control of television by the Sydney and Melbourne companies.

STAGE III - GRANTING OF TV LICENCES TO THIRTEEN MAJOR PROVINCIAL AND COUNTRY AREAS

These hearings provide an interesting case study, since they show the government's partial return to Localism Type I after the Adelaide and Brisbane episode in order to stem the real possibility of centralisation and control of the commercial sector by the more powerful Melbourne and Sydney stations, whose interests also included substantial shareholdings in newspaper and radio companies. The government announced that licences would be issued only to 'local independent companies not associated with metropolitan stations', provided that such applicants could prove their financial capacity to provide a service in accordance

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41 Op cit, pp. 25-6.
42 Commonwealth Parliamentary Debates, 19/5/60, pp. 2017.

with technical and program standards.[43]   The term 'associated' was later clarified by the Minister to mean 'not associated financially',[44] which indicated that for country areas Localism Type I structural arrangements should prevail.

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[43] The Australian Broadcasting Control Board (1960), Report and Recommendations to the Postmaster-General on Applications for Commercial Television Licences in Provincial and Country Areas, Canberra, Commonwealth Government Printer, pp. 84.

[44] Op cit, pp. 137.

The Board underpinned the need for localist criteria to determine the choice of applicants, pointing out that this would then set the pattern for subsequent services to all other parts of the Commonwealth. The Board made special reference to the government's reversal in the Adelaide and Brisbane hearings, and then reiterated the basic axioms of the dual system. A preference for 'local independent applicants' had been deeply rooted in the history of the development of commercial services in Australia and elsewhere in order to prevent the development of monopolies in mass communications. In the case of television, it was essential to prevent the increasing concentration of power by those who already enjoyed substantial interests in metropolitan newspapers and television stations.[45]

However, the need for local autonomy should be based on more than the prevention of city monopolies. The positive criteria for local ownership were those used originally in the Sydney and Melbourne hearings. It was not sufficient that those who controlled the station exercised control at shareholder meetings. The successful applicant must be in a position to exercise control of the management and operation of the station, and be in a position to discharge complete control over the selection of programs.[46] This was because local television stations, like local newspapers and radio stations, played an important role in the life of the communities they were licensed to serve. A station owned by the people of an area, with a specialist knowledge of local conditions and attitudes, would be more likely to provide an adequate service than a station which was, in practice, a 'satellite' of a metropolitan station. The real question, however, was whether decentralised ownership and control was possible. Perhaps it would be the case that country television could be operated only as an extension of the services already being provided by the metropolitan stations.[47]

[45] Ibid.
[46] Op.cit, pp. 138.
[47] Op.cit, 139.

What the Board referred to here was the improbable mix of commercial viability and local autonomy in smaller market areas. The asymmetrical spread of population in favour of the cities and the high cost of producing local programs would cast some doubt on the ability of stations to retain decision-making autonomy and program accountability. The Board was correct to harbour these reservations, because the Minister had announced that the number of stations may not be limited to one. Subject to technical considerations, more than one licence might be granted in the same area.[48] If this were the case, licensees would be forced to align with the major companies, since revenue would be split between the two and they would have to accept programs on relay.

An examination of the evidence shows that this was the precise intention of many of the applicants. Sixteen applicants out of a total of forty-one were either from existing licensees in Sydney and Melbourne, or companies strongly associated with them, which reflected a trend within the industry to establish country stations as relay units of metropolitan companies. Of the remainder, twenty-one were independents and four applicants were associated with Pye Industries Ltd.[49] ATN (Sydney) was a representative example. ATN had sought to join some of the other applicants in order to secure control over one of the country stations. When discussions failed, ATN discussed with other groups in the Canberra, Hunter-River, Illawarra and Central Tablelands areas the possibility of forming companies in which ATN would hold between fourteen to twenty-three percent of the shares. After the Minister had announced that licensees should not be associated financially with existing licensees, ATN promised to reduce its shareholding. The crucial point for ATN, for the applicant companies, and for the ABCB, rested on the source of program material. The articles of constitution of the four companies were identical. Each had entered an agreement with ATN for the provision of programs for an initial period of three years to be renewed after negotiation. Each company held the right to secure material from other sources, but none had any real intention to exercise those rights. It became obvious

[48] Op cit, 137.
[49] Op cit, pp. 86-7.

to the Board that each of the companies had relied heavily on ATN advice in the construction of submissions. Further,

> It was the clear intention of the parties that ATN and the four companies would in fact operate on an exlcusive relay system, except during brief periods devoted to local programmes, and it is equally clear that any real exercise of independence by the country stations in the selection of programmes would create a situation which would destroy most of the advantages of the relay system.[50]

According to the Board, such arrangements defied the concept of independence. Local ownership and control were designed to secure a genuinely local service for local residents. Licensees should have 'a real interest in the areas concerned' and be in a position to dominate decision-making towards that objective. Yet ATN, for example, and the other major companies, held the view that if their company held substantial holdings, the local company would be obliged to comply with parent-company decisions regarding which programs would be shown, and at what time.[51]

The argument advanced by the city licensees amounted to economic rationalism. Relaying offered the cheapest and most effective way to extend television services to country areas, because it avoided duplication of studios and facilitated direct access to program material. Alternative distribution mechanisms - video tapes or film - increased capital and operating costs, and involved expensive double-handling of program material. If two stations occupied the same market area, both would have to be operated by relay link. A non-relay station could not compete successfully with a relay station, because the duplication of costs for the non-relay station would be too great for it to remain viable. Alternatively, there could be only one independent station in a given market area negotiating for some city programs, while producing the rest at local studios. Clearly, the major companies supported the option for two stations, because this would provide security of outlets for the sale of program material. In support of this position, they argued that the Royal Commission had recommended the relay system, and that the competitive element between the two stations would promote program diversity, high-quality and more indigenous

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[50] Op cit, pp. 140.
[51] Op cit, pp. 141.

productions. Moreover, it would still be possible in the relay system to allow space for the transmission of local events.[52]

Of course, the independent companies rejected these arguments. The grant of licences for the provincial areas should not be seen in isolation from the future of the industry generally. The real questions to be addressed, they said, were whether country stations would be shackled to city stations, or whether local companies would be permitted to develop services for country people in the same way that other country organisations had developed services appropriate to the needs of local residents. In this sense, the independents and the Board stood in unison. The service of a television station should mean more than a repetition of city programs. It should act as an outlet for information about local cultural groups and civic bodies, and for the expression of the spirit, needs, tastes and interests of the local community. The Minister's assertion that country programs should be comparable with city programs should not be interpreted as meaning exactly the same service. 'Comparability' meant the right choice of programs for the right audience. Finally, it was not desirable in the public interest that the channels of communication should fall into too few hands.[53] These applicants understood that advertising could support only one station in the smaller country market areas, but this system had allowed the Perth and Hobart companies to obtain a strong bargaining position in relation to the city stations which enabled them to pick the best programs for country audiences. A choice of the best programs would be negated by a two station service.[54]

The question of overseas material was relevant to the viability argument, because overseas programs comprised 57-85 percent of total program material. Up until then, all overseas material had been purchased by the metropolitan stations on an all-Australia, exclusive rights basis.[55] The Board had to make sure that a local, independent licensee would be able to acquire the material direct from the overseas buyer or from the city station, and that

[52] Op cit, pp. 89-90; 112.
[53] Op cit, pp. 97-9.
[54] Op cit, pp. 114.
[55] Op cit, pp. 101-3.

the licensee would be in a strong enough position financially to do so. On the first point, the Board had been assured by city stations that such material would be made available under normal circumstances to a non-associated company, and some independents had ascertained that overseas suppliers would supply direct to regional companies. However, it became obvious to the Board that the financial capacity of smaller applicants to buy the Australian rights to quality material, together with the costs of customs duty, handling, freight and print costs would necessitate either co-operating with city stations on a semi-network basis, or the amalgamation of country stations to form a group-buying organisation to defray expenses between a number of users.[56]

Here was the first signs of a regional televison network, not on ownership and control lines, but on the basis of independent program purchase and distribution. Thus, even if Localism Type I was to prevail in the country areas, it would be necessary for regional stations to form loose purchase and distribution associations to counteract the stiff competition posed by the metropolitan networks. In fact, provisionally, three such regional organisations had already formed.

In eleven of the thirteen areas, the Board reported 'acute divisions of opinion' because two independent stations could not operate profitably in the same market area, nor could a local independent company compete with a relay station in the same area. Stations could operate profitably in one of two ways. Either licences would have to be restricted to one local independent station in each market area, or two stations could be licensed to operate on a relay basis.[57] The Board remained firm about Localism. It recommended that only one licence be issued in each of the areas under consideration, that overseas shareholdings be limited further to five percent, and that fifty percent of shares be offered to local residents.[58] Some newspaper companies were included in the successful applicants, but they were not ruled out as they had been in stage III. This was because the newspaper

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[56] Op cit, pp. 104.
[57] Op cit, pp. 111-5.
[58] Op cit, pp. 150-8.

companies were owned locally by well-established families with a history of loyalty and service to the area. Similarly, no objections were raised to shareholdings by Amalgamated Wireless (Australasia) Ltd, because the company held a distinguished record in its field. Overseas companies and existing licensees were the real targets of the Board's discrimination. Of course, the decision meant that city and country programs would not be identical, but they could still comply with the Ministerial directive concerning 'comparability'. The service could still be of a character comparable to that available to city viewers. It would not be the same service, but it would be a service appropriate to residents in the station's service area. This did not rule out the free and non-exclusive negotiation with city stations for high-quality programs, but there should be no exclusive arrangement with any metropolitan station for the provision of programs or the sale of advertising time.[59]

The government responded with some ambivalence. The Minister initially accepted the Board's decision for a retention of localism and made a public announcement that fifty percent of shares would be offered to local residents in each of the areas concerned. He also accepted the non-exclusive clause for the supply of programs. However, subsequent developments tended to weaken localism. First, prohibitions were placed on the power of the Minister to prevent the transfer of shares and secondly, the Minister reversed the decision to issue shares to local residents. Both of these ran counter to the original intention of the 1960 legislative amendments, which were passed during the hearings, and which were designed to restrain the power of the metropolitan stations.

The 1960 amendments to the ownership and control provisions

During the course of the Board's inquiries into country licences, the Board had stressed that it was essential to prevent the increasing concentration of power by those who already enjoyed substantial interests in metropolitan newspapers and television stations.[59A] The

[59] Op cit, p. 153.
[59A] See this thesis page 182 and 185 and the Board's report, op cit, pp. 97-9; 137.

Board also made reference, during the grant of licences for the provincial areas, to the tenet that the 'service' of a television station should mean more than a repetition of city programs. It should act as an outlet for information about local cultural groups and civic bodies, and for the expression of the spirit, needs, tastes and interests of the local community. It was therefore important that a local station be owned by local residents because, with a specialist knowledge of local conditions and attitudes, they would be more likely to deliver a local service.[59B] In order to prevent monopolisation of information sources and conduits, and to encourage the provision of local services relevant to the diverse needs of residents in the station's service area, the government introduced legislation to secure local ownership and control of television stations in the provincial areas under consideration by the Board. The legislation was designed to prevent one person from exercising more than fifteen percent of voting power, and to prevent one person from being a director in more than two companies controlling a licence. The amendments prohibited the Minister from refusing approval of substantial changes in the beneficial ownership of shares (except in compliance

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[59B] See this thesis pages 182 and 185 and the Board's report, op cit, pp. 97-9; 139.

with the two-station rule), and they prevented a person or company from refusing to supply another licensee with a television film.[60] Essentially the changes would extend the definition of control from one based simply on majority shareholding to one which included whether a person could control decision-making and selection of programs. New clauses would prevent shares being acquired illegally through 'dummying',[61] and the success of smaller, country stations was protected by a new section 105A which permitted a licensee to apply to the Board for access to a film if the owner refused to make it available. This was supposed to prevent exclusionary practices on the part of the larger broadcasters.[62] The legislation was intended to prevent the Sydney and Melbourne-based monopolies from gaining control of country or provincial stations.[63]

At first glance, these new provision appeared comprehensive enough to prevent de facto control of the smaller stations. However, as the Labor Opposition pointed out, there was an escape clause. New Section 92K exonerated a person who could prove that he had unwittingly come into control of three stations, and section 92F failed to provide an exact definition of 'substantial' changes in share ownership.[64] The Senate then changed the legislation severely circumscribing the power of the Minister to withhold approval for share transfers to the effect that companies could control by various means more than two television licences.[65] This anomaly was not corrected for five years, during which time substantial losses occurred in local ownership and control. After that time, the government introduced new legislation to more carefully delineate what was meant by 'prescribed interest'.

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[60] Department of Communications (1984), Localism in Australian Broadcasting: A Review of the Policy, Canberra, Australian Government Publishing Service, pp. 50.

[61] Commonwealth Parliamentary Debates, 19/5/60, 2022-3. 'Dummying' was a case where a person acted on behalf of another. The Dummy was not the legal and beneficial owner. The new legislation required the person seeking to hold shares state whether he held them beneficially and, if not, who was the real owner. If the shareholder on the register was not the legal and beneficial owner, the trust would be invalid for all purposes. It was meant to put at great risk the person trying to use a 'dummy' to acquire shares illegally.

[62] Op cit, pp. 2028.

[63] Op cit, pp. 2017.

[64] Op cit, pp. 2018-24.

[65] The Department of Communications (1984), Op cit, pp. 158.

In addition to the reversal of the Minister's power to give approval to substantial share holdings, the loss of local ownership was compounded by two government decisions. First, it was decided to grant two licences in each of the areas which could support another station, which meant that the smaller stations would have to become aligned with one of the two major stations. Second, the Postmaster-General stated on 15 November 1960 that shareholdings in each of the provincial areas should be offered to any resident in Australia. Fortunately for the regional stations, the shares had by then been purchased by local residents, although this did not prevent subsequent transfers.[66]

In summary, Localism Type I became seriously weakened. Despite the Board's earnest and continued stance on the preservation of localism in country areas, the Liberal government merely paid lip-service to the principle. Localism did prevail in the larger regional centres, but it was abandoned where commercial dealings dictated. There may well not have been a regional structure if local residents had not acted to secure ownership and control of local stations in the first instance and there would not have been the same concentration of ownership and control if the 1960 provisions had protected the Minister's discretionary powers over share transactions. The folly of the latter decision was to catch up with the government within five years when new legislative proposals sought to amend this anomaly. However, even after the 1965 amendments, transactions were approved regardless of circumstance as long as such transactions did not transgress the two-station limit. In the interim, the Board held further inquiries for the fourth and fifth stages of development.

STAGES IV - GRANTING OF TV LICENCES TO TWENTY SMALLER COUNTRY AREAS

These areas were characterised by low population density and, hence, dubious financial viability. For that reason only one licence was offered in each area. As in the third stage, relating to the major provincial areas, the government announced a commitment to local

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[66] Op cit, pp. 162-3.

ownership and control, although many applicants subsequently withdrew in cases where viability was in jeopardy.[67] Wherever possible licences were granted to local applicants. In a number of cases these companies held significant shareholdings in local newspaper and radio companies. This was regarded as a 'natural' relationship, since through those ventures the applicants had shown a genuine desire to provide relevant services to local residents. There was little expectation that programs would originate in the station's service area, because marginal viability demanded that programs would be secured from metropolitan and overseas distributors. However, these stations should remain independent in terms of their purchasing status, which meant they could not enter into exclusive agreements with any one station.[68] These stations could enter relay arrangements with an adjacent station through which a community of interest might prevail, and the Board continued to recommend that shares be made available to local residents.[69] In nearly all cases, applicants said they would have to rely on sharing transmission facilities with the ABC.[70]

With the granting of licences to the twenty smaller country areas, most areas were to be covered by at least one commercial and one national service. However, there still remained gaps in very low density areas, or areas which could not receive adjacent reception signals. These would be serviced by translator stations.[71] Thus, localism remained an important criterion for the Board, but it had to be relinquished where commercial viability was dubious. In a few cases, relay stations were permitted on the grounds that only in this way would residents receive a commercial service at all.

STAGE V - GRANTING OF TV LICENCES FOR AN ADDITIONAL STATION IN THE MAINLAND CAPITAL CITIES

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[67] Op cit, pp. 72.; Commonwealth Parliamentary Debates, House of Representatives, 18/10/61, pp. 2205-6.
[68] The Department of Communications, Op cit, pp. 72.
[69] Op cit, pp. 74.
[70] Op cit, pp. 73.
[71] Department of Communications, Op cit, pp. 74. Appropriate legislation was introduced in 1963.

For these licences, the financial stakes and the competition, were much higher. The four stations licensed in 1955 had shown profits in their second full year of operation. By 1961/62 aggregrate profits totalled £2,065,422, and the government decided that the market could withstand greater competition in each of the areas, except Hobart.[72]

As before, the Board enunciated criteria in support of localism, but on this occasion there were additional requirements. The original criteria had included the applicant's general standing in the community, whether the applicant appreciated that the licence embraced the responsibilities of a public trust, whether the applicant possessed the financial ability to sustain losses in the establishment period, whether it had a good record in other business activities, and whether the applicant held a genuine commitment to balance a desire for profits against the maintenance of a high-grade service. For the fifth stage, the Board introduced new questions. Would the applicant provide a wider and better service? This flowed from the assumption that the primary rationale for a third licence in the mainland capital cities was to afford viewers greater diversity and better quality. Second, were the applicants reliable in terms of their promises and proposals? This stemmed from the financial realism of the proposals and the part to be played by sponsors. Third, if the proposals were made in good faith (and this was always questionable), what were the actual financial, technical and intellectual resources of the applicant? Fourth, could the applicants demonstrate external and internal stability over a long period? That is, could the company withstand the threat of external takeovers, and was there evidence of continuous management control leading to consistency of policy? In addition, it was deemed important to identify who would enjoy the benefits of a licence, given that a licence was defined in terms of a public franchise.[73] In summary, 'Which applicant ... is likely to provide the best commercial television service in the public interest?'

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[72] The Australian Broadcasting Control Board (1963), Report and Recommendations to the Postmaster-General for licences in the Sydney and Melbourne areas, Canberra, Commonwealth Government Printer, pp. 96.

[73] Op cit, pp. 63.

It should be noted that these additional criteria were posed in the context of 'some public dissatisfaction with the quality of commercial television programs transmitted by existing stations', especially with regard to the amount of Australian material.[74] Some submissions reflected this disquiet. Indeed, two companies (T.V. Victoria Ltd and Educational and Cultural Televison Pty Ltd) had applied for a licence as part of a formal, public protest against the poor standards of commercial television.   Other applicants sharing that view stated that there was a need to reconcile the production of better quality programs with the attitudes of advertisers. In these submissions there were suggestions for securing a balance of program categories, for the production of Australian programs, especially Australian drama, and for the provision of scripts and recruitment of Australian writers.[75] The other set of applicants, all of whom saw broadcasting as a commercial opportunity, also stressed the same kinds of services.[76] However, this apparent and sudden penchant for alternative programming must be located in a wider context. This was a time when public opposition to commercial television had pressured the government to appoint a joint Senate inquiry into Australian television and film production. (This inquiry is dealt with more closely in the next chapter). The commercial submissions reflected those concerns as a commercial ploy to secure a lucrative licence in a proven market cornucopia.

The decision by the Board was especially penetrating in terms of elucidating its own function within the broadcasting arena. Although there had been a consistent commitment to localist principles, high program standards and local accountability, the Board was forced to acknowledge the parameters of the market.[77] The 'protest' applicants did account for a significant, if minority, force in the community and their pleas for more accountability were well heeded. However, there would be no point in issuing a licence where the applicant could not weather a well-entrenched market monopoly. To be realistic, applicants must remain attractive to mass audiences in order to attract sufficient advertiser

[74] Op cit, pp. 79.
[75] Op cit, pp. 80-1.
[76] Op cit, pp. 88.
[77] Op cit, pp. 81.

funding.[78] For the next band of stations, the issue of cost-effectiveness would become more problematic. Existing stations would have had at least two years to consolidate their position. They could further depreciate their equipment and film library, arrange the best program purchases in advance, offer longer and better contracts to advertisers, and cement the four-station network arrangement for exclusive program rights on a national basis.[79]

Most applicants had ignored these possibilities, and they had been unrealistic in their program proposals. Further, insufficient regard had been paid to the implications of existing purchasing arrangements, or for the necessity for new entrants to create a buying group in order to compete effectively.[80] The Board argued that the market would be much harder to penetrate than applicants had realised, which meant that a solid and stable financial structure should continue to be taken as a pre-condition for a successful applicant.[81] Ultimately, the decision rested on those grounds, despite what the Board saw as the well-meaning submissions from the 'protest' groups. All licences were granted to those commercial enterprises who had asserted an ability to bring a 'fresh, original and Australian approach to all types of entertainment programming' and who promised to reconcile the interests of shareholders with public welfare.[82]

The Board's inquiries into licences for the Brisbane, Adelaide and Perth areas were part of the same stage of development. These were much smaller market areas, making the financial status and managerial competence of the companies important considerations. The Board also had in mind the loss of control brought about by the Senate in the 1960 amendments to the Act. These amendments had prevented the Minister from prohibiting substantial transfers in shareholdings except to ensure compliance with the two-station rule.

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[78] Op cit, pp. 67-8.

[79] Op cit, pp. 97. At that stage, TCN, GTV, QTQ and NSW had formed one buying group, whilst ATN, HSV, BTQ and ADS had formed another. The same groups arranged for the sponsorship of programs on a four-city basis, allowing advertisers better contracts than if they had to negotiate the use of programs with each station on a separate basis.

[80] Op cit, pp. 98.

[81] Op cit, pp. 99.

[82] Op cit, pp. 103-5. United Telecasters Sydney Ltd (comprising six companies) secured the licence for Sydney and Austarama Television Pty Ltd (a wholly owned subsidiary of Ansett Transport Industries Limited) secured the licence for Melbourne.

The Board reported that since the first licences were issued in the major capitals, changes to ownership and control had occurred with the result that in more than one case a single company had gained control of two stations in different cities. Four newspaper companies were shown to have financial interests in two major city stations, as well as substantial interests in large provincial television stations. Another five newspaper companies held substantial shareholdings in one capital city station and lesser holdings in other city stations. A complete breakdown was furnished of holdings by provincial and country newspapers and holdings by overseas newspapers in Australian stations.[83]

Even greater concentration of control could occur in Adelaide and Brisbane, especially in light of the Minister's legislative impotence to restrict transfers and 'trafficking'. For these reasons, the Board rejected the application by Panorama Television Pty Ltd for the Brisbane area, because it was a wholly-owned subsidiary of Ansett Transport Industries Ltd. Another subsidiary of Ansett, Austrama, had been granted the additional Melbourne licence and between them they had intended to combine operations. On the positive side, this would have meant that more money could be invested in local productions. On the negative side, it would result in a loss of local control in the Brisbane area and a greater concentration of power for the Melbourne-based licensee. Thus, the licence was granted to Universal Telecasters Qld Ltd, a local, independent company which had issued 2,500 shares to Queensland residents.[84] Paradoxically, the localist criterion was not applied strictly in the Adelaide case. South Australian Telecasters Ltd did comprise a local board of directors, but the company had entered a networking agreement with Austrama (Ansett), who had assisted with the application and held a five percent share in the company. The Board stated that the Adelaide case was different, because it was a smaller market area making viability more difficult for a new company. Evidence had shown, however, that

[83] The Australian Broadcasting Control Board (1963/4), Sixteenth Annual Report, Canberra, Commonwealth Government Printer, pp. 33-8.
[84] The Australian Broadcasting Control Board (1964), Report and Recommendations to the Postmaster-General on applications for a licence for a commercial television station in the Brisbane area, in the Adelaide area and in the Perth area, Canberra, Commonwealth Government Printer, pp. 54-5.

both the Brisbane and Adelaide markets could support three stations[85] and the Board had imposed localist criteria to choose the Brisbane applicant. The fundamental difference between Adelaide and Brisbane appeared to be that the two other applicants for the Adelaide licence could not demonstrate financial success in allied fields, and they both lacked a coherent program philosophy.[86] Clearly, when put to the test, localism became the lesser concern.

In Perth, the two contenders had relied heavily on outside assistance. Again, Austrama (Ansett) held shares in Swan Television Ltd with Thomson Television (International), which also held shares in Scottish and British television companies. The other applicant comprised newspaper and television interests in Adelaide (News Ltd) and a Melbourne-based electrical firm, Electronic Industries Ltd. The Ansett affiliate won the licence, although no mention was made of the obvious consolidation of interests that Ansett would enjoy as a result of holding licences in Melbourne, Adelaide and Perth, or of the program arrangements that would apply. There was no question of whether these associations would impede in any way the independence of the company.

These decisions resulted in a third major commercial network when Ansett purchased forty-nine percent of shares in Universal Telecasters Qld. The Minister ordered the Board to undertake a full inquiry, but no divestment was recommended. The Minister had been assured that the Act would not be contravened, that over fifty percent of the shares would continue to be held by over one thousand Queensland residents, that Ansett did not intend to control the company, and that stations would be developed 'to a definite Queensland image'.[87] These assurances were not sufficient. In 1965 the Minister announced new restrictions over ownership and control provisions.

The 1965 Amendments to the Broadcasting and Television Act

[85] Op cit, pp. 16.
[86] Op cit, pp. 56-7.
[87] The Australian Broadcasting Control Board (1963/4), Sixteenth Annual Report, pp. 50.

Postmaster-General Hulme stated in his Second Reading Speech that the new Bill would plug the anomalies in the 1960 legislation and limit the control of funds contributed in ways other than by share capital. The legislation was aimed at the tendency by newspaper companies to flout the two-station rule in ways which were not strictly illegal, but which did contravene the spirit of the law. Such instances had been observed during the Adelaide, Brisbane and Perth licence hearings.[88]

The main features of the Bill related to a 'prescribed interest', which was defined as: (a) the holder of a licence; (b) direct or indirect control of a licence; (c) control of more than five percent of the maximum number of votes that could be cast at a general meeting; (d) a shareholding or loan interest exceeding five percent of the total of all interests in the company; and (e) a shareholding interest in excess of five per cent of the total amount paid on all shares in the company. Essentially, the amendments would deal with three types of control - shareholder control, creditor control and director control. As Hulme explained, the provisions allowed for the tracing back of shareholding interests through a series of companies and the tracing back of the control of loan interests. It would have the effect of applying the principle of 'one vote, one value', which would prevent either restriction or orchestration of voting rights.[89] Significantly, the legislation restored to the Minister the power to refuse approval of share transactions and it reaffirmed the government's opposition to exclusionary program agreements by stipulating that such material must be made available on reasonable financial terms.[90]

The legislation was comprehensive, but it was not made retrospective. Thus, the extensive degree of networking which had occurred during the gap between the 1960 and 1965 legislation would not be reversed, because there were 'serious difficulties' in doing so.[91] The Opposition alleged that the 'serious difficulties' related to Ansett's precarious financial

[88] The Australian Broadcasting Control Board (1964), Report and Recommendations ..... Brisbane, Adelaide and Perth areas, pp. 53-4.
[89] Commonwealth Parliamentary Debates, House of Representatives, 13/5/65, pp. 1487.
[90] Op cit, 13/5/65, pp. 1488.
[91] Op cit, 13/5/65, pp. 1486.

position, which had been shored up by the original licence grant in Melbourne, and upon which the survival of the government's two-airline policy rested.[92] In response to this inaction, the Opposition called for the complete cessation of licence leasing and trafficking to prevent further takeovers similar to the Brisbane case[93] and it urged the appointment of a Senate Select Committee to look into licences, shareholdings, networks and monopoly control.[94] The investigations did not ensue and subsequent share transfers were approved within the limits of the two-station rule.[95] Thus, by the mid-1960s, the structure of the industry had been transformed into a series of four major networks, three metropolitan and one regional. These networking arrangements have persisted, and subsequent legislative amendments in 1981 (discussed below) have served to solidify non-local ownership and control in the case of metropolitan stations.

The term 'networking' is a complex one. It refers not just to formal networking through ownership and control of stations, but to informal networking as well. Informal networking reflects the genuine problems that broadcasters face in Australia in attempting to overcome the vast distances, low population levels and uneven spread of television homes. For example, there are promotional networks, program acquisiton networks and program distribution networks. The promotional networks are often used by smaller regional stations in order to attract national advertising as a supplement to regional advertising. The acquisition and distribution networks are the major source of power and influence exerted by the major companies based in Sydney and Melbourne. These companies not only produce or commission nearly all indigenous material on an 'all-Australia' rights basis, they also negotiate for advertiser 'packages' for distribution with the programs throughout member stations, and they also purchase overseas material on the basis of an 'all-Australia rights' basis.[96] Member stations of a network do not have to take these programs; they

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[92] Op cit, 20/5/64 pp. 1797. Davidson also makes this argument in Davidson, K. (1968), 'Profit and Loss' in (ed.) M. MacCallum, Ten Years of Television, Melbourne, Sun Books, pp. 15.
[93] Op cit, 24/5/65, pp. 1905.
[94] Op cit, 20/5/65, pp. 1799.
[95] Department of Communications (1984), Op cit, pp. 163.
[96] Op cit, pp. 141-4.

retain the right to negotiate on an individual basis with producers and distributors and they remain solely responsible for all output. Thus, legally and notionally, Localism Type I still prevailed, at least until the new station ownership rules were announced by the government in late 1986. (This is discussed in Chapter Eight).

The economic reality is, however, that market pressures have been too great to permit individual production and negotiation. Accordingly, non-network metropolitan stations (Perth and Hobart) and non-metropolitan stations rely on the three city networks for a major part of their Australian programs (which constituted on average fifty-seven percent of total programs).[97] For overseas material, the regional network (the Regional Television Authority) has been more active. The networks were the source of only four percent of programs, RTA supplied thirty-six percent and other three percent.[98] In terms of all programs broadcast (imported and Australian), fifty-one percent were obtained from the three metropolitan networks, and thirty-seven percent from RTA. Thus, a total of eight-seven percent of programs were secured through networking, and only seven percent of programs were produced at local studios. If country and metropolitan viewers are to receive high quality programs, networking is a reasonable solution for all parties involved. It does mean, though, that although managers are formally responsible for all output, they have retained little operational autonomy. A sample survey conducted by the Tribunal in 1984 showed that of nine non-metropolitan stations, there was little evidence of local ownership and control. One station was 50-75 percent locally owned; one was 25-50 percent locally owned, and seven were less than 25 percent locally owned.[99] The situation is best conceptualised in terms of a tension between the legal requirements of the Act and commercial practice. The failure of governments (until 1985/6) to recognise formally networking means that the Tribunal has not been required to compile evidence of the

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[97] Op cit, pp. 144-5. The Australian Broadcasting Tribunal's survey of 21 of the 38 non-network stations showed that of the Australian programs broadcast (which comprised 57.3% of total time), the networks were the source of 47.1%, local studios 6.9%, other 2.5% and the Regional Television Authority (the regional network) 0.8%.

[98] Ibid.

[99] Op cit, p. 165.

precise extent to which networking does occur.[100] Further, legal amendments passed in 1981 by the Liberal government no longer entitle the Tribunal to refuse takeover proposals on the grounds of media concentration by capital city stations, although it can do so in the case of non-metropolitan stations and on other grounds, such as those relating to the 'suitability' of the licensee.[101] The 'suitability' criterion could be used to assert local ownership, but this has yet to be tested in the courts. These arrangements have serious negative consequences when it is considered that the major city networks also own much of the print and allied electronic media. It means that there is a centralisation of information across all media outlets in Australia, and the degree to which local stations can supply information and services relevant to the needs of regional communities is seriously compromised. As the survey showed, local programs constituted only seven percent of total program production. Non-metropolitan residents have bitterly criticised the city-based system. Four separate surveys conducted by various academic organisations, by the Tribunal, and by the Localism Review committee support the finding that

> viewers regarded their local television stations highly and strongly opposed the suggestion that they might be replaced by metropolitan-based relay services. While additional choice of services to meet the information and other needs of a regional community was seen as a significant loss.[102]

Localism in the 1980s

The Department of Communications was requested by the Labor Minister for Communications to examine the status of localism in the 1980s as a precursor to the imminent introduction of satellite delivery of programs and possible changes to the ownership and control rules. The report documented the demise of localism (in terms of

[100] Op cit, pp. 146.

[101] Armstrong, M. (1982), Broadcasting Law and Policy in Australia, Sydney, Butterworths, pp. 154. These amendments were forced upon the Tribunal because it refused to allow Murdoch and the News Group to take control of ATV-10 (Melbourne). The Tribunal argued that the takeover would involve control over TEN-10 Sydney as well as ATV, Melbourne and that this would violate the two-state rule and allow the News Group to exercise undue control over the Brisbane and Adelaide members. This would mean that the member stations would lose much of their local control, have less power in refusing to transmit certain programs, and this would reduce the level of local programming. The News Group appealed to the Administrative Appeals Tribunal and won the case. See also Armstrong, op cit, pp. 208.

[102] The Department of Communications (1984), op cit, pp. 2-4; 207-226.

local ownership and control) and noted that this had occurred because of inconsistent policy appraisal by successive governments, an unwillingness to sustain localist criteria beyond the licensing stage, the introduction of legislative changes which had allowed ownership of more than one station, and the legislative amendments in force between 1960-65 and from 1981 onwards which had augered well for the consolidation of media interests in the largest market areas.[103] The Department recognised the fragile nature of localism within the commercial sector and the need for local services for country and metropolitan residents. All of their recommendations dealt, in one way or another, with restoring localism Type I in city and country areas.

These could be described as cosmetic changes only. First, local commercial television stations were proposed for large market areas, where they could be financially self-supporting through local advertising (like the Sydney area), and it was considered necessary to restore to the Tribunal the power to take into account media concentration when granting and renewing licences. It also sought an expansion of the public sectors to include local public television along the lines of public radio broadcasting. It was envisaged that these stations could use ABC or SBS down-time, and it recommended a second channel for the ABC. This channel could accept sponsorship fees and it would be empowered to hire facilities to minority users. The idea was to combine the structural elements of Localism Type I with the servicing elements of Localism Type II. These new structures would provide local services for local audiences (defined in both geographical and sociological terms) and, in the case of ABC-2, encourage community participation in the production of programs.[104]

The Tribunal, on the other hand, attributed the demise of localism to the inherent problems of a market structure whereby the common ownership of the Nine and Ten networks in Sydney and Melbourne conveyed to them an inordinate power to determine budgets and programming concepts and, hence, to subordinate all other commercial stations within the

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103 Department of Communications (1984), op cit, pp. 166.
104 Op cit, pp. 278-81.

system. For the Tribunal, market forces alone could not provide a solution to the high level of concentration of control and influence enjoyed by the three networks. The only satisfactory and long-term solution would demand a radical re-structuring of the industry to create more decision-making power for the regional stations.[105]

The whole debate surrounding the issue of satellite delivery of programs is examined in Chapter Eight. It is sufficient to mention here that neither of their proposals were adopted and the demise of localism has been confirmed for the immediate future as a consequence the Labor government's commitment to deregulation of the industry under the 'equalisation of services' policy. This does not mean the end of localism, because the social forces pertaining to a demand for community participation and accountability by the commercial sector in terms of program content will not disappear. It does mean that local services are unlikely to be provided in the foreseeable future unless quotas are placed on the production of local material. These issues are discussed further in Chapter Eight.

It needs to be pointed out here that the concept of localism employed by the Department of Communications was a limited one. That is, the concept reverted to a definition of audiences defined in terms of a geographical entity in order to persuade the government, against the larger broadcasters, of the importance of retaining a viable regional component within the commercial sector. Their definition of localism was a politically informed one. It was in accordance with the interests of the smaller, regional broadcasters, but more so in the interests of non-metropolitan communities. As the report made clear, the real test of any broadcasting system is whether 'services are attentive to the specific needs and interests of each local community'.[106] What is never made clear in the literature is that the conception of audiences has changed over time from one where audiences were seen as geographically based entities to one where audiences were seen to comprise a complex set of sociological characteristic. I have called this Localism Type II. Localism Type II

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[105] The Australian Broadcasting Tribunal (1984), Satellite Program Services: Inquiry into the regulation of the use of satellite program services by broadcasters, Volume 1, Canberra, Australian Government Publishing Service, pp. 166-7.

[106] The Department of Communications (1984), op cit, pp. 226.

enscapsulates this conceptual shift; a shift which has been promoted by political minority groups against the inherent inadequacy of a commercial system based on the exclusive quest for profitability, rather than on audience need. Localism Type II understands the need for rationalisation of the structures to ensure commercial viability and the production of high-quality programs, regardless of what structural arrangements prevail. The concept is enscapsulated in the legislation under the clause 'adequate and comprehensive services' applicable to commercial practices. It was pinpointed first by the Royal Commission in 1954 under the term 'positive' program standards, and it has occupied a key place in all subsequent government inquiries into program services.

Localism Type II has been a policy adopted by governments against the commercial sector, and its requirements have been vigorously opposed by the latter, who have argued consistently that their role is to provide programs for mass audiences. The policy objective has its zenith in the 1981 legislative amendments which, paradoxically, limited the Tribunal's power to take into account local ownership and control at licence renewal time. In regard to service elements, the legislation replaced the vague 'adequate and comprehensive' clause, and outlined more specific criteria relating to appropriate program content. This shows that Localism Type I and Type II in the servicing elements are actually overlapping concepts. In the future, the Tribunal may assess commercial performance by having regard to whether the licensee has provided services according to the nature of the community to be served; the diversity of the interests of that community; and the nature of other broadcasting services in the area. Further the licensee must give an undertaking to produce Australian programs and use Australian creative resources.[107] New legislation introduced in 1985 may, in fact, give the Tribunal more power to monitor services, because the new legislation has changed the basis upon which broadcasting licences are granted from a technological basis to a service basis. From now on, services will be licensed, not stations.[108] How the Tribunal interprets this power, or is allowed to interpret this power,

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[107] Armstrong (1982), op cit, pp. 135.

[108] The Department of Communications (1985), Future Directions for Commercial Television, Volume I: Report, Canberra, Australian Government Publishing Service, pp. 5.

remains to be seen. The shift from the concept of audiences as merely geographical entities to include more diverse social characteristics (the shift from Localism Type I to Type II) is discussed in the next chapter.

CHAPTER SIX - THE SERVICING ELEMENTS OF LOCALISM

The previous chapter dealt with the structural organisation of the television industry. Specifically, it encompassed the political and economic struggles within the private sector, and between the larger broadcasters, the government and the Board. It was shown that the commercial sector had reshaped the overall structure of the dual system. The consequence was that the system comprised two national networks, instead of one. Despite continued attempts by the Australian Broadcasting Control Board (ABCB) to licence stations according to local ownership and control criteria, their decisions were often overturned by the government. Sometimes, when the Board found that local ownership and control would not sustain commercial viability, licences were issued to existing companies based in other states. The result was the reshaping of the commercial sector into a series of extensive networking arrangements and a structural imbalance favouring the largest stations in Sydney and Melbourne. When the Board permitted networking between larger and smaller stations, it was typically on the premise that commercial viability must be a pre-requisite for program diversity and high standards.

There has been a trade-off between local services and commercial viability. For example, it was shown in the last chapter that few stations in country areas remained locally-owned or controlled, and that services originating from local studios accounted for less than seven percent of total broadcast time. It was argued that there were two kinds of localism and that the definition used by the Department of Communications was the narrower version, since it had been used specifically to retain a viable regional commercial structure in the face of satellite technology. Localism Type II also holds the needs of viewers above the needs of private shareholders, but it recognises the necessity for extensive networking arrangements to obtain economies of scale in production, purchase and distribution of imported and indigenous material.

It will be argued in this chapter that the commercial sector has also failed to comply with this kind of localism . Localism Type II has been included under the Act in terms of

'adequate and comprehensive' programs. This clause was changed in 1981 to refer to an 'adequate and comprehensive' service. It is not entirely separate from Type I, because it encompasses local functions within a larger framework. Type I and Type II are, therefore, overlapping arrangements, but it is important to distinguish between them because they have been used variously by government and government agencies in order to achieve a desired outcome. The reversion to Type I in 1984 (the narrow definition) is a good example. However, in the same report Type II was employed to propose overall recommendations for the broadcasting system as a whole. Thus, there is confusion in the literature, and within the commercial industry, as to what are the objectives of broadcasting policy. FACTS and FARB, for example, argued to the Localism Review that no policy existed on localism (meaning Type I), that their role was to provide quality entertainment and information to mass audiences, and that networking was the only commercially-viable way to achieve satisfactory program standards.[1]

A perusal of the plethora of the government inquiries into program content has revealed that even within the wider definition of their role, the commercial sector has failed to fulfil the government's objectives under Localism Type II. Chapter Seven will show that those functions were shunted onto the public-funded sectors. This chapter will trace the progressive articulation of Localism Type II functions from the 1950s to the present.

The first decade of television

The first reference to the wider social purposes of television was contained in a speech to the House by the Postmaster-General, who said

> we are all agreed that television services with their great potential benefits
> for education, culture and entertainment should be made available to the
> Australian people.[2]

This was the beginning of Localism Type II. It enscapsulated the notion that individual stations bore a reponsibility to serve the needs and interests of local communities (which is

[1] The Department of Communications (1984), Localism in Australian Broadcasting: A Review of the Policy, Canberra, Australian Government Publishing Service, pp. 7.
[2] Report of the Royal Commission on Television (1954), Canberra, Commonwealth Government Printer, pp. 4.

why separate licences were issued for each station). There was also a wider function prescribed. The commercial sector as a whole had to provide programs designed to achieve larger social goals. Of course, these were not the only reasons for the introduction of television. It was argued in the last chapter that there were many other economic and political reasons and that these far outstripped the social enrichment objectives, but the significance of the latter should not be undermined. Indeed, the ABCB was invested with the power under Section 6K of the Broadcasting Act 1942-53 to ensure, amongst other things, that commercial broadcasters would provide 'adequate and comprehensive programmes ... to serve the best interests of the general public'. Under that broad rubric, the Board could ensure that religious and political issues were given adequate coverage, it could fix hours of service and it could determine the extent to which advertisements could be broadcast.[3]

The Royal Commission on Television

Having set the basic parameters of the system, the purposes of television, the stages at which it would proceed, the areas to be serviced initially and the technical standards to be observed, the Liberal government announced the establishment of a Royal Commission to hear evidence from all parties interested in the introduction of television services. The Royal Commission was able to report to the government that there would be no deleterious economic effects.

However, the Royal Commission did acknowledge, and detail, strong objections based on social and moral grounds from a wide range of minority groups - educational institutions, religious organisations, women's groups, cultural bodies, trade unions, and the ABC.[4] These groups did not share Anthony's optimism about 'the remarkable success of sound broadcasting'. They feared that the high cost of televison would mean even worse standards than those adopted by commercial radio. For example, H.W. Wyndam, Director-General of Education, New South Wales[5] submitted that programs should be

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[3] Op cit, pp. 27.
[4] Op cit, pp. 5; 52-61.
[5] Evidence given to the The Royal Commission on Television (Hearings held in 1953), Australian Archives (Melbourne), MP 1228/3, Volume 3 Exhibits, Exhibit 102.

educational and informative as well as entertaining, and that the task of developing taste and discrimination would be much easier if commercial television was banned. The Fellowship of Australian Writers[6] argued that the ABCB had not exerted sufficient influence over radio programs, that commercial broadcasters had failed to maintain high standards and that this had led to cultural impoverishment. The Women's Service Guilds of Western Australia,[7] and the State School Teachers Union of Western Australia[8] wanted the profit-motive kept out of television to avoid poor quality programs. The Archbishops' Committee[9] stated that if the government permitted commercial television, the churches would be faced with a long and anxious struggle to protect the mental and moral standards of the community, especially of children and young people.

The above comments are certainly not exhaustive. They were representative of the general dissent articulated by diverse social groups against commercial entry. It should be noted that the Commission had no terms of reference to discuss these questions. However, the Commission declared that it had an obligation to do so.[10] Many research studies were cited to indicate the range of theoretical views concerning the possible adverse impact of television on reading habits, leisure pursuits and intellectual activity. These were published in a chapter entitled 'The Social Impact of Television'. However, the report highlighted the conflictual and exaggerated nature of these findings. It concluded that there could be no certainty about the nature of the social effects, beneficial or otherwise.[11] On the other hand, there remained a general disquiet. The added visual dimension of television would exert a greater impact on audiences than either radio or motion pictures and, for this reason, it would proceed with '... great deliberation, more careful and extensive testing and, above all, concern with standards'.[12] This element of caution was directed towards the possible adverse effects of television on children. It had been ascertained that adults

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[6] Op cit, Exhibit 73.
[7] Op cit, Exhibit 72.
[8] Op cit, Exhibit 75.
[9] Op cit, Exhibit 82.
[10] Report of the Royal Commission on Television (1954), pp. 52.
[11] Op cit, pp. 57-60.
[12] Op cit, pp. 61.

would probably experience an initial period of compulsive viewing lasting from three months to two years, but this would be followed by a more selective stage.

This was not the case with children. It was uncertain how long the compulsive stage would last with regard to children's viewing habits, nor could the long-term effects of television exposure be assessed accurately. This obviously posed a more serious dilemma for the Commission and considerable space was devoted in the report to the views contained in twenty-six separate submissions out of one hundred and twenty-two specifically on this topic. Ten submissions originated from educational authorities at various levels; six came from religious bodies; three were sent from women's organisations; two from television and film councils; and four from publishing, broadcasting or newspaper companies.[13] The Commission certainly endorsed a general concern for the moral and intellectual development of children. There was '... no doubt about the unfortunate effects upon children of the wrong kind of programme, or even of excessive viewing of television programmes in general'.[14] However, the Commission again emphasised the inconclusive and conflicting nature of the research findings,[15] which apparently were insufficient to elicit grounds for imposing upon the commercial sector specific guidelines. Commercial stations would be obliged under the Act to provide suitable children's programs, but the obligation would not be enforced legally. According to the Committee, the task of moral development was the province of parental control not of legal regulation.[16]

In summary, the protest claims were largely dismissed, but Commission was aware of the dangers associated with an unregulated commercial sector. The government and the Commission did hold reservations about the capacity of the commercial sector to provide 'adequate and comprehensive' programs. The fact that licences were to be issued for short periods only and could be renewed after a review of performance meant that some kind of

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[13] Op cit, pp. 65-7.

[14] Op cit, pp. 68.

[15] Op cit, pp. 65-72.

[16] Op cit, pp. 71.

procedure was deemed necessary to ensure public accountability. In fact, a second body of opposition to commercial entry focussed upon how accountability might be realised.

Supervision of program content and program standards

Actors Equity, religious bodies, educational institutions, the film councils, advocates of children's rights and cultural associations demanded strict government control over commercial standards. They had submitted that stations should observe 'positive' as well as 'negative' standards. Compliance with negative standards meant that station operators were responsible for ensuring that programs avoided offensive or abusive material. Positive standards implied a normative principle that material would have the effect of raising general cultural and educational levels in the community. These groups argued that the very nature of advertiser-funding promoted poor performance. The quest for profits would necessitate the production of programs to satisfy the greatest number of viewers at the least acceptable level of public taste.[17]

> The danger, therefore, was that in producing for the majority, the responsibility of operators to raise the levels of public taste and the public standards would be forgotten, and the medium would be reduced to mediocrity, or worse.[18]

This was not a novel argument. It echoed the sentiments expressed to the Gibson Committee in 1942 with regard to the commercial radio industry; it is ironic that similar bodies would argue a decade later that various forms of government control over program standards both legal and administrative during that period had not put public accountability above the interests of shareholders. These groups argued, correctly, that other pressures would reinforce a tendency towards lower standards. The lack of available Australian talent, the long hours of transmission necessary to recoup operating costs, and the high cost of production would prompt licensees to import mainly cheap and inferior programs from overseas. They urged that statutory requirements be imposed to compel stations to meet positive and negative standards.[19]

[17] Op cit, pp. 146.
[18] Op cit, pp. 147.
[19] Op cit, pp. 147.

It was predictable that submissions from potential licensees and existing broadcasters would argue the reverse. Positive program standards - Localism Type II - would make inroads into their profitability although, of course, their arguments were couched in different terms. H.E. Beaver, President of the Australian Federation of Commercial Broadcasting Stations, summed up the position of the industry when he said.

> What has to be guarded against, the Federation feels, is that a Government-appointed body should be permitted to stretch out beyond the field of radio and television broadcasting to the field of listening or viewing. This a trend we believe to be fraught with danger... The Federation takes the view that it is essential to the continued operation of a democracy that radio and television broadcasting should be free to operate within the framework of the general law and to provide news, information and entertainment to the general public, free from censorship and arbitrary control ..That does not mean that no control will be exercised over radio and television programmes. There will always be the greatest control of all - the factor of public acceptance ... They know full well that every receiving set is equipped with the convenient means of tuning their programmes in or out and that, under such a system of freedom of choice, the judgment of the people is the ultimate of acceptability.[20]

The Federation wanted the existing Standards of Broadcasting Practice extrapolated to television under a system of voluntary self-regulation. It argued that this sytem, operating through the force of public opinion, would offer the most realistic and the most effective way, of maintaining programs standards, positively as well as negatively.[21] Clearly, the Federation and its members were reacting against Section 6K of the Act, which empowered the Board to ensure that operators provided programs 'to serve the best interests of the general public'. The Federation maintained that the Board's powers should begin and end with technical and administrative matters. They should not stretch into the field of listening.

Between the Federation's self-regulation view and the statutory intervention approach, the Commission proposed a compromise. The middle road would be co-operation and consultation between the Board and the Federation with a review of performance at licence renewal time.[22] It understood that the 'primary consideration' should be to use the

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[20] Op cit, pp. 145.

[21] Op cit, pp. 144-6.

[22] Op cit, pp. 152.

medium to best advantage; '... as a means of broadening and enriching Australian life',[23] and that towards that end '... no risk should be taken'.[24] Positive ends could not be achieved through self-regulation, because Localism Type II functions would inevitably add to program costs and where reduced profits were involved, the difficulties of enforcement by voluntary association would obviously be very great. It also understood that detailed bureaucratic interference would be politically and administratively problematic.[25]

The compromise solution would be a failure. It had been just over ten years since the Gibson Committee had proferred a similar plan, yet at least sixteen inquiries in the interim period had testified to the inadequacy of that approach. The Commission did genuinely seek high standards, but the simplistic reliance on the power of the licensing process was questionable. It was assumed that controlling the number of stations in a given market area would protect commercial viability and that this would allow surpluses to be invested in high quality programs. Further, positive results would follow automatically if television was introduced gradually and if the Board, the committees, and stations themselves attended carefully to positive program standards.[26]

These assumptions amounted to unwarranted optimism. The Commission had had access to the US Federal Communications Commission (FCC) decisions, the evidence and proceedings of the USA Harris Committee and the previous reports of the Australian Parliamentary Standing Committee on Broadcasting. The Federal Communications Commission (FCC) had reported to the government that the first five years of commercial television had failed to engender adequate levels of performance. Prompted by agitation from 'accountable and responsible organisations', the FCC had held a public inquiry. One year later, the commercial sector had failed to improve their performance and the matter was referred to the Harris Committee. Their findings confirmed criticisms of low

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[23] Op cit, pp. 115.
[24] Op cit, pp. 151.
[25] Op cit, pp. 152.
[26] Op cit, pp. 154.

commercial standards. Paradoxically, however, the onus of responsibility was propelled

back onto audiences because,

> the best assurance against improper programmes
> lay in the interplay between an alert and articulate
> public and an alert and conscientious
> broadcasting industry.[27]

The logic of this position is flawed. It is the case that a critical audience can affect changes

in program content, but the real difficulty is to parade alternative styles and formats from

which critical choice can be exercised. This would involve the production of diverse

material on an experimental basis - the 'positive' program standards demanded by the

cultural, educational and other groups.

While these groups have consistently demanded diverse material, the structure of the

market (which has been limited by government policy to a restricted number of

broadcasters) and a commercial logic (which ignores demands for diversity in lieu of mass-

oriented programs) are unlikely to foster programs of interest to minority audiences.

Commercial broadcasters seek to attract advertising through the maximisation of audiences.

These factors will inevitably discourage a spirit for innovation and diversity. As H.E.

Beaver, President of the Australian Federation of Commercial Broadcasters[28] admitted, the

prime function of commercial radio and television was to provide mass entertainment. It

was not to educate, nor to expose the public to the highest level of cultural standards, but to

attract the maximum audience possible. In this way, the judgment of the people would set

the standard of acceptability because unless public taste was satisfied, commercial stations

could not attract advertisers. The Manager of 3DB,[29] the Herald and Weekly Times

Limited network, said it would be wrong to broadcast a program which would attract no

more than a few hundred people. He admitted that stations were pressured by minority

groups (religious, education, musical) to transmit programs in their own interests, but the

station's surveys had shown these groups belonged in the higher-income, higher-educated

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[27] Op cit, p. 149.

[28] Evidence given to the Royal Commission on Television (hearings held in 1953), Volume One, Exhibit 33.

[29] Op cit, Exhibit 120.

categories, and that they listened to radio less than lower-income groups. Stations had to

cater for the largest audiences, because they would buy the products advertised.

This was a tautological argument. It professed the sovereignty of lower socio-economic consumers, and the kind of democracy based on economic demand, rather than political equality. The Commission refused to accept the consumer sovereignty argument. It reiterated that commercial outlets should be as responsible as the ABC in achieving important national objectives, including the improvement of cultural standards.[30] These exhortations would fail to achieve positive standards. The Board had been invested with the power to enforce compliance (the licensing procedure), but detailed guidelines were absent. Such absences were particularly remiss when comparative evidence from Britain and the USA had shown that the British scheme of systematic planning with regard to quality and type of program and geographical coverage had been more successful than the system in the USA, where there were few governmental controls and a great deal of criticism.[31]

Commercial viability versus localism

Within the commercial sector, localism would be sought by securing first of all the commercial viability of operators through restricted competition in any one market area. The Board would be invested with powers over networking, the issue of licences to local companies, and review of program standards at licence renewal time but, in terms of actual program content, adequate safeguards were absent. The conditions of licence would not include a quota on Australian-produced material, no restriction was placed on hours of operation, no legal requirement was imposed on the allocation of time for political broadcasts (although this principle had been established since 1949), or for religious broadcasts. Neither were stations required to provide suitable children's programs, although this was an area of considerable concern and public controversy. All categories in fact were seen as serious obligations under the 'adequate and comprehensive' provision of the Act, but because the industry would be testing an untried market, the Commission saw legal requirements as pre-emptive and overly restrictive. It explained that such measures could not be instituted until the costs of operation and the availability of advertiser funding

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[30] Report of the Royal Commission on Television (1954), pp. 154.
[31] Op cit, pp. 53.

were fully known and these could not be ascertained without practical experience.[32] The same 'wait and see' strategy was applied to advertising, although oppositional views were given closer attention. The same advertising standards for radio would apply to television, even though the Commission agreed with critics that different regulations would be needed in time. At a minimal level, licensees were to assume full responsibility for all material transmitted by that station. This obligation could not be delegated to the sponsor or presenter of the program, even if the program had been prepared by a body other than the licensee.[33] It was axiomatic that the Board's legal impotence would allow the commercial sector to produce uniformity and imitation, instead of diversity and public accountability (Type II). As the Federation had openly admitted, unless program quotas were placed on specific categories, or unless controls had the force of law, broadcasters would produce programs for mass audiences.

Summary

The argument is that, despite considerable opposition to commercial entry from a wide range of political minority groups, the government continued with the idea of a dual scheme. Despite opposition from many of the same groups to a laissez-faire approach to the regulation of programs, the government did not impose legal requirements on program standards. It should not be assumed, following from this, that the commercial sector were given a free rein in the construction of broadcasting arrangements. At least the licencing renewal process and licence issue hearings did grant some opportunity for program review. It is argued that this was not an adequate mechanism for ensuring public accountability, but it did mean that licensees were refused absolute discretion over program content, which is what the Federation sought for its members.[34] The overall result was that localism was condemned to a dubious existence within the terms of commercial practice.

Short of imposing stringent guidelines on commercial activity, positive program requirements would have to be fostered in a major way by sectors not dictated by a

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[32] Op cit, pp. 166-193.
[33] Op cit, pp. 194-8.
[34] Op cit, pp. 192.

business logic. The Commission stated that the ABC should spare no effort to make the national service successful and to develop it to the highest possible level.[35] In the ensuing years the ABC continued to serve the public interest within the constraints imposed by recurrent funding from government revenue and it was not until the 1970s that Special Broadcasting Services emerged in a complementary role. In the interim, many of the early struggles would be revived. The first indication would occur nearly a decade later. The contradiction between the drive for profitability by the commercial sector, and the demand for public accountability by political minority groups and some sections of the Liberal government would erupt into a Senate inquiry into Australian television and film production.

This is the interesting theoretical aspect. The Liberal government in the post-war period showed a strong interest in a flourishing private sector. At the same time it promoted the notion that television must serve 'important national objectives', that is, positive program standards that would have the effect of raising general cultural and educational levels.[36] These two objectives were antagonistic. In other words, the nature of state intervention from the very beginning of television services can be evaluated as a tension between the government's concern for private economic growth as well as a commitment to political democracy. The result would be the creation of an unstable relationship between the government and the private sector and between the government and minority political groups. All subsequent inquiries held by the Board and other committees of inquiry would reflect this tension - a tension between Localism Type II and commercial viability.

THE SENATE SELECT COMMITTEE ON THE ENCOURAGEMENT OF AUSTRALIAN PRODUCTIONS FOR TELEVISION (1963) - THE VINCENT COMMITTEE

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[35] Op cit, pp. 143.
[36] Op cit, pp. 147.

The Vincent Committee report has been described by Armstrong[37] as '... a thorough and penetrating document which exposed the deficiences of the Act and its administration with rare independence and cogency'. Certainly it is true that the report was far-reaching and deeply critical of the ABCB and the Act, but the direction of the criticisms was grossly misplaced. By 1963 the Board had been demoralised on a number of occasions and had decided to acquiesce to the authority of the Minister. The crux of the problem lay with the contradiction between profitability and public accountability. The report did not go far enough. It failed to situate the problem first, within the commercial sector, and second in the lack of government intervention in program standards. In any case, the report and recommendations were ignored by both Houses. However, this was still a useful document with which to chart the development of the servicing elements of localism. It also identified a new international gloss on localist criteria, as a result of American pressures on the Australian film and television industry that had accumulated since the 1920s.

The Senate Select Committee's report should be placed in the context of the Royal Commission. The legacy of the dual system, the contradiction between the drive to maximise profits and the social role of television, came to a head during the early 1960s. The Royal Commission had advocated an intermediate form of regulation and control of the commercial sector; a position betwen self-regulation by the industry and detailed bureaucratic interference. The ABCB had been empowered to monitor program content, but licensees were under no legal obligation to include specific levels of Australian material, there were no quotas placed upon religious or political material, and they were not required legally to include children's programs. They were expected to provide these categories, however. Broadcasters were required to observe the axiom that a licence was held as a public trust; that the primary objective of television was to use the medium '... as a means of broadening and enriching Australian life'.[38] The Commission considered that consultation and co-operation would be sufficient to ensure accountability and in the event

[37] Armstrong, M. (1982), Broadcasting Law and Policy in Australia, Sydney, Butterworths, pp. 41.
[38] Report of the Royal Commission on Television (1954), pp. 115.

that a discrepancy arose, the administrative machinery of licence issue and licence renewal would provide a last resort to arbitration. Despite all evidence to the contrary, it had been assumed that broadcasters would reconcile the discrepancy between profitability versus high standards and diversity, in favour of the latter. Thus, limited competition and networking in the structural elements would not jeopardise localism in the servicing elements. Indeed, networking would ensure that stations had sufficient surplus profits to invest in program production in order to meet 'positive program requirements'.

By the early 1960s, the folly of these assumptions was influential in the establishment of the Senate Select Committee 'to inquire into and report upon the encouragement of the production in Australia of films and programmes suitable for television, and matters incidental thereto'.[39] The impetus for the inquiry came from a public groundswell of dissatsifaction with programs. It was not just the actual number of witnesses who expressed such views, according to the report, but that many of them appeared in a representative capacity '...on behalf of large number of other Australians whose views in many instances had been previously obtained'.[40]

> There is much public concern over television programmes. This concern, as might be expected, comes mainly from the more informed or responsibly minded section of the community, and it is widespread.[41]

The bulk of criticism had been directed primarily against the commercial sector. There had been insufficient Australian produced programs, particularly drama; there was too much imported drama; there was too much drama involving crime, violence and horror; there was a lack of originality and variety in theme; there was an inadequacy of news, especially international news; there was absence of a controversial or critical element; educative programs were dull; religious programs were inadequate and unattractive; there was a serious lack of programs of special interest to the migrant population; children's programs were unsuitable; there were no suitable programs for adolescent children; and there were

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[39] Report from the Select Committee (Senate) on The Encouragement of Australian Productions for Television (1962/3), Part I, Report, Canberra, Commonwealth Government Printer, pp. 1.
[40] Op cit, pp. 2.
[41] Op cit, pp. 1.

insufficient programs for minority tastes. In other words, programs were blandly designed almost entirely for the majority.[42]

The Committee identified four causal factors. First, the Board had failed to execute its responsibility under Section 16(1)(c) '...to ensure that adequate and comprehensive programmes are provided by ... stations to serve the best interests of the general public'.[43] Second, the commercial stations had evaded their national responsibility, following the Royal Commission decree in 1954, 'to provide programmes which will have the effect of raising the standard of public taste'. In fact, they had provided far too many programs which had the reverse effect.[44] Third, lack of finance was the major factor affecting the ability of the ABC to serve the best interests of the general public.[45] Fourth, low protection of the Australian television and film industry in the face of high protection overseas, had resulted in the demise of local talent and expertise, importation of mainly cheap and inferior American material, and subsidisation of the American film industry at the cost of the Australian industry. Low protection measures had created a pessimistic outlook for Australian film and television exports in the future, and it had imposed an adverse effect on national balance of payments.[46]

These criticisms must also be placed in context. This was a Liberal-dominated inquiry, comprising four government Senators, and three from the Opposition. Most of the blame was placed, unfairly, on the the Board. The problem was not identified as an inherent contradiction of the dual system or the absence of legislative safeguards. To have located the problem there would have implicated the foolhardiness of their own policies dating from the 1950s, and to have imputed the problem within the commercial sector may have invited some discussion of nationalisation (a Labor party policy from the 1940s). Nevertheless, the evidence submitted to the inquiry produced some excellent recommendations. It is worth examining these because, even though they were ignored by

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[42] Op cit, pp. 1-2.
[43] Op cit, pp. 3.
[44] Op cit, pp. 7.
[45] Op cit, pp. 11.
[46] Op cit, pp. 17-9.

the Liberal coalition in the 1960s, many of them emerged over a decade later. In addition, the evidence revealed what had happened to the relationship between the ABC and the private sector, the relationship that had developed between the Board and the Federation, and how the commercial sector saw its own role in contradistinction to its obligations under the Act. All of these issues impinged upon the validity of localist criteria.

The role of the Australian Broadcasting Control Board

Armstrong[47] has noted that Vincent, the Chairman, and most of the senators, possessed some legal background. This may explain why a legalistic approach was brought to bear on the whole conundrum of unsatisfactory standards. The report argued that the problem hinged on the Board's misinterpretation of its administrative powers and the legal ambiguities contained within the Act. In effect, the Board was blamed for the shortcomings of the commercial sector. The report stated that the Parliament, by using the word "ensure" under Section 16, intended that the final responsibility for program requirements would be left with the Board, not the minister.[48] The most interesting aspect of this section is that the Committee then proceeded to actually interpret, for the first time in the history of the Board, the words "adequate", "comprehensive" and "to serve the best interests of the general public" under Section 16 of the Act:

(1) The expression "adequate" programmes means, inter alia, that programmes should have a high standard of quality - technical and artistic.

(2) The expression "comprehensive" programmes means that programmes should have an overall balance as to subject-matter, content and variety. The Committee accepts the British [Pilkington Committee] concept in this respect, namely, that programmes should "inform, educate and entertain".

(3) "To serve the best interests of the general public" means neither to cater almost exclusively for majority interests, nor to play down almost exclusively to the lowest common denominator of public taste. Expressed in a positive sense it means, inter alia, to serve the widest interests of the general public by including special interests and minority interests. "Best" interests also means, inter alia, to utilize the tremendous power of television to influence and enrich both the

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[47] Op cit, pp. 41.
[48] Op cit, pp. 3.

emotional and intellectual values of the people and to improve moral standards in society.[49]

The significance of these explications cannot be overemphasised. They spelt out in considerable detail, for the first time in relation to television, the meaning of the Act, and the requirements of all commercial broadcasters. These program requirements correlated with the broad meaning of Localism Type II and were remarkably similar to those of the Gibson Committee with regard to commercial radio in the 1940s. In the view of the Senate Committee, the existing legislation was far too ambiguous with regard to the Board's power to make orders and give directions. Such orders, it said, should have the force of law, under Section 17, to give directions in a positive sense with respect to quality, subject-matter, variety, overall-balance and Australian content of programs.

Accepting that there were legal ambiguities, however, did not exonerate the Board from failing to discharge its obligations more effectively during the initial establishment period. For example, although the Board had included in its annual reports major defects in commercial programs, punitive action had not followed when these complaints were ignored. The Board had, in its own words, '...proceeded on the basis of consultation and sweet reasonableness'.[50] This complacency was reflected in other areas. The Board had failed to enforce a directive from the Postmaster-General issued early in 1960 that Australian programs should comprise not less than forty percent of a station's total transmission time. Further, the Board had not called frequent meetings of licensees to point out unsatisfactory trends in programs. It had neither threatened nor taken disciplinary action against any commercial licensee; the Board had been too inclined to accept the "ratings" system as being the main criterion of assessment as to suitability, subject-matter, content and quality of programs.

The Committee pointed out that this system had validity only as a means whereby a commercial station bargained for and sold programs. The evidence tendered to the

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[49] Ibid.
[50] Op cit, pp. 6.

Committee should have been obtained by the Board, in lieu of ratings, as a more effective measurement of public reaction. More research should have been undertaken by the Board in relation to the harmful effects of certain types of programs, and into the types of programs which were desired, not only by the majority, but by minority and special interest groups. Stations should not be allowed to use the ratings system to justify the argument that they were merely responding to public demand. In reality, stations had dictated to the public what it should see and the Board had acted as a willing accomplice.[51]

The Committee recommended that the Act be amended to give the Board's orders the force of law. The Board should accept responsibility for interventions, instead of relying on the Minister, and where a commercial station ignored program requirements, a recommendation should be made to the Minister to suspend or refuse to renew the licence.[52] It was also recommended that representation on the Board be increased to include members of 'high professional reputation in the cultural life of the Australian nation' and that at least one of the new members should be a married woman.[53]

In defence, the Chairman of the ABCB submitted that the Board possessed no legal means of redress because the Constitution did not empower an administrative body to impose penalities.[54] The powers of the Board under Section 99 (which authorised the Board to set up standards) remained contentious. In fact, it had been the subject of a recent High Court case. The only effective sanction provided by law was tenure of licence, and that power lay with the Minister.[55] The Board had proceeded on the basis of 'consultation and sweet reasonableness', because it had to operate within the law and within the parameters of the commercial system. No more than moral persuasion could be exercised to increase the level of Australian drama because commercial operators could provide only what advertisers were prepared to pay for, and advertisers would not pay back Australian

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[51] Ibid.
[52] Op cit, pp. 7.
[53] Ibid.
[54] Report from the Select Committee (Senate) on The Encouragement of Australian Productions for Television (1962/3), Part II - Minutes of Evidence, pp. 738.
[55] Op cit, pp. 734.

drama.[56] In any case, the Board believed that most people enjoyed the imported programs. There were justifiable complaints with regard to children's programming, and there had been a lack of attention to special and minority interests. These shortcomings were endemic to commercial practice, because it was the general policy of commercial stations to provide programs for majority, not minority, audiences.[57]

Nothwithstanding this rational line of defence, the Committee continued to lay inordinate blame on the Board. It failed to see that the very logic of commercial practice would always produce a tendency towards low standards and mass consumption material. As long as the Board possessed insufficient powers under the Act to enforce better standards, it would be left only with the power to recommend and the power to persuade. Neither were sufficient to alter, even modestly, the unsatisfactory nature of commercial practice. The crux of the problem lay with the political economy of the national and international film and television industry, and although these areas were addressed at length, the relevant recommendations were insufficient.

The Commercial Television Companies

The Committee's evaluation of the commercial sector was thorough and its criticisms were scathing, but they were not matched with appropriate sanctions. It was stated that licensees had a three-fold obligation: a national obligation to raise the standard of public taste (this was the same as saying a licence was a public trust); a statutory obligation to observe the standards set by the Board; and an economic obligation to shareholders to sell programs at a profit.[58] Low standards had occurred because licensees had permitted the third obligation to overshadow the first and the second. All three functions were equally important and the Committee could see no reason why each could not be pursued successfully.[59] The commercial idiom that stations gave the public 'what it wants' was unacceptable.[60] The British Pilkington Committee had described that attitude as "patronizing and arrogant" and it would be better, in the view of the Committee, if

[56] Op cit, pp. 738-9.
[57] Op cit, pp. 340.
[58] Op cit (Part I), pp. 7.
[59] Op cit, pp. 10.
[60] Op cit, pp. 7.

commercial stations admitted frankly that selling advertising at a substantial profit was their dominant motive.[61]

It is peculiar that this kind of contempt from Liberal senators did not result in stronger action against the commercial sector. The report advocated no more than cosmetic changes and even these, it will remembered, were ignored by the Cabinet. Licensees were asked to comply with an existing Standards Code and to increase levels of Australian content. Members of the Board and company executives were asked to read the evidence closely in order to appreciate more fully the magnitude of public disquiet. (Presumably, this was to have been sufficient to improve their attitudes and practices). Henceforth applications for licence renewal would be heard in public and an Australian Television Council would be appointed to hold open debates between the public and the industry.[62] Quotas were not placed on any program categories, although the overall content of Australian material was expected to increase to nine percent within three years and to fifty percent in the unspecified future.

At least the Committee had identified correctly that part of the immediate problem lay in the primacy of the profit motive. The other part could be attributed to the long-term structural consequences of the international political economy of film and television production. According to the Committee, something had to be done to improve the international competitiveness of the Australian film and television industry before standards could be improved at a domestic level.

The International Context

The demise of Australian dramatic production had been a relatively recent phenomenon. Until the end of World War II, Australian theatre and the film industry had flourished, and Australian radio had offered a reasonable source of employment. In fact the war had promoted the radio industry because imported material had been banned. This had forced Australian broadcasters to produce their own programs in order to survive. Eventually,

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61 Op cit, pp. 8.
62 Op cit, pp. 11.

artistic and technical productions were cultivated to world standards. The radio industry had declined with the advent of television, because large national and international advertising accounts transferred to television. Artists had expected television to create a new field of employment, but television companies turned to the cheaper imported material from America. In search of employment, Australian artists had been driven overseas, which caused a serious drain on theatrical personnel of all kinds.[63]

The Australian film industry had suffered an even earlier decline than radio drama. From the beginning of the century until the First World War, Australian film companies had produced and exported no less than one hundred and ninety-eight full-length 'feature' films. With the advent of sound and the takeover of Australian cinemas by American distributors, the industry would have collapsed, except that a directive by the government in 1960 prohibited imported 'commercials'. The indigenous production of 'commercials' demanded the employment of skilled personnel, and thus acted to ensure that the industry did not entirely collapse.[64] In addition to making 'commercials', the film industry had produced in 1961-2 six hundred and ten films at fifty percent running capacity. It was estimated that if the industry were to operate at full capacity in the production of Australian drama, 121.6 minutes of Australian drama could be shown each week, as opposed to the 49.6 minutes per week shown by commercial stations during April-June 1962.[65]

The committee stressed that all recommendations were made with the basic aim of increasing the amount of Australian drama '... not only [as] a matter of urgency: ... [but as] a matter of responsibility on the part of the nation and its government'.[66] It was generally accepted that theatre and film were the natural 'home' of television and radio drama. If television companies were to have an adequate supply of quality Australian drama there would first have to be viable indigenous theatrical and film industries. If they were not revived, Australia's overseas balance of payments would continue to decline and,

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[63] Op cit, p. 16.
[64] Op cit, pp. 25-6.
[65] Op cit, pp. 26.
[66] Op cit, p. 30.

perhaps of more serious concern, American 'cultural imperialism' would further undermine the moral values of Australian youth.

The use of overseas exchange on imported films had increased from £0.3 million to £4.4 million in 1963.[67] One of the major causal factors was the disparity in protection measures. Unlike other countries, Australia did not impose a quota on imported material, and the indigenous market was insufficient to cover the costs of domestic production. In countries with substantial populations, film and television companies could recoup production costs at home and they could afford to sell the product at a much cheaper price overseas. This meant that an Australian company could import material for about one-fifth of the cost of a locally-produced drama.[68] Apart from the economic consequences, however, there were serious cultural and political ones. Drama was said to be the '... most powerful weapon of all in its effect upon the moral standards of the community and in influencing its values'.[69] It occupied 54.5 percent of all program categories, but Australian drama had decreased from 1.06 percent in 1961 to 0.90 percent in 1963. Conversely, of all films imported for television in 1963, eighty-three percent originated from America and seventeen percent came from Britain.[70] The lack of Australian drama was seen as especially serious, because drama was the most popular form of entertainment and the predominance of American drama had induced in many young people a preference for American values and an American way of life.[71] Moreover, it was believed that the preponderance of crime in American drama programs shown in peak viewing times was 'likely to encourage crime or public disorder', particularly in the case of the adolescent viewer.[72] Much of the evidence relating to adverse social effects was as strident as that tendered to the Royal Commission in 1953. The important point here was that the Committee regarded the problem of adverse balance of payments, cultural imperalism and social decay as important enough in the 1960s to attempt to stem the tide of inferior, imported material from America.

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[67] Op cit, pp. 17.
[68] Op cit, pp. 17-8.
[69] Op cit, pp. 14.
[70] Op cit, pp. 17.
[71] Op cit, pp. 16.
[72] Op cit, pp. 9.

The problem was how to solve a structural imbalance favouring overseas investors without drying up sources of cheap material in the immediate future, and without impediment to private accumulation until such time as local productions could be increased and an export market established. These issues involved short-term and long-term solutions. In the short term, television stations would be expected to increase Australian content to at least nine percent by 1966 and thereafter to fifty percent as soon as possible. The Minister would be given the legal power to direct the Board to determine a specific quota for drama to be applied progressively until it constituted one-third of total transmission time. The ABC would receive extra funds to produce drama, and all stations would be required legally to use, as far as possible, the services of Australians in the production and presentation of programs.[73]

In the longer term, the fate of Australian television rested on a flourishing theatrical base and on a local film industry geared towards overseas export.[74] Industry revival would necessitate the provision of risk capital in the form of a loan scheme for approved productions. It would include tax exemptions for overseas artists (to encourage the training of local artists), tax concessions on profits from overseas sales, depreciation allowances on capital assets, and removal of sales tax from commodities used in film production. The Australian investor would be eligible for deductions on personal income tax assessment of all calls on shares subscribed in Australian film companies, and he would receive tax-free dividends on investments from overseas sales.[75]

The committee expected that the bulk of funds (£1,000,000) would be derived from Consolidated Revenue, while the private sector contribution would be minimal. Despite net profits amounting to £2,466,769 in 1961/2,[76] a continued guaranteed monopoly, and the Committee's insistence that they, too, assume a national responsibility to increase

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[73] Op cit, pp. 19-22.
[74] Op cit, pp. 25.
[75] Op cit, pp. 26-9.
[76] Australian Broadcasting Control Board (1962/3), Fifteenth Annual Report, Canberra, Commonwealth Government Printer, pp. 32.

Australian drama for export and home consumption,[77] the private sector would not make a significant contribution. The proposed scheme would require licensees to contribute two percent of gross earnings over £100,000, and four percent of gross earnings over £500,000. It is difficult to calculate exactly what amount stations would have paid under this scheme, because only aggregate figures were reported in ABCB Annual Reports. At 1962/63 aggregate gross earnings from advertising for the twenty stations in operation was £9,058,405. It was stated that the four major metropolitan stations received over half of the total advertising revenue, or £450,000, which means that each of the major stations would gross approximately £110,000. Under the scheme, they would be required to contribute only two percent on the £10,000 over £100,000, or £200 each. Therefore, the total private sector contribution would amount to approximately £800, (in addition to annual licence fee payable of £100 per licensee), while taxpayers would contribute £1,000,000 from Consolidated Revenue per annum out of the £8.6 million raised from sales tax and excise duty on imported sets and tubes in 1962/3.[78] Obviously, the submission from The Federation of Australian Commercial Television Stations (FACTS) had weighed heavily on the Committee. FACTS had argued that members should not be required to subsidise independent film producers, directly or indirectly, and nor should advertisers be asked to contribute more than the 1962 £1,250,000 expenditure on commercials.[79]

In summary, the widespread public dissatisfaction with television programs was attributed by the Committee to three causal factors. The major cause lay in the legal ambiguities of the Act and the role of the Board. The second cause lay in the structural imbalance of the international film and television industries. To a far lesser extent, the problem had been attributed to the failure of the private sector to comply with their national reponsibility - 'raising the standard of public taste'.[80]

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[77] Senate Committee, Part I, pp. 30.
[78] Op cit, pp. 30-1.
[79] Op cit, Part II, pp. 752-3.
[80] Op cit, pp. 7.

It is argued that the nature of commercial practice must take first place in the order of culpability. It is unrealistic to expect a profit-driven sector to do otherwise than reduce the cost of inputs in order to elevate the level of outputs. A commercial logic can be constrained by legal means, but it will always remain a commercial logic and this is particularly unsuitable for a country like Australia with a limited home market, an asymmetrical spread of population, lack of artisitic personnel, and a powerful overseas competitor, like the USA. There can be a place for market activity, like the system in Britain, but only under the broad umbrella of centralised co-ordination. Of course, this solution would have been unpalatable for a Liberal government which was committed, at least in rhetoric, to an unfettered private sector. Hence, the solutions sought by the Committee in the 1960s involved recourse to other mechanisms, other than more strictly enforced regulation of private investment. It should be noted that until this time, networking was seen to be desirable, because it allowed for economies of scale and the reinvestment of surplus profits in the production or importation of high quality programs. It had taken many years for an official body to recognise that networking did not necessarily produce good programming and that the cross-ownership and control of television stations by newspaper proprietors had acted as a serious impediment to the expression of public criticism against their affiliates.

It is uncertain exactly why the committee's recommendations were ignored. Butlin et al[81] show that from 1950 onwards, the Liberal government withdrew financial support from public infra-services generally. These cuts occurred, above all, in transport and communications, and in water and sewerage. Thus, the reason may have been the reluctance on the part of the government to commit funds from Consolidated Revenue to refurbish the theatre and film industry, which would support Butlin's evidence. However, there may simply have been a reluctance to impose any kind of financial levy on the more powerful stations. In any case, the report was never raised for discussion in the Parliament.

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[81] Butlin, N.G., Barnard, A., and Pincus, J.J. (1982), Government and Capitalism: Public and Private Choice in Twentieth Century Australia, Sydney, George Allen & Unwin, pp. 326.

What should be the purpose of television broadcasting?

It is worth noting that there were three distinctly new components to the 1960s wave of social protest. For the first time it had been stressed that broadcasters should provide more Australian drama, and that they should include programs for the migrant population, for minority tastes or special interests, and for adolescents. Also, for undisclosed unreasons, it was suggested that there should be a (married) woman on the Board. These demands indicated new strains in the social fabric of Australian life and new problems for the government in the search for voter loyalty, and social and political unity. Who were the groups who sought a new definition of television services?

A renewed emphasis on the educational and cultural potential of television was promulgated by church organisations, educational organisations, general and educational psychologists, women's organisations, various councils for children's films and television, Actors' Equity, the Fellowship of Australian Writers and the Australian Film Producers' Association. Education in the context of their submissions referred, not merely to formal educational programs (although the possibility of a 'University of the Air' was discussed), but to the 'enrichment and enlightenment of ordinary programmes' by including material of serious, philosophical, historical, scientific and aesthetic content, as well as plays, opera, drama and debates.[82]

In response to this wave of widespread social protest, the Committee advocated a general quota for Australian content, and a small quota for Australian drama; new administrative machinery; more public funding for the ABC; and government support of the theatre and film industry through public investment projects and taxation concessions to private investors. This kind of piecemeal intervention would have proven ineffective. Experience had shown that unless specific quotas were applied to all program categories, stations would fill a general quota with low-budget productions - cooking demonstrations, sport and quiz shows - rather than high-quality Australian drama. Additional administrative machinery (in the form of the Australian Television Council) could not replace really

[82] Op cit, pp. 37-46.

effective legal amendments, and more funding for the ABC would not encourage the commercial sector to shoulder their share of Localism Type II responsibilities.

Yet, it would also be wrong to assume that all commercial licensees remained unconcerned about high standards, minority services, or the low level of Australian content. Several of the large metropolitan station managers (from ATN 7, TV Victoria, Visatone TV, GTV, and HSV 7) said they devoted considerable program expenditure to indigenous production. For example, GTV Melbourne spent more on local programming than they did on imported programs (£728,000 per annum compared with £600,000 respectively),[83] and HSV Melbourne spent equally on local and overseas programs.[84] Further, Hector Crawford of Crawford Productions professed genuine concern about the adverse social effects of American cultural dominance,[85] and had taken steps to provide adequate studios, drama production and training for Australian artists. Sir Frank Packer, on the other hand, said that the obligation to provide 'adequate and comprehensive' programs was a directive aimed at the Board. It had no relevance to him, and he did not think the Board had been "dealing with a real problem".[86] The Federation of Australian Commercial Television Stations (now changed to FACTS) agreed with the sentiment expressed by Packer that minority tastes should be catered for, but not by the commercial licensees. The system as a whole should discharge those responsibilities. As licensees had the additional duty of selling the goods and services of advertisers, they should not be expected to provide programs for minority groups. Their needs should be met by the public sector, while commercial licensees should focus their programs on mass audiences.[87] Neither did their responsibility extend to the development of Australian programs, just for the sake of developing Australian programs, although they would like to see a higher proportion of Australian programs, all other things being equal.[88] According to this perspective, the ABC should undertake the public accountability function of Localism Type II (Australian

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[83] Op cit, Part II, pp. 74.

[84] Op cit, pp. 82.

[85] Op cit, pp. 51.

[86] Op cit, Part I, pp. 10.

[87] Op cit, Part II, pp. 747.

[88] Op cit, pp. 70.

drama, minority programming, innovation and diversity), while commercial stations would concentrate on programs with proven ratings success.[89]

The logic of commercial operation was the essence of the problem. Commercial licensees were necessarily governed by the ratings system. If a program did not achieve high ratings (like Australian programs) it could not be retained on the station's agenda, because advertisers would refuse to buy air-time for that program. Yet advertisers and market research companies were the first to admit that the ratings system was flawed in terms of ascertaining audience need and audience satisfaction. For example, if a program commanded a forty percent rating (which is considered a very good rating figure), it referred to forty percent of the seventy-six percent of homes owning television sets. A forty percent rating covered only one-third of total homes, which meant that two-thirds of residents in the area did not watch the program On these calculations, ratings ignored the needs of four-fifths of residents. The important point is that their research methods could record only how many sets were turned on. They could not measure what audiences wanted, or the level of satisfaction. Ratings could measure only the popularity of one program against another at a given point in time.[90]

As mentioned earlier, the government chose to ignore the critical findings of the Senate Committee, but the problems to which it gave rise did not disappear. Nor did the protests of the minority political groups. The groups that gave evidence to the 1963 Committee represented the same educational and cultural interests of their 1953 precedents, but groups in the 1960s used a qualitatively different approach. Their consistent frustration and disappointment with the standards adopted by the commercial sector, plus the lack of administrative controls imposed by government, had created a need to present 'harder' evidence. Most submissions were characterised by scholarly references and qualitative evidence of the social effects of television. The point being made here is that inputs to the political process had changed qualitatively over time. Arguments were not only better

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[89] Op cit, pp. 209.

[90] Evidence given by Deputy Managing Director, George Patterson Pty Ltd, Op cit, Part II, pp. 46, and verbatim evidence from McNair and Anderson quoted in Part I, pp. 36.

presented and based on quantitative evidence and systematic research, but all organisations had achieved national status, often combined with state affiliation. In addition, specific administrative and economic proposals were put forward to remedy the situation.[91] Even though the report was ignored, the complaints regarding lack of diversity, non-representation of minority interests, the effects of televised violence, the lack of educational material and the dearth of Australian content remained prominent issues and were raised again several years later. On the19th August 1971 the Senate resolved that 'All aspects of television and broadcasting, including Australian content of television programmes' be referred to a Standing Committee on Education, Science and the Arts.[92]

The Senate Standing Committee on Education, Science and the Arts

The Senate Committee produced three progress reports in 1972, 1973 and 1975. There were three Senators from both sides making equal representation from both major parties, although the Chairman came from the party in government - the Liberal party in 1972 and from the Labor Party in 1973 and 1975. Four broad issues were canvassed - the purpose of broadcasting; regulation of broadcasting (the legal powers of the Board); the relationship between Localism Type II and private ownership (but particularly the question of diversity) ; and the possibility of structural change. The reports showed that the dilemmas faced by the Royal Commission in 1953, and the Senate inquiry in 1963, had not in any way abated. However, these reports marked the beginning of substantial structural

[91] For example, the Australian Council for Children's Films and Television and others argued for quotas and for the establishment of a central film production unit funded from a twenty percent levy on private profits, Op cit, Part II, pp. 78. The Dean of the Faculty of Law, University of Melbourne (Zelman Cowen) argued for tighter control over licences, greater obligations to comply with standards, and regulation of overseas imports. See op cit, Part II, pp. 107-10. The Mothers Union of the Anglican Church had conducted a survey amongst its members and presented the findings. See Op cit, Part II, pp. 427-9. The Womens Service Guilds of Western Australia sought quotas on Australian material and finance for Australian productions to be raised from commonwealth grants, tariffs or import duties on foreign films and an increase in taxation revenue. See Op cit, Part II, pp. 481-91.

[92] The Senate Standing Committee on Education, Science and the Arts (1972), Progress Report on All Aspects of Television and Broadcasting, including Australian Content of Television Programmes, Parliamentary Paper No 254, October, Canberra, The Government Printer of Australia, pp. 1.

changes to achieve wider localist objectives and, for the first time, localism was placed on a strong philosophical footing.

The 1972 report did no more than raise some pertinent questions. Does the Board need more powers than the 'blunderbuss' (licence revocation)? Should there be sameness or diversity in programming? How can we increase Australian content and make programs more controversial? Do more stations really generate more diversity? Or is advertising revenue spread more widely around resulting in imitation and sameness of programming? Do the answers lie in other technologies - cable television, F.M. radio, public broadcasting, colour television and satellite communications?[93]

The 1973 Second Progress Report was headed by J. McClelland of the Labor Party and the tone was much more assertive about the role of government and the purpose of broadcasting generally. The report stressed that it was the duty of government to achieve structural change in the broadcasting system if 'faults emerge in the structure which they have created', and if such arrangements fail to achieve the 'goals society sets for its broadcasting system'.[94] Like the 1963 Senate inquiry, the report reinforced the axiom enunciated by the (British) Pilkington inquiry, that the purpose of broadcasting was to 'entertain, to inform, and to act as a forum for scrutiny of the values of the society it serves'. In the field of entertainment, the public was entitled to a wide choice of programs, while in the field of information, the system had 'a duty' to be controversial.[95] Exactly what the public wanted could not be measured by ratings. Ratings could measure only the relative popularity of programs being watched at any given time, but nothing more. They did not reveal the actual existence of widespread dissatisfaction, and the method failed to indicate the lack of accountability in the present commercial system.[96]

[93] Op cit, pp. 1-10.
[94] The Senate Standing Committee on Education, Science and the Arts (1973), Second Progress Report on All Aspects of Television and Broadcasting, including Australian Content of Television Programmes, August, Parliamentary Paper No. 108, Canberra, The Government Printer of Australia, pp. 3.
[95] Op cit, pp. 4.
[96] Op cit, pp. 5.

The report said that Labor party action would be based on the philosophical concept of pluralism. That is, more diversity was required within the system as a whole (in different structures) and within the output of each station (different programs). Again, findings of the British Pilkington Committee (1960) were quoted with regard to audience accountability. This was a clear denunciation of the commercial concept of the mass audience.

> The public is not an amorphous, uniform mass; however much it is counted and classified under this or that heading; it is composed of individual people; and 'what the public wants' is what individual people want. .... no two [individuals] are [alike]. Each is composed of a different pattern of tastes, abilities, and possibilities; and even within each person the emphasis on this or that part of the pattern is not always the same. Some of our tastes and needs we share with virtually everybody; but most - and they are often those which engage us most intensely - we share with different minorities. A service which caters only for majorities can never satisfy all, or even most, of the needs of any individual. It cannot, therefore, satisfy all the needs of the public.[97]

This report differed qualitatively from previous ones because localism became equated more strongly with minority programming of all shades (in addition to majority programming) and because it was justified more vigorously on philosophical grounds. The way to achieve this heightened level of localism would be through alternative technologies - cable TV, FM radio, video casettes and colour TV[98] - and through widening the responsibilities of the existing sectors. Note that the Committee accepted the dual system, but saw a need for re-organisation and extension within both sectors consistent with their designated social purpose.[99] The national system had to meet the following requirements. It must provide material of national interest and, at the same time, provide a local alternative to local commercial and the other local public stations, which were envisaged for the future. It must provide competition for the commercial channels, but must 'try to do it better'. It must provide leadership in experimentation with new types of programs, it must provide

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[97] The Senate Standing Committee on Education, Science and the Arts (1975), Third Progress Report on All Aspects of Television and Broadcasting, including Australian Content of Television Programs, April, Parliamentary Paper No. 32, Canberra, The Government Printer of Australia, pp. 6-7.

[98] Op cit, pp. 7.

[99] Op cit, pp. 10.

minority programs, and it must not be afraid to give penetrating, in-depth treatment of current affairs in the widest sense of the term.[100] The interesting point in this report related to proposed changes in the structure of the ABC. It was suggested that the ABC be given an extra radio channel in country areas, and that a new national broadcasting body be formed comprising a 'loosely federated network of essentially locally-controlled stations'. Thus, the ABC would undertake Localism type I and Localism Type II functions, and it would be structured to allow greater access to its facilities by the general public.[101]

It is notable that rigorous accountability criteria were not applied to the commercial sector. However, the report did suggest ways in which the commercial sector could be restructured to improve the quality of the same types of material. Some of these were relatively radical proposals. They included a suggestion to reduce the number of stations in the largest capital cities; multiple-sharing of remaining facilities; and even a suggestion for increased networking on the proviso that profits would be reinvested in better quality programs. None of these measures was introduced, obviously because of the necessity for unprecedented levels of government intervention in the investment decisions of private capital and the inevitable legal challenge.[102]

Most of the 1975 Progress Report report dealt with the expansion of radio. It was notable that by then the quest for diversity through expanded ABC television facilities had been dropped, although there was some mention of using cable television and satellite transmission.[103] In addition, the report noted the desirability of encouraging Australian television film production on a co-operative international basis.[104] Still, these were no more than passing comments.

There are three points worth underlining in this era. First, localism Type II had been returned to a prominent place on the political agenda, specifically in terms of diversity,

[100] Op cit, pp. 10.
[101] Op cit, pp. 10-1.
[102] Hall, S. (1976), Supertoy: 20 Years of Australian Television, Melbourne, Sun Books, pp. 157.
[103] Senate Standing Committee (1975), Op cit, pp. 3.
[104] Op cit, pp. 14.

minority programming and Australian content. Most of these goals were to be achieved through public radio, through expanding the functions of the ABC, and by government financial assistance to the Australian film industry. The commercial sector was not restructured, although a minor change occurred in the mode of supervision. A points system was introduced, which allocated the highest number of points to indigenous drama and the lowest number of points to variety and quiz shows. The system was intended to improve the quality and quantity of Australian drama but, as Hall has argued,[105] the existing production levels easily complied with the formulae and the system failed to achieve more drama, or better productions generally. Second, the structural additions to the broadcasing system, and attempts to reorganise the existing sectors, were triggered by widespread public opinion against the commercial sector along similar lines to submissions for previous inquiries. Third, the long period in opposition had turned the Labor Party away from the nationalisation of broadcasting towards a tolerance of the dual system, despite denunciation of commercial-sector performance and a stronger commitment to expanded localist objectives.

Labor versus the Coalition government in the 1970s

There have been several interesting accounts of this era by Harding,[106] Hall[107] and Dugdale.[108] Harding, who was a commissioner with the ABC for three years from 1975, has noted that significant changes were attempted, if not successfully, under Labor rule.[109] In October1974 the Labor government introduced an amendment Bill to clarify the powers of the Board in relation to commercial programming, and to strengthen its powers through licence renewal procedures. The Bill drew vigorous opposition from both FACTS and the Opposition and it was defeated by a Liberal-dominated Senate. It was reintroduced in April 1975 and met the same fate. Under Labor, and for the first time in broadcasting history, a radio station was ordered not to transmit in peak hours on a

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[105] Hall, op cit, pp. 158.
[106] Harding, R. (1979), Outside Interference: The Politics of Australian Broadcasting, Melbourne, Sun Books.
[107] Hall, Op cit.
[108] Dugdale J. (1979), Radio Power: A History of 3ZZ, Melbourne, Hyland House.
[109] Harding, Op cit, pp. 20.

Saturday evening for breaches of the Act[110] and the Department of the Media was established to supervise the commercial media, to advise on future policy and to encourage Australian content in commercial television. Under Labor, the ABC had taken on new tasks to achieve Localism Type II objectives. Australian drama was encouraged, overseas news coverage was increased and the quality, range and variety of ABC programming had been fostered.[111] The ABC's expenditure was increased to its highest level. It rose from $70.5 million in 1972/3 (approximately one per cent of federal government expenditure) to $115.3 million in 1974/5.[112] However, even under Labor, the proportion of total government expenditure began to decline in 1974 and, under the Coalition government in 1976, ABC funding fell sharply.[113] Although there had been wage increases during the previous year, the ABC was forced to cut expenditure by twelve percent, and when the budget allocation was announced for 1976/77 ($128 million), it represented a further reduction between ten or twelve percent.[114] Harding has described the attitude of Fraser and his senior colleagues as 'extremely hostile', prompted by what was seen to be the pro-Labor and pro-socialist leanings of the ABC during Labor's term of office.[115]

The ABCB met a worse fate. After the budget cuts, FACTS and FARB pushed for an inquiry into ABC funding, and general regulation of broadcasting to bring all stations (including the ABC and public stations) under a single authority. Harding argues that licensees called for the abolition of the Board because it was dominated by Labor appointees, two of whom in particular had attempted to force improvement of commercial performance. Licensees also wanted the newly successful public and community broadcasters brought under a single authority, where they could be more easily contained.[116] The result was the Green Inquiry and, through Green's recommendations,

110 Op cit, pp. 22-5.
111 Op cit, pp. 35.
112 Ibid.
113 Op cit, pp. 44.
114 Op cit, pp. 57.
115 Op cit, pp. 117.
116 Op cit, pp. 48.

the replacement of the Board with a new statutory authority, the Australian Broadcasting Tribunal.

The Green Report

F.J. Green, Secretary of the Postal and Telecommunications Department, completed his report in a record five months. Like the Royal Commission in 1953, Green was advised to look at the machinery of regulation only.[117] However, he decided to expand the terms of reference to examine basic philosophical issues as well as the role of broadcasting in contemporary Australian social and political life.

Green thought the Australian system was 'basically a good system', but in need of revision to respond to 'changing conditions'.[118] In his view, major deficiencies included a lack of overall policy; a lack of clarity of the responsibilities of the government and its instrumentalities; a convergence between licensing and review, on the one hand, and day-to-day administration, on the other; a duplication of resources devoted to technical and social research; a lack of machinery to ensure regular consultation between the government and industry bodies; and a lack of accountability for station performance.[119] In essence, Green endorsed the public accountability and pluralist axioms established by the British Pilkington Committee in 1960, which had been adopted subsequently by the Vincent Committee in 1963, and further endorsed by The Senate Standing Committee on Science, Education and the Arts in the 1970s. However, Green added that as well as offering diversity, education, entertainment and excellence, broadcasting services should be used to foster a unique Australian identity. This was not a new idea, since as early as 1942 the Gibson Committee had tried to use broadcasting as an instrument of social cohesion and heightened nationalism (see Chapter Three). The idea surfaced again in the 1960s when American programs threatened to dominate television services, to weaken social and political allegiance, and the moral fortitude of Australian youth. In the 1970s, however, the threat came not from the external threat of war, or the threat of external cultural

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[117] Postal and Telecommunications Department (1976), <u>Australian Broadcasting</u>, Canberra, Australian Government Publishing Service, pp. 2.
[118] <u>Op cit</u>, pp. 23.
[119] <u>Ibid.</u>

imperialism, but from the social fragmention of diverse cultural identities within Australia and from the economic downturn following the oil crisis of 1973. Like the Canadian experience, broadcasting in Australia would take on a new role in the pursuit of national unity:

> The Australian broadcasting system should offer varied and comprehensive programs catering for diverse tastes within mass, special interest and minority audiences on a national, regional and local basis. An Australian national identity should be fostered, and programs should enrich the social, cultural and moral values of the Australian people. News and other information services should be presented in an objective and balanced manner. There should be regular pursuit of high standards, innovation and experimentation, and wherever possible, programs should be produced in Australia using Australian creative and performing talent.[120]

A more definitive statement could not have been furnished of the objectives of localism Type II (including specifically, localism Type I) incorporating all previous recommendations and geared towards the changing social and political fabric of Australian life in the 1970s. Under Green, localism would include programs for national, regional and local audiences and special interest groups. They were not just for the purposes of entertainment, but should aim to foster '...a suitable awareness of public affairs, and ... an expanded interest in cultural or artistic puruists, religious or political issues, and in the various areas of learning'.[121] Green had stressed the virtues of diversity, experimentation, accountability and public participation. The problem was that he failed to distribute these functions evenly among the constitutent parts. Most of the Localism Type II functions would be shouldered by the national sector and the public sector. The national sector would continue to do everything, and the public sector would concentrate on minority programming and participation. The commercial sector would be encouraged to experiment, but little else.

Green was responsible for coining the phrase that the ABC should act as a pacesetter for the whole system. Being 'a pacesetter' meant providing programs not being provided by the commercial and public sectors as well as providing innovative mass programming, and

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[120] Op cit, pp. 42.
[121] Op cit, pp. 38.

national news and information. It meant promoting national unity and providing for special programming needs in rural areas for which the ABC would receive a second television network, and a fourth radio network. These duties would be additional to the traditional tasks - Radio Australia, parliamentary broadcasts, school broadcasts, the maintenance of orchestras, choirs and musical bands, the publication of magazines and other material, and the purchase and sale of radio and television programs.[122]

The commercial sector would continue to aim for large audiences, but licensees should not use ratings as the sole measurement of audience satisfaction. Green pointed out the argument of many of his predecessors that programs with high ratings may still fail to contribute to increased satisfaction or better moral values.[123] He reiterated the commonplace assertion that a licence was a public trust, which carried obligations as well as privileges, and that success in attracting large audiences should not relieve licensees of the obligation to provide 'a measure' of innovation and experimentation in programs catering to 'more sizeable, if not mass, audiences'.[124] Although such programs may not achieve ratings high enough in the short-term to justify program costs, Green maintained that the level of expertise in the industry should be capable of producing programs 'of more substance or social consequence' coterminous with entertainment or involvement values, which would still attract sufficient audience response to justify program outlays. Like all of his predecessors, Green argued that innovation and commercialism should not be incompatible. He expected that advertisers would also co-operate to present programs which would meet the social responsibilities of the commercial service, including an extensive and impartial news service, backed by balanced and informed news-commentary and current affairs.[125]

In summary, Green had continued to endorse the tenets of localism. The interesting part of this era was the change in method to achieve localism. Green legitimised the addition of the public-broadcasting sector, insofar as it could provide for neglected minority groups, and

[122] Op cit, pp. 30-2.
[123] Op cit, pp. 33-4.
[124] Op cit, pp. 32-5.
[125] Op cit, pp. 34-5.

because it would afford an exercise in public participation on a non-profit basis. The ABC would receive augmented funds and facilities to provide all program styles for all audience categories, metropolitan and rural, while little was done in concrete terms to bring commercial stations towards a more accountable role. Like every inquiry in the past, the report employed moral persuasion towards the private sector. Instead of direct intervention via an enforceable quota system on all program categories, the report recommended the maximisation of self-regulation by the industry itself in conjunction with a 'promise of performance' review at licence renewal time.[126] For a report which contained great insights, it was gravely myopic in this respect. Green, too, had noted that ratings were an inadequate indicator of audience satisfaction, he said that the provision of mass programming constituted only a partial responsibility, and he had acknowledged that the needs of advertisers had usurped stations' obligations towards audiences in terms of diversity and accountability. Yet these acknowledgements did not result in more stringent regulatory conditions until the Australian Broadcasting Tribunal met in 1979 to consider the efficacy of industry self-regulation.

In effect, Green side-stepped the more pressing issue of commercial- sector accountability. The more explicit functions demanded of broadcasting in the1970s, contained under the broad umbrella of localist criteria, would be met by augmenting the functions (if not the funding) of the ABC, and by the addition of public-radio broadcasting both of which, as non-profit sectors, could not jeopardise directly the funding sources of the private sector. Some of Green's recommendations were implemented. The government abolished the ABCB and replaced it with the Australian Broadcasting Tribunal, and Fraser honoured his election promise to create a television facility for ethnic minorities and for other 'special purposes'. However, Green's recommendation for a Broadcasting Council was ignored, and the ABC did not get another television network, or an additional radio network. Through these changes, and omissions, the government could have it both ways. It could respond to the pressures exerted by commercial broadcasters to abandon the ABCB and to bring public broadcasters under the same administrative body, and the government could

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[126] Op.cit, pp. 76-8.

still placate those hitherto neglected audience categories who had, by the 1970s, become well-organised, minority pressure groups. The changes would generate some competition for the commercial sector, but they would not jeopardise their profitability. In the final instance, the ABC was not included under the administrative umbrella of the ABT. Possibly, this was because Fraser had in mind the creation of a more punitive body to exercise control over ABC functions. In 1982 the Fraser government prepared legislation for the introduction of a Complaints Commission. According to Harding, '... the proposal would have created two classes of broadcaster: one, the ABC, looking constantly over its shoulder and the other, the commercial stations, free to get on with the job of broadcasting as they saw fit'.[126A]

Self-regulation for broadcasters

As one of its first tasks, the new authority inquired into Green's concept of self-regulation. Contrary to Green's optimism, the Tribunal denied that the concept could be applied in such areas as Australian content, children's programs or advertising, where stations' '... necessary and justifiable desire for profits could be in conflict with their acknowledged social responsibilities'.[127] The Tribunal advocated a system of direct accountability to audiences (through continuous public review at licence renewal hearings) combined with positive guidance in crucial program areas where there was a conflict between company profit and public interest.[128] Thus, under the ABT, self-regulation was translated to mean a system of minimum standards (the old Standards set by the Board combined with the Board's revised Program Standards, 1976) and continuous review by the public at licence renewal time.[129] The Code of Standards should be replaced by a voluntary code, as Green suggested - a Promise of Performance - which would be reviewed at licence renewal time.[130] Under the new, 'voluntary' Promise of Performance television broadcasters

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[126A] Harding, R. (1985), 'Australia: Broadcasting in the Political Battle', in R. Kuhn (ed), The Politics of Broadcasting, Great Britain, Croom Helm, pp. 254-5.

[127] The Australian Broadcasting Tribunal (1977), Self-Regulation for Broadcasters?: A Report on the Public Inquiry into the Concept of Self-Regulation for Australian Broadcasters, Canberra, Australian Government Publishing Service, p. 6.

[128] Op cit, p. 29.

[129] Op cit, pp. 46-7.

[130] Green, op cit, p. 68.

would have to achieve an Australian content of fifty percent of program time between 4.00 p.m. and 10.00 p.m. by March 1979; provide at least three hours of Australian drama between 4.00 p.m. and 10.00 p.m. each week over fifty-two weeks of the year,[131] with appropriate classification symbols;[132] provide at least thirty minutes of children's programming per weekday designed for pre-school children under a new 'C' classification;[133] provide better quality children's programs for all school-age groups,

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[131] The Australian Broadcasting Tribunal (1977), op cit, p. 34.
[132] Op cit, p. 50.
[133] Op cit, p. 58.

including adolescents[134]; better quality programming for women at home and for shiftworkers[135]; and more programs for special interest and minority groups (ethnic audiences, the old and institutionalised).[136] The report warned against the excessive use of stereotypes, where this may reinforce racism or sexism[137] and, whilst it accepted the ratings system 'as a fact of broadcasting life' it welcomed the use of a meter in sample homes instead of questionnaires to ascertain a more reliable audience response.[138] It recommended the continued prohibition of imported advertisements, but higher levels of advertising on a more flexible basis (more advertising in peak hours) to offset the additional costs of better programming.[139]

In effect, the Promise of Performance altered nothing in terms of more effective administrative control. It combined heightened moral persuasion with the usual means of punishment (revocation of licence). This thesis has argued that moral persuasion had in practice never been effective, that licence revocation had never been used in the past, and would likely not be used in the future. Under the 1979 inquiry very little changed. The Tribunal was forced to the pragmatic conclusion that, like the ABCB, it had the power to determine standards, but not to enforce them legally. It could only suggest that standards were 'a qualitative measure of community tastes and mores' and they should be judged by the community itself.[140] What they had recommended was a 'degree of self-regulation'. The report explained that by giving only 'half the loaf' the ABT would provide the incentives and the chance for broadcasters to earn the other half. Broadcasters would have the opportunity to prove to the public that they were people of high principles and goodwill, who were prepared to use a limited national resource to the advantage of those who own the airwaves as well as to their own advantage.[141] The Chairman (B. Gyngell, a former television executive) did not share the enthusiasm of his colleagues for quotas. In

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[134] Op.cit, pp. 54-60.
[135] Op.cit, pp. 69.
[136] Ibid.
[137] Op.cit, pp. 70.
[138] Op.cit, pp. 71.
[139] Op.cit, pp. 34-7.
[140] Op.cit, pp. 44.
[141] Op.cit, pp. 10.

his view, the fifty percent quota would encourage mediocrity, it would discourage international co-production, and it would result in a plethora of game and quiz shows merely to make up the hours. Nor did he advocate Green's total self-regulation or the monetary quota proposed by FACTS. He firmly believed that in the absence of legal sanctions maximum 'public accountability' could be achieved best through active consumer participation at licence renewal hearings.[142]

Gyngell was right about the limited potential of a broad quota on Australian content and the constrained power of the Tribunal. The specific quotas for Australian drama, children's programming and religious material did result over time in better quality productions and increased output. In their 1983/84 Annual Report, the Tribunal reported that stations had met the following requirements: (a) a points target equal to their hours of transmission, (b) a quota of 104 hours of first-release Australian drama between 6.00 p.m. and 10.00 p.m.; and (c) they had televised four 'big budget specials' in the form of variety spectaculars or one-shot drama programs.[143] In addition, all stations had televised between 4.00 p.m. and 5.00 p.m. each weekday a minimum of five hours per week of 'C' classified material which had met the prior approval of the Tribunal and the Children's Program Committee.[144] The report added that new standards for children's programs had taken effect from 1 July 1984, which would require stations to produce eight hours of first release Australian drama per annum; that fifty percent of 'C' material must be first release Australian material; and that repeats would be limited to three times in five years. It imposed reduced levels of advertising, advertising repeats and promotions; an extra minute of pro-social advertising; and introduced new standards governing 'C' material which required that no program could '...demean any group or class of people on the basis of sex, age, race, ethnicity, disability, religious beliefs or political convictions'.[145] In addition, stations were required to devote one percent of normal transmission time to the

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[142] Op cit, pp. 11.
[143] The Australian Broadcasting Tribunal (1983/4), Annual Report (1983/4, Canberra, Australian Government Publishing Service, pp. 95.
[144] Op cit, pp. 102.
[145] Op cit, pp. 105-6.

televising of religious material without charge,[146] and the Program Research Branch had undertaken research into children's perceptions of music and drama, television production and Australian content, the status of women, content of programs, audience measurement, and the influence of television on adolescent driving habits.[147]

It is also relevant that for the first time in broadcasting history the wider requirements of localism Type II were written into the Act as conditions of licence. The legislative changes in 1981 still contained the words 'adequate and comprehensive' but instead of referring to 'programs', the clause was applied to 'service'. An 'adequate and comprehensive service' required an applicant for a licence to give a written undertaking to have regard to: (a) the nature of the community to be served in pursuance of the licence; (b) the diversity of the interests of that community; and (c) the nature of the other broadcasting and television services (if any) in that community. Also, an amendment was inserted requiring licensees to 'encourage the provision of programs wholly or substantially produced in Australia and use, and encourage the use of, Australian creative resources in and in connection with the provision of programs'[148]

These were still broad and vague criteria, but in a Policy Statement to all licensees (public and commercial, radio and television) the ABT spelt out clearly what was meant by the notions 'community', 'an adequate service', 'a comprehensive service' and what were the ABT's own discretionary powers. Here were the servicing elements of localism Types I and II par excellence. The nature of the community would include such factors as geographic environment; population; ethnic composition; educational backgrounds; major work patterns; and major social and recreational patterns. Licensees would have to assure the Tribunal that the research methods they had selected to ascertain the nature and diversity of interests in their local service area accurately reflected a complete picture of the interests of the community.[149] An 'adequate service' referred to the quality of programs (including advertising and sponsorship) in relation to the proportion of station revenue which had

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[146] Op cit, pp. 113.
[147] Op cit, pp. 119-20.
[148] Op cit, pp. 217.
[149] Op cit, pp. 218-9.

been re-invested in programming over time, the degree to which the programs reflected an understanding of, and a concern for, each local communities, and it would refer also to the technical quality of the signal being received.[150]   A 'comprehensive service' related to the variety of programming, rather than degree of excellence. Variety should be achieved across all program categories, and within each category, having regard to all other broadcasting and television services within the station's service area (including the ABC and SBS).   To ensure that this should not be interpreted to mean a division of labour between the sectors, the Policy Statement insisted that all stations had a responsibility to provide comprehensive programming, which should include significant components covering information and education (particularly news and current affairs); information on local community events, interests and developments; and the needs of children, as well as entertainment and sport.[151] In terms of its own discretionary powers, the Tribunal pointed out that non-compliance did not mean that the licence would automatically be suspended or revoked. The Tribunal would take into account whether or not the licensee had taken its responsibilities seriously and whether it would continue to make genuine efforts in the future. In these cases, the Tribunal may renew the licence for a period of less than three years in order to assess the licensee's compliance. Any station issuing false assurances in this regard would be treated 'as a very serious matter'.[152]

Is localism a reality in the 1980s?

I have argued that Localism Type I services have been provided by commercial stations to a minor degree only. If one takes Localism Type II, the realisation of localist objectives must rest, in major part, with the public sectors, the ABC and Special Broadcasting Services even though the commercial sector is supposed to assume wider social responsibilities than simply catering to mass audiences.

For example, the Department of Communication's review of Localism found that people all over Australia saw virtually the same programs.[153] It did not matter whether stations were

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[150] Op cit, pp. 219-220.

[151] Op cit, pp. 220-2.

[152] Op cit, pp. 222.

[153] The Department of Communications (1984), Op cit, pp. 174.

networked, or not, or whether they were locally owned. The differential weighting of market areas and the economics of television production favoured the six Sydney and Melbourne stations. These were controlled by four groups of companies which also controlled much of Australia's printed media. The stations covered forty-two percent of television homes, they grossed fifty-five percent of total revenue, spent sixty-two percent of the total program expenditure, and supplied fifty-one percent of programs throughout the country.[154] The ABT had reported in their 1983/4 Annual Report that commercial licensees had complied with the specific quotas for Australian material, children's programming and religious material. However, there remained all of the other categories required by audiences and specified by the ABT which is referred to in this thesis as Localism Type II. These categories were specified under the 'adequate and comprehensive service' obligations of the Act and included, in addition to the above categories, innovative and experimental programming, and specialised programs for minority groups. These are expensive categories to provide because the audience share would be relatively small in the initial stages. They are also high-risk categories because an audience following is not always a secure prospect. There is also the question of public participation in the planning process and in the construction of locally-produced material, which were highlighted in the Tribunal's policy statement.

This is where the non-profit sectors had been utilised most successfully in the past, and where they would utilised in the future. The report of the review of Localism envisaged that the ABC would not localise in a geographical sense, except for remote areas, because that would duplicate the services being provided by the private sector. It would create a situation where government would be in direct competition with the private sector, a policy which would incur a severe response from broadcasters, and which had been avoided by government in the past (although usually on the grounds that it would represent a duplication of services). However, the ABC could localise in the sociological sense. Indeed, the ABC had long expressed the problems of a dual purpose - to provide

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[154] The Australian Broadcasting Tribunal (1984), Satellite Program Services: Inquiry into the regulation of the use of satellite program services by broadcasters, Volume I, Canberra, Australian Government Publishing Service, pp. xxxix.

experimental and innovative 'wide appeal' programs for all audience categories, as well as specialised or minority programming. This had been expressed in the new charter (post the Dix Committee Review in 1981) that the ABC should 'contribute to a sense of national identity ... and reflect the cultural diversity of the Australian community'.[155] The report envisaged the fulfillment of both roles through two separate networks. The existing network could provide the 'wide appeal' programs, while a new ABC television network could hire facilities to other broadcasters, notably the SBS, public broadcasters, educational, cultural, medical and sporting organisations.[156] Although this would involve high outlays, it would be more cost-effective than the regionalisation of SBS, or the establishment of local public television services and the costs could be minimised by permitting limited sponsorship along the lines of public broadcasting.[157] Therefore, all of the requirements of Localism Types I and II, including the very recent demand for public participation, could be met through a combination of additional local commercial stations, and through an expanded ABC network.

However, the 'pacesetter' functions (innovation and experimentation, and the provision of specialist and minority programming) would continue to rest with the public sectors. Commercial broadcasters have continued to deny a responsibility in these areas. FACTS and FARB have always claimed that their responsibility lay with mass audiences. They argued to the Green inquiry (1979) and then to the Dix Committee (1981) that it was 'the broadcasting system as a whole, rather than any particular sector, which should provide the Australian community with 'adequate and comprehensive' programs'.[158] Each sector should specialise in what it does best so as to provide a diversity of services to the public and at the same time avoid 'wasteful and expensive duplication of effort and utilisation of resources'. In their view, the component parts of the system should complement each other on the understanding that 'provision of entertainment and information to mass

[155] The Department of Communications (1984), Op cit, pp. 275.
[156] Op cit, pp. 276.
[157] Op cit, pp. 276-7.
[158] Report by the Committee of Review of the Australian Broadcasting Commission (1981), The ABC in Review: National Broadcasting in the 1980s, Volume 2 - Report, Canberra, Australian Government Publishing Service, pp. 45.

audiences' (the most profitable categories) should be reserved for them because they attracted the highest audience ratings.[159] FACTS and FARB rejected the view that the ABC was the only organisation capable of contributing to a sense of Australian national identity. They believed that within five years it would be possible for them to deliver their programs on a national basis via the satellite system, which would put them on the same basis as the ABC.[160] The Dix Committee did not accept the industry view of complementarity. It had to admit, however, that regardless of the particular prescriptions laid down by governments, there was 'an economic pressure inherent in the system which tend[ed] to draw the participants towards the situation preferred by FACTS'.[161] The logic of the commercial industry tended towards national distribution of mass-oriented programs. This gave the commercial sector purchasing power far in excess of the ABC, which was constrained by government limitations on spending. The economics of the situation, therefore, force the ABC to vacate areas where the commercials can secure exclusive Australian rights. It forces the ABC to find new program formats and new talent when these are pirated by the commercial stations.

This is a correct assessment, but only partially so. It does not give sufficient weight to the underlying social and political struggles (those based on region, gender, religion, children's rights, cultural expression, age, ethnicity and so forth) which have expanded ABC functions over the years, and which have been a major impetus in the creation of new sectors in the broadcasting system. The expansion of Localism I into Localism II has provided evidence for the expansion of citizenship rights. It has been shown that minority political struggles have been successful in expanding the concept of localism since the 1950s, when the social role of television was defined rather vaguely as the 'creation of positive values'. It is also the case that part of the dynamic involves the interests of government. These can be defined as defence, economic growth, and employment-creation or, more broadly, as the creation of social and political unity. These functions fall more sharply under the sphere of ABC programming and the role of SBS.

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[159] Ibid.
[160] Op cit, pp. 48.
[161] Op cit, pp. 46.

The emergence of SBS, the current status of both public-funded sectors, and the relationship between them, will be examined in the next chapter. It will be shown that, although Localism Type II has been a very visible policy objective since the 1950s, the government may have decided to relinquish that policy. New government directives have amalgamated both sectors, and the funding and resource-capability of the ABC has been seriously enfeebled. This does not meant that the government has relinquished the quest for social unity. Their over-riding commitment to an 'equalisation of services' in city and country areas means that considerable faith will be placed upon the commercial sector in the future to fulfil that objective. However, I have shown in this chapter that the commercial sector has successfully avoided both types of Localist services where these are too expensive or risky to provide. Should the government decide not to impose quota levels on all types of program categories, their faith in the commercial sector will be badly misplaced. The next two chapters will examine those issues.

CHAPTER SEVEN

LOCALISM AND THE PUBLIC SECTOR

In the previous chapter it was argued that the degree to which the commercial sector has complied with Localism Type II is questionable. Certainly, the most popular programs with nationwide appeal have been well represented. Special programs for children have been provided,[1] and Hart, Frankel and Company in their review of indigenous program production showed that more than four times the Australian content quota (104 hours per annum per licensee) had been produced in 1985.[2] The bulk of these were produced 'in-house' by television companies in Sydney and Melbourne. Two other categories, features and documentaries, were produced by companies marginally independent of television.[3] These categories, however, did not represent a significant proportion of total broadcast hours of either the Sydney or Perth stations. Three companies - Grundy, Crawfords and JNP - dominate 'independent' production, but they are superficially independent because their operations rely upon guaranteed market outlets provided by television stations.[4] Since 'independent' producers must secure a letter of interest or commitment from a television station in Sydney or Melbourne prior to further development, such conditions will ensure that the product will be one guaranteed to attract high audience patronage from the outset. Thus, the symbiotic links between 'in-house' and 'independent' production levels do not create ideal conditions for innovation and experimentation.

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[1] The Australian Broadcasting Tribunal (1983/4), Annual Report, Canberra, Australian Government Publishing Service, p. 102.

[2] Forward Development Unit, Department of Communications (1985), Future Directions for Commercial Television, Volume 2, Appendix H, Canberra, Australian Government Publishing Service, p. 413.

[3] Op cit, p. 367.

[4] Op cit, p. 410. The FDU report has termed these companies 'independent'. My qualification of the term rests on the fact that while it is true that the companies are not owned by television stations, the range of material produced is restricted by commercial criteria. These criteria are outlined by television stations before the program is produced. Thus, as stated above, the symbiotic links between 'in-house' and 'independent' production do not create ideal conditions for innovation, experimention or diversity.

Of course, these practices are logically consistent for commercial purposes. I mentioned in the previous chapter that commercial operators have long argued that they should provide entertainment and information (the most profitable categories) for mass audiences.[5]

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[5] Report by the Committee of Review of the Australian Broadcasting Commission (1981) (The Dix Committee), The ABC in Review: National Broadcasting in the 1980s, Volume 2, Canberra, Australian Government Publishing Service, p. 45.

However, the requirements of Localism Type II demand variety, innovation and experimentation, and minority program categories. There are two ways to achieve these things. Either the government could impose additional quotas upon all program categories to ensure commercial compliance, or they could be provided by non-commercial sectors. Governments have shown a strong aversion to forced compliance, but they are still faced with demands from unsatisfied audience sub-groups - those based on region, gender, religion, children's rights, cultural minorities, age and ethnicity - to name the most visible ones. Governments have acknowledged that these groups should have the right to be represented in mass communication systems and since governments have been unwilling or unable to discipline the private sector, the burden of responsibility for Localism Type II will always fall upon the public sectors. This is where the ABC and SBS must be located. The argument is that localism, at least until recently, had remained a significant element of government policy formation, but only insofar as it has been embodied by the non-profit sectors.

This raises another dilemma. Should these sectors should perform a complementary function as opposed to a competitive function, or both? The answer to this question is in part politically determined. While Treasury, the commercial sector and a recent study by a broadcasting economist[6] have argued for the complementary function, various public inquiries into broadcasting over time have argued for both. I will argue that the question itself is misplaced: quality and diversity are not characteristics endemic to either one program category or another. The issue is not one of differentiating between different program categories in terms of elitist or non-elitist material and dividing them accordingly, just as there is no distinction between entertainment and education. Both are synonomous. The issue is whether the material presented to audiences conveys the full panoply of human diversity in such a way as to promote debate on the social and moral dilemmas which underlie political choice. These are questions of democracy and artistic quality, not category. In terms of this argument, measurement of success via audience ratings is

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[6] Withers G. (1985), Television Viewing and ABC Program Policy: An Econometric Study, Discussion Paper No. 126, Canberra, The Australian National University, Centre for Economic Policy Research.

irrelevant. The method itself is narrow and is increasingly under attack by advertisers themselves, precisely because it is partial. Audience ratings indicate only how many sets are turned on at any given time and record the relative popularity of one program against another being shown at any given time. Ratings cannot indicate the degree of satisfaction felt by audiences, or whether audiences might like to see a program which has not in fact been made available. As I argued in the last chapter, these criticisms have long been commonplace in government inquiries and they have been reinforced consistently by audience research companies and advertisers.

The last chapter examined the performance of the commercial sector against Localism Type II policies as expressed through various government inquiries over time. It was shown that Localism Type II was a minimal component of the commercial sector, and that the bulk of responsibility had been carried by the ABC. The role of the ABC was examined only tangentially and in this chapter more attention will be given to the place of the public sector in assuming the greater part of the burden for Localism Type II policies in the servicing elements. The emergence of an additional sector in the 1970s created for ethnic expression and 'special purposes' is an important dimension of the issue of localism.

The questions that I will address in this chapter are: why this additional sector emerged at all? Why was the ABC, the 'universal aunt', not given the task of incorporating all political minority groups within its traditional charter 'to serve all Australians'? Why was the SBS recently merged with the ABC? In terms of this final problem, I will argue that the SBS/ABC merger occurred because SBS remained sectional in nature. In other words, SBS retained an ethnocentric focus which did not permit a wider expression of its 'special purposes' arm, despite the legislative power to do so. It was this sectionalism which came under attack during conditions of severe economic restraint. The history of the SBS is thus an important illustration of my general thesis. In the second half of the chapter, I will address the question of the future of Localism Type II imperatives through ABC programming, which at the same time begs the question of the future of the social rights of citizenship; those rights which have had their fullest expression under Localism Type II.

The questionable level of public sector activity in the future indicates that it would be mistaken to see the expansion of the social rights of citizenship under Localism Type II as a teleological progression towards the fuller realisation of a broadcasting democracy. Certainly, the social rights of citizenship have expanded over time through class and political struggle, but continued expansion cannot be assumed and it is certainly not inevitable. These social rights are extremely precarious. Just as they have expanded over time, they may well be contracted in the future as a result of economic and political exigencies, which is why the rise and fall of SBS deserves especial attention as does the difficult time faced by the ABC during the last decade and in the future.

Special Broadcasting Services

I will turn first to the establishment of the SBS. Its creation should be regarded as problematic, because the machinery for an all-incorporative public service had existed for almost fifty years. Since 1932 under Section 59 of the Broadcasting and Television Act, the ABC has been given the task to provide .... 'adequate and comprehensive programmes and [to] take in the interests of the community all such measures ... conducive to the full development of suitable broadcasting and television programmes'. Theoretically, therefore, SBS was anomalous. That it was created, and yet existed always under the shadow of an ABC merger, would suggest that SBS was an exercise in public relations resulting from political competition between the two major parties at a time when both perceived electoral benefits in securing the sizeable 'ethnic' vote in Australia.

The argument that SBS was no more than a cheap political gesture can be supported by examining the meagre financial and capital resources allocated to this sector, which did not afford any real grounds for expansion or diversity into other forms of cultural and political expression. When the Labor party decided to reduce public sector activity in the 1986/7 budget rounds, it was the unchanging sectional nature of SBS that made it a primary target for cut-backs. The rationale was that the government would save $16 million by amalgamating the two public sectors. This may well have been empty political posturing, since it now appears that $1 million at the most will be saved as a result of the exercise.

Evidently, the Labor government have come to see the ethnic community as an expendable political force, since this merger was also accompanied by other cuts in a variety of multicultural programs. These issues are discussed below.

The early history of SBS

The history of SBS is closely aligned with the emergence of public radio in the 1970s. In Chapter Four I showed that the Labor government in the 1970s had placed a premium on the concept of a 'multi-cultural Australia'. The concept was popularised by Al Grassby, Office of Community Relations, in a paper entitled, 'A Multi-cultural Society of the Future'. It encapsulated a policy embodying the principle that ethnic groups should continue their own communal life and should preserve their own unique cultural heritage and language. It eschewed the assimilationist and integrationist policies of previous Liberal coalition governments in the 1950s and 1960s, and recognised the flourishing existence of 2,300 separate ethnic organisations in Australia. The increasing number of these associations indicated to the government that the various ethnic communities had not 'melted in' with the dominant Anglo-Saxon culture. On the contrary, these groups had retained allegiance to the mores and customs of their own cultural heritage.

The construction of the concept of 'multiculturalism' gave credence to the disenchantment felt by migrant groups towards existing government policies. Although the integrationist policy of the 1960s did recognise persistent inequalities and cultural intolerance, it had not stemmed an alarming rate of settler loss in the early 1970s, estimated as high as twenty-five percent.[7] Clearly, there was political advantage to be found in securing the allegiance of the 'ethnic' communities, but when it was combined with other political minority groups (educational bodies, music societies, and community organisations - the latter comprising a pot pourri of minority forces) the whole movement provided the Labor government with the prospect of extending its political power base.

The important point is that a wide range of otherwise disparate groups formed an alliance under a common umbrella, The Public Broadcasting Association, to express their

[7] Martin, J. (1978), The Ethnic Dimension, (Ed), S. Encel, Sydney, George Allen & Unwin, pp. 32.

disappointment with existing commercial and ABC programs and to press for alternative resources. It was an unwieldy, drawn-out and frustrating exercise for those involved, but the government did eventually grant licences to educational groups, music societies, community and ethnic groups. These ethnic communities were granted two licences initially and were distinguished by the fact that they were fully funded by the Labor government.

The Liberal government resumed office at the end of 1975 and continued to support public broadcasting, including the two ethnic stations, 3EA and 2EA. The exception was the case of 3ZZ (an ethnic access station) which was closed down on the arguably spurious grounds that it represented a needless duplication of 3EA programs. 2JJ, a 'radical' rock music station attached to the ABC, was likewise perceived to have demonstrated a consistent anti-Liberal sentiment and was forced to reduce air-time.[8] During this period, Fraser requested a report from the Consultative Committee on Ethnic Broadcasting, which recommended subsequently that the ethnic section be discharged to the administration of the ABC.[9] The ABC responded to the prospect of added responsibilities without the necessary finance with some ambivalence. This led Fraser to withdraw the invitation and announce in June 1977 that ethnic broadcasting would be controlled by a separate Commission, to be known as the Special Broadcasting Service.[10] Thus, with the addition of public broadcasting and SBS, the system had moved in the 1970s from a two to a four-sector system.

The creation of SBS was included as a separate item under the Broadcasting and Television Amendment Bill 1977, which also incorporated some of the proposals put forward by Green. These were considered in Chapter Four. In his Second Reading Speech, the Minister for Post and Telecommunications, Eric Robinson, stated that the government had been conscious of the need to provide basic broadcasting services to the whole community, not just to parts of the community. Over one-quarter of Australians did not have a service

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[8] Harding, R. (1979), Outside Interference: The Politics of Australian Broadcasting, Melbourne, Sun Books, pp. 57.

[9] Armstrong, M. (1982), Broadcasting Law and Policy in Australia, Sydney, Butterworths, pp. 118.

[10] Op cit, pp. 110.

in their mother tongue, and there may be a need in the future for other types of 'special broadcasting services' (specifically Aboriginal services, broadcasts for the blind and a university of the air). The SBS would be empowered to provide multilingual broadcasting services, multilingual television services, and broadcasting and television services for such special purposes as may be prescribed. It would be a statutory authority comprising a part-time Chairman and between two and six part time members. It would be administered by an Executive Director and it would be responsible for ethnic radio stations 2EA Sydney and 3EA Melbourne.[11] The development of SBS policy was also to be assisted by the creation of a National Ethnic Broadcasting Advisory Council (NEBAC) and two State Ethnic Broadcasting Advisory Committees (SEBACs). NEBAC was chaired by Sir Arvi Parbo and comprised officers from the Departments of Post and Telecommunications and Immigration and Ethnic Affairs, together with five other members. SEBACs were established in NSW and Victoria in November 1977, each comprising nineteen members appointed by the Minister for Immigration and Ethnic Affairs.[12]

The concept behind SBS, according to Robinson, was to provide only those services not otherwise available through the national, commercial or public broadcasting sectors. It would be funded through sponsorship, sales of facilities and program rights, and by annual appropriations by the Parliament. It would not derive money through normal commercial advertising. Contained within the same Bill was an amendment to the Charter of the ABC requiring it to have regard to the services provided by SBS, in order to avoid any duplication of activities.[13] The Bill was duly criticised by the Opposition on the grounds that it lacked the necessary independence from political partisanship, it lacked sufficient funding, and it would be subject to government financing limitations. What the ethnic community needed, according to the Opposition, was financial autonomy and program independence.[14]

[11] Commonwealth Parliamentary Debates, House of Representatives, 13/10/77, pp. 2006.
[12] Special Broadcasting Services (1979), First Annual Report, Parliamentary Papers, No. 119, Volume 17, 1980.
[13] Commonwealth Parliamentary Debates, House of Representatives, 13/10/77, pp. 2007.
[14] Op cit, 3/11/77, pp. 2803.

Autonomy was exactly the criterion sought by the ethnic groups. In 1979 the government appointed a review committee to advise how to establish a permanent multilingual, multicultural television service. The Ethnic Television Review Panel, chaired by F. Galbally, issued three reports. The first report was not released. The second entitled, **Structure and Funding of the Interim Multicultural/Multilingual Television Service** (December 1979) recommended the creation of an Independent and Multicultural Broadcasting Corporation (IMBC) to replace the SBS. The IMBC was to be more independent than the SBS. Under the Public Service Act, it would be empowered to broadcast advertisements, and appoint its own chief executive. In addition, it would embody a more rational scheme of advisory committees, comprising nominees selected by the IMBC Board, and it would be accountable for its performance via a public inquiry every five years. Further, unlike the ABC, it would contract out a large proportion of its program production to private companies.[15]

These recommendations were contained in a Broadcasting and Television Amendment Bill 1980. The Fraser government attempted to rush it through Parliament in order that the television service would be operative by October, since this would be politically attractive in the run-up to the November,1980 elections.[16] However, the Bill was attacked from various quarters - by the Senate Standing Committee on Education and the Arts which claimed that multicultural television was not sufficiently established and should be handed over to the ABC. In addition, it was attacked by the powerful commercial lobby, who resented what would have been competition for finite advertiser patronage. Finally, the Bill was rejected, in the Senate and the idea of the IMBC was gradually abandoned.[17]

However, the demand for an ethnic television service did survive, although the emphasis on ethnicity was replaced by an emphasis on multiculturalism. This change can be attributed significantly to Galbally's third report, **Programming for the Multicultural/**

[15] Report by the Committee of Review of the Special Broadcasting Service (1984), Serving Multicultural Australia: The Role of Broadcasting, Canberra, Australian Government Publishing Service, pp. 108-9.
[16] Op cit, pp. 109.
[17] Armstrong, op cit, pp. 118-9; Connor, op cit, pp. 111.

Multilingual Television Service - Objectives and Policies (February,1980). In his report, Galbally stated that the primary objective of multicultural television was, not ethnic exclusiveness, but the use of the medium to facilitate a flow of information among and between ethnic groups and the wider community.[18] This orientation to multiculturalism was based on the astute realisation that the time would come, either sooner or later, when such expenditures could not be justified merely for the exclusive use of the ethnic population alone.[19]

In 1980, the SBS commenced on-air operation in the VHF frequency band, reaching limited audiences initially in Sydney and Melbourne. Services were gradually extended until in 1984 SBS broadcast programs for fifty-five hours per week on VHF Channel 0 in Sydney, Melbourne and Geelong and on the UHF Channels 28 in Sydney, Melbourne, Geelong, Canberra, Goulburn and Cooma. Further extensions were also planned for Adelaide, Brisbane, Darwin, Hobart, Newcastle, Perth and Wollongong on UHF Channel 0/28 to be completed by June 1986.[20]

The formative history of ethnic and 'special purpose' televison services denotes the successful struggles of disaffected political minority groups, who sought alternative facilities to the commercial sector and to the ABC. SBS was actually a spillover from public radio broadcasting and it was designed to demonstrate to the ethnic community that the Liberal government was no less attentive to their special needs than Labor had been in the mid-70s. Certainly, the early separation of SBS from the ABC indicated that the government wanted to show in a most visible way its commitment to the numerically significant and increasingly well-organised ethnic communities. Nevertheless, the speed of establishment and the unwieldy imposition of television upon existing radio administrative structures was the cause of much internal conflict, political innuendo and poor industrial relations.[21] The validity of many of these criticisms, particularly with regard to poor

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[18] Connor, op cit, pp. 106.

[19] Op cit, pp. 107.

[20] Op cit, pp. 2.

[21] Media Information Australia (1980), No. 15, February, pp. 11-33.

industrial relations, were endorsed by a government review[22], set up in December 1983 after four years' operation under the chairmanship of Xavier Connor, Q.C., assisted by members C. Dunne and W. Lippmann.

Committee of Review of the Special Broadcasting Service (The Connor Report)

By 1983 the government had changed once again to a Labor administration. Naturally, the new administration sought a realignment with the ethnic community. To this end, the Connor Inquiry was appointed, not to question the principle of multiculturalism per se, but to see how best the government could foster multiculturalism and provide multilingual radio and television services. The Committee was to examine programming policies, administration, accountability and organisational arrangements; it should also consider whether a merger with the ABC might secure a more appropriate conduit for multilingual and multicultural services. The Committee was also to consider the future of such services and the extent to which other broadcasters should provide such services. It was furthermore to review how greater community participation might ensue, how to promote consultation with ethnic communities, and how SBS might provide information and educational services to migrants as well as English language teaching.[23]

The inquiry was extensive. Over the course of one year, the Committee accepted telephone, written and oral submissions; collected data from questionnaires and interviews. In addition, it received evidence from three-hundred and fifteen individuals and organisations. Moreover, the inquiry commissioned two reports from Peak Marwick Mitchell Services, Management Consultants, on the questions of administration and program policy.[24] The Committee made many recommedations, the most significant of which endorsed the community services and educational roles of multicultural radio and television.

[22] Connor, op cit, pp. 15.
[23] Op cit, pp. xix.
[24] Op cit, pp. 5.

This was an important advance because the role of SBS in this regard had yet to be assessed. The committee identified that the real problem was how to interpret the role of SBS. Should SBS be conceived solely as an ethnic broadcaster, or as a proponent of multiculturalism? With much political foresight Galbally had raised this problem in the beginning. If the SBS had become a truly multicultural entity (providing more services in the English language as well as multilingual services) or if it had developed 'the special purposes' arm of operations (including access facilities and providing an outlet for independent productions) then it would have developed a firm basis for long-term survival as a separate entity. It is argued that SBS became a suitable target for government cut backs in 1986 because it remained, essentially, an ethnic utility. Multiculturalism is equivalent to nation-building in a society which is being transformed by waves of migration, but SBS was never able to fulfil a multicultural charter. It remained a sectional entity in a nation which had become increasingly diversified by separate cultural identities. Of course, many societies house diverse ethnic minorities, but only in Australia has a television channel been devoted wholly and specifically to ethnic heterogeneity.[25] Thus, its separate existence would always be questioned on both economic and social grounds.

On economic grounds, the extension of the service would represent to economic rationalists a wasteful duplication of staff, facilities and services. On social grounds, SBS would always be open to the criticism that its separateness would perpetuate separateness which would tend to feed social disintegration, rather than the reverse. The dilemma was well expressed by Professor J. Zubrzycki, who had been very critical of the ABC and the commercial sector for their neglect of cultural minorities. In his view,

> a further development of the Special Broadcasting Service, a further extension or its extension into the future as a a separate entity, is not really multiculturalism, while the ethnic languages, ethnic broadcasting and multicultural television remain outside the mainstream of electronic media. It is simply, in my judgment, a further example of separation, of segregation, a reaffirmation of separateness. It is, therefore, an arrangement whereby we deny the essence of the philosophy of multiculturalism.

[25] Op cit, pp. 112.

after 10 years of ethnic radio and six years of the Special Broadcasting Service, it is important now to promote the realisation that the essential principle of multiculturalism can only be fulfilled by incorporating those services in the mainstream of our national broadcasting service ... [This implies] a structure or structures rather different than the ones we have at present ... which would promote and continue language services ... and strengthen the present community access principle.[26]

These views conceptualised multiculturalism in terms of the reinforcement of the social rights of citizenship. The concept, according to Zubrzycki, was a normative concept and not just a descriptive statement. It implied a need for adjustment in the mainstream of national life and a recognition of government responsibility in such areas as social security, health and education.[27] Zubrzycki's views also received endorsement from other institutional representatives - the Chairman of the National Advisory and Co-ordinating Committee on Multicultural Education, the Deputy Chairman of the Human Rights Commission, the Hon. Mr McPhee M.H.R. (former Minister for Immigration and Ethnic Affairs), the Hon. Moss Cass (former Minister for the Media and Chairman of the Committee of Review of the Australian Institute of Multicultural Affairs (AIMA) and Ms F. Arena, MLC, New South Wales.

The committee basically endorsed that view, and went on to stress, that the need for a multicultural emphasis - the philosophy that multiculturalism applied to all Australians - would inevitably become stronger, especially in the longer term.[28] There were two main reasons for this. First, the migrant intake would probably rise when the economic situation improved from its then low level (70 000 per year). Second, the high level of unemployment in 1984 had induced some deep-seated fears about recently arrived migrants and, in a climate of uncertainty, the multicultural media had a role to play in counteracting the superficiality and sensationalism with which those issues had been treated by much of the other media.[29] Thus, like the ABC, the SBS was being seen here as a potential agent of social unity, particularly at a time when economic downturn had produced a greater propensity for social disunity in terms of class and cultural fragmentation. At the time,

[26] Professor J. Zubrzycki quoted in Connor, op cit, pp. 112-4.
[27] Op cit, pp. 113.
[28] Op cit, pp. 122.
[29] Op cit, pp. 124-5.

much public debate and division had been provoked by the controversial ideas of Professor Geoffrey Blainey.[30] The role of the media in forging greater social unity was expressed by the Committee in the following terms:

> The multicultural media can make a major contribution to community relations by presenting programs which reflect the reality of Australia as a heterogeneous and culturally diverse yet cohesive society. They can help people who have been isolated by their language and their culture to feel part of that society; this can show others that we are all Australians, regardless of our diverse backgrounds.[31]

According to the Committee, multiculturalism in the future should come to mean that ethnic-specific services were as much a part of Australian broadcasting as any other element targeted to particular audiences. Ideally, multicultural services should be seen to be relevant to all Australians, because the ethnic-specific component was an integral part of Australian life as such, rather than a sign of undesirable 'difference'. However, it was also recognised that a facility like SBS could not alone achieve these goals. True multiculturalism would not be achieved in Australia until multicultural objectives were reflected in the services of all broadcasters, including the commercial sector.[32]

The Committee made the point that twenty years ago it had been assumed that Australian audiences did not want Australian-made television programs, whereas today no mainstream channel could attract an audience without a majority of Australian programs. It would be the same for multicultural programs. However, the Committee did not draw attention to the fact that commercial licensees were reluctant to broadcast Australian material in the early days of television (see Chapter Five). Indigenous programs were not only more expensive to produce, but Australian audiences and, therefore, advertisers preferred the technically superior American fare. It was only because the ABC experimented with Australian drama, because Australian content quotas were imposed on broadcasters by the government, and because the government financed Australian film productions, that audiences came to

[30] Blainey, G. (1984), All for Australia, Sydney, Methuen Haynes.
[31] Connor, op cit, pp. 125.
[32] Op cit, pp. 123.

demand Australian material over imported productions. The argument is that in the entertainment market supply creates its own demand.

The point was well made, however, that the media of the future should ideally 'reflect an Australian ethos flowing from the diverse talents, backgrounds and cultures of all Australians'.[33] This view compatible with the principle objective of multicultural television as enunciated by the Ethnic Television Review Panel in 1979:

> to televise multicultural programs in community languages and English that appeal to, entertain, inform and educate both ethnic communities and the broader community.[34]

This was the objective finally endorsed by the SBS, but the problem was how to achieve it. This was a particularly sensitive issue, because the quantitative findings on television audiences had pointed to the inadequacy of the SBS as a multicultural facilitator.

The status of SBS as a multicultural broadcaster, 1982-1984

Findings taken from McNair Anderson data during 1982-84 suggested that SBS had the lowest audience share figure (1.8 percent) of the five channels in Sydney and Melbourne, whereas the ABC attracted twelve percent.[35] These findings were not entirely damning because the service had operated for a short period of three years and much of the programming featured languages other than English.[36] We should note that McNair and Anderson are the first to criticise ratings figures as a partial, quantitative measurement, useful for commercial purposes only.[37] Using a different method known as 'Cumulative Audience Summary' the audience share was much improved. This was because the method was designed to measure the total number of different people turning to a station

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[33] Op cit, pp. 126.
[34] Op cit, pp. 147.
[35] Op cit, pp. 135.
[36] Op cit, pp. 137.
[37] Op cit, pp. 135. They show that 'audience share' is a misleading description because the figures are not a measure of the audience - the number of people listening or viewing - but of the amount of time sets are tuned to each station. The figures do not necessarily show what people think of television programs or whether people watch television because they have nothing better to do; as a measurement 'audience share' shows how many homes actually turn the television set on to particular programs. This information is measured every quarter of an hour to give television stations sufficient data to sell advertising time.

over a given period of time. It is known more commonly as 'audience reach'.[38] This showed that over all ratings periods in 1982/3 more than a million different people watched 0/28 each week in Sydney and Melbourne.[39]

Nevertheless, the Committee felt bound to conclude that, by any standard, ratings for individual 0/28 programs and series had been generally poor. The best rating had been 7, achieved during the transmission of two very popular programs, both of which were Australian in origin and broadcast in English. Even the news service, a consistently high rater for SBS, averaged only between 3 and 4.[40] The lack of funding for promotional activity (a problem also endemic to the ABC may provide some explanation of these poor results). Nevertheless, the figures could not be ignored. They were a source of continuing concern about the extent and nature of the audience being attracted by the channel, especially since SBS itself held the view that it should be able to attract an overall rating of 6, instead of less than 2, and a cumulative audience of 60 over a four-week period, instead of less than 40.[41] For commercial channels the cumulative reach over a four week period averaged ninety percent, and the corresponding figure for the ABC was eighty percent. Thus SBS attracted a cumulative audience of approximately half that achieved by the ABC.

The figures also revealed that the public watching SBS did not watch it for significant periods. The average time spent viewing 0/28 over the same four week survey period was 4 hours and 23 minutes per viewer. For people with an English speaking background the figure was 3 hours and 21 minutes, and for non-English speaking groups, the average figure was 7 hours and 45 minutes. Further, nearly half of the 37.2 percent of viewers in Melbourne watching SBS did so for periods from two to five hours, and more than half (53.6 percent of the SBS audience) watched for periods of two hours or less.[42]

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[38] Op cit, pp. 136.
[39] Op cit, pp. 147.
[40] Op cit, pp. 149.
[41] Op cit, pp. 148-9.
[42] Op cit, pp. 152.

Other studies confirmed these findings. A study by Reark Research Pty Ltd commissioned by SBS to find out the Cumulative Viewing Audience in Melbourne in October 1984 confirmed that non-English speaking viewers were attracted more to SBS than to the ABC (0/28 attracted approximately twice as much viewing from ethnic viewers; the ABC attracted nearly four times more Anglo-Saxon viewing than 0/28). The overwhelming proportion of viewing hours for both categories, however, was devoted to the three commercial television channels.[43] These findings confirmed an ANOP poll conducted for the Dix Committee review of the ABC in 1980, which showed that non-English speaking viewers were very heavy users of commercial television, with eighty-one percent being regular viewers compared with seventy-two percent of the audience as a whole.[44] The Committee's own findings from telephone interviews and community consultations reflected similar viewing patterns - a strong bias towards commercial television, with 0/28 being used selectively, mostly for own-language programs.[45]

Further, community perceptions of the SBS as an 'ethnic' channel were confirmed in two surveys. In a 1983 McNair Anderson study for the SBS (**Attitudes Towards Channel 0/28, Melbourne**), seventy-six percent of respondents said that people of ethnic origin would constitute the SBS audience. These findings confirmed a 1981 Multicultural Television Survey where seventy-four percent of respondents of English speaking background and fifty-eight percent of respondents of non-English speaking background cited 'members of ethnic communities' as the SBS audience.[46] In terms of occupational distribution, forty-two percent of respondents saw foreign movie watchers, intellectuals or academics as among the main viewers of SBS. Quantitative research, however,[47] showed little difference between the average percentage of white collar workers (forty-nine percent) and blue collar workers (forty-six percent) who were regular viewers of the channel.[48]

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[43] Op cit, pp. 153.
[44] Op cit, pp. 142.
[45] Op cit, pp. 154; 157.
[46] Op cit, pp. 157.
[47] The McNair Anderson survey (1983) and a Spectrum Research survey (1984).
[48] Connor, op cit, pp. 158.

In terms of encouraging people to watch programs in languages other than their native language, an AIMA 1981 survey showed that seventy-six percent of people from an English-speaking background and sixty-eight percent of people of non-English speaking backgrounds watched programs in languages they did not speak; these were mainly movies. Confirming these findings, a Reark study in Melbourne (1984) concluded that very few respondents watched only programs in their native language. Of the Anglo-Saxon group, sixty-four percent said they watched programs in other languages, while thirty-six percent watched only English programs, and a much smaller twenty-two percent watched only programs in languages other than English.[49] It was still the case, however, that English-speaking respondents preferred programs in English, while non-English speaking audiences showed preferences equally for English and non-English programs.[50]

The majority of viewers did not indicate a strong preference for SBS against both the ABC or the commercial channels. However, both respondents and the Committee had argued that quantitative measurements should not dominate any assessement of SBS as a public utility. In many submissions and consultations with community groups, the idea was reiterated that ethnic radio in particular was an important sign of recognition and respect for their cultures; it was also a source of entertainment, information and personal comfort.

These findings were confirmed by research conducted for the SBS by Clark and Associates (1984) covering listeners to ethnic radio 2EA and 3EA. The study showed that people from seven different language groups in Melbourne and Sydney appreciated ethnic radio for community information, news, current affairs and music. Furthermore, new migrants regarded ethnic radio as essential in helping them to adjust to Australian life.[51] The reaction to multicultural television had not been so clear, although the figures indicated that ethnic communities appreciated programs in their own languages on television, and that audiences generally used SBS as an alternative to other services.[52] For television, the

[49] Op.cit, pp. 158-9.
[50] Op.cit, pp. 159.
[51] Op.cit, pp. 160.
[52] Ibid.

McNair Anderson (1984) survey covering a cross-section of Melbourne viewers showed that one-third of respondents rarely or never watched 0/28; of the remaining two-thirds, 0/28 was valued because it provided 'something different'; 'the news' was the most appreciated program by seventy percent of regular viewers; and for sixty percent of viewers it helped the Australian-born to understand life in other countries. On the more negative side, only five percent said 0/28 was their favourite channel. Sixty-seven percent preferred commercial channels, and nineteen percent preferred the ABC. Over half disliked subtitles, over one-third of non-watchers cited dislike of subtitles as a reason for not using SBS, and nearly two-thirds thought there should be more programs in English.[53] Further, Reark's study (1984) covering eight ethnic groups (including Anglo-Saxon) in Melbourne and Sydney on specific issues related to preferences for programs in English or subtitled and cross-cultural viewing showed that, for those whose first language was not English, subtitles did present a problem. Only two of the ethnic groups said they understood English well enough to enjoy programs in which English was spoken, and that at least ninety percent of respondents in each language group understood English well enough to understand the English programs without the aid of subtitles.[54]

The dearth of qualitative data led the Committee to undertake group consultation and television interviews, with a view to evaluating more closely the level of appreciation felt by audiences. With regard to radio, evidence suggested that music and news from the country of origin constituted the most appreciated items, but that there was some dissatisfaction with the standard of programs and the paucity of airtime allocated to individual communities.[55] The reasons for not watching 0/28 included the following: one-quarter said they did not like the programs; twenty-eight percent said they preferred other channels; twenty-eight percent said it was their lack of understanding of other languages and cultures; sixteen percent referred to their lack of English; and more than half of respondents were critical of the selection and quality of programs.[56] On the positive

[53] Op cit, pp. 161-2.
[54] Ibid.
[55] Op cit, pp. 160-1.
[56] Op cit, pp. 162-3.

side, respondents showed a high level of appreciation for news and current affairs and the diversity of programs, although program quality was mentioned most often as a negative aspect of 0/28 programming.[57]

These findings did not provide strong evidence for justifying the extension of SBS around Australia, for which much more investment would be required on transmission facilities and overheads. Nevertheless, taking evidence from an essay by Hugh McKay, Director of the Centre for Communication Studies, submitted to the Localism in Australian Broadcasting Report (1984), together with statements offered by former Prime Minister, Malcolm Fraser, and by Michael Liffmann from the Australian Institute of Multicultural Affairs, the Committee defended the social role of multicultural media. A multicultural component conveyed social and cultural benefits, which could not be readily measured or quantified by convential means. For example, the Committee endorsed McKay's concept of identity-clarification promoted through programs which offered 'a range of standards of behaviour, a range of value systems, a range of ways to dress' and a variety of life-styles.[58] Further, ethnic radio had given to ethnic communities a sense of emotional fulfillment and greater recognition in the wider community, which had imparted to ethnic minorities a badly-needed sense of respect. The pathos of the latter aspect cannot be exaggerated. It was the respect from their own children that these ethnic groups sought most of all.[59]

Reiterating the views put forward by Fraser and Liffmann,[60] the Committee underscored importance of multiculturalism and the desirability of extending services to other cities and country areas, but these objectives raised many practical difficulties. In the final analysis, if success was to be measured against the objective of multiculturalism (to increase and sustain cross-cultural understanding and social cohesion) then research findings had pointed to the unavoidable conclusion that both radio and television had been underutilised.

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[57] Op cit, pp. 162.

[58] This view had also been endorsed by Professor C. Renwick (Director of Research of the Hunter Valley Research Foundation), and the Hon. Sir James Gobbo (retired president of Co-As-It).

[59] Op cit, pp. 163-4.

[60] Op cit, pp. 165-6.

Ethnic radio had sustained the heaviest clientele among the aged and more recent settlers, whereas listenership by the larger and longer-establish ethnic communities was lower than expected.[61] The performance of multicultural television attracted even more concern. Its cumulative audience was lower by fifty percent, approximately half the total population either never or rarely watched 0/28, and the average time spent viewing 0/28 was very low among Anglo-Celtic viewers. While people of non-English speaking background used SBS for longer periods, the overwhelming proportion of all viewing time was devoted to commercial television. SBS programs of high standard had achieved low ratings, children and adolescents had not been attracted to 0/28, and cross-cultural viewing had not reached a level commensurate with the objectives of multiculturalism, especially among non-English speaking viewers. The reasons given by English-speaking viewers for not watching SBS included the perception that it was a channel 'for ethnics', much of the evidence suggested that people disliked subtitles, and that viewers preferred programs on other channels in English.[62] The Committee concurred that if SBS was to be judged successful in terms of multiculturalism it must attract a majority of Australians in the order of sixty percent on a cumulative basis (at different times with a reasonable degree of regularity), and it must develop better programming and better insights into the needs, interests and concerns of Australians with their diverse backgrounds.[63]

In making these criticisms and in acknowledging the so far partial success of SBS, the Committee did not advocate a merger with the ABC, at least in the short term, although the terms of reference had acknowledged that as a possibility. The option was given close scrutiny on the grounds that public money should not support two separate and expanding government sectors. The ABC must become more sensitive to multiculturalism and this would be less likely to occur while two organisations existed as separate entities. Conversely, an autonomous SBS would retard the mainstreaming of multiculturalism.[64] Multiculturalism would become a reality only when it was relevant to everyone, rather than

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[61] Op cit, pp. 167.
[62] Op cit, pp. 168-9.
[63] Op cit, pp. 170-1.
[64] Op cit, pp. 189.

to a minority or minorities. There was more potential for 'sensitising and modifying' the ABC as the mainstream national broadcaster in the longer term by bring both organisations into a closer relationship, than by permanently maintaining two entirely separate organisations.[65]

Why was amalgamation rejected in the immediate future? First, while the ABC might now harbour good intentions towards multiculturalism, 'perceived past neglect and insensitivity' had left a strong residual suspicion in the minds of ethnic users. Second, the ABC had a deal of ground to recover in terms of its credibility with the ethnic communities before a merger could be contemplated.[66] Closer co-operation had been minimal (although this suggestion had been mooted in 1980 by the Dix Committee) and relations had not developed sufficiently to encourage the view that the ABC would promote multiculturalism as a serious objective. Certainly, the ABC had tried to develop a less mono-cultural image, but the Committee was not convinced either of its attempts to transform genuinely its practices towards multiculturalism (in programs and management)[67] or its attempts to develop closer co-operative ties with SBS.

ABC management explained the lack of collaboration on their part as flowing from their own sense of uncertainty for the future following the Dix report and their concerted efforts to set up a new Corporation. Added to this was the perspective offered by the ABC Senior Officers' Association. A competitive relationship had developed between the two organisations over government funding, programs, sources and audience share. The result was hesitancy and suspicion from both sides.[68]

There was little community support for amalgamation was not high for very much the same reasons. The majority of submissions (over sixty-nine percent) opposed amalgamation, only eighteen percent stood in favour, and less than thirteen percent had taken a neutral or

[65] Op cit, pp. 190.
[66] Op cit, pp. 198.
[67] Op cit, pp. 179.
[68] Op cit, pp. 186-7.

undecided view.[69] Those for and against the option represented a wide cross-section of the community. Ethnic organisations remained significantly opposed to amalgamation based mainly on negative perceptions of the ABC. It lacked sensitivity to ethnic issues and multiculturalism; it harboured differing objectives; and its longstanding poor management, current state of change, and confusion made it unsuitable for the task. Further, ethnic radio and multicultural TV would be swamped in an amalgamated organisation.[70]

The ABC supported amalgamation, but retrospectively. The management initially dismissed the idea on the grounds that it currently faced wide-ranging policy and structural changes and that 'it needed to put [its] own house in order rather than take on additional responsibilities'.[71] Later the Chairman wrote to the Committee revising the decision, saying that it would agree to amalgamation but only after 1988 and only then subject to the favourable outcome of an economic impact study. Predictably, the idea was supported strongly by the ABC Staff Association.[72] A later communication gave an assurance that if amalgamation did occur, the same number of hours of non-English material would be transmitted. However, the ABC declined a responsibility for ethnic radio, seeing no real economic benefit arising from a merger, and maintaining that it would be better suited to a public access format.[73]

SBS administration argued for the status quo, maintaining that its services were better operated by a statutory authority independent of the ABC, because it had developed the necessary sensitivity towards multiculturalism and had the expertise to promote multiculturalism. It was pointed out that the ABC which already discharged many responsibilities, had perpetually confronted difficulties trying to balance broad and disparate objectives.[74] Overall, the SBS submission objected to the inappropriateness of a

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[69] Op cit, pp. 188.
[70] Op cit, pp. 189.
[71] Op cit, pp. 190.
[72] Op cit, pp. 193.
[73] Op cit, pp. 191.
[74] Op cit, pp. 194.

large organisation, such as the ABC, assuming responsibilities which had been entrusted to the SBS.

> The concept behind the SBS seems to us to be straightforward. It is an organisation with ethnic and multicultural sensitivities, compact in size, which is a complementary alternative to the rest of broadcasting in a predominantly Anglo Australia. The ABC, on the other hand, has recently described itself as an organisation on trial to justify its future existence. For example, it says its objective in television is to wrest audiences from the commercial networks over the next five years or so. The sensitivities and policies we seek to follow may well be lost in such a struggle. We believe many in the ethnic communities share these concerns with us.[75]

Thus, for the majority of respondents to the inquiry and for SBS management, it was the ABC's perceived (and real) encroaching commercialism, its bureaucratic inertia against innovation and its white-Australian chauvanism, which rendered it unsuitable for the purposes of multiculturalism. Against this, the prospects were not encouraging for SBS to continue as a separate authority. The results of survey findings suggested that SBS had not in fact fulfilled a multicultural charter. The reasons for this failure were manifold. SBS had faced strong competition and every new channel needed time to build an audience; a similar problem had faced the third commercial channel when it entered a well-established market in the 1960s. Experimentation was required to find the right formula and image, which were particularly onerous for a multicultural channel with special and different responsibilities. Further, like the ABC, SBS suffered from limited resources in comparison with commercial television channels which spent millions of dollars on advertising. They also enjoyed access to free publicity through cross-media affiliations.[76] On the technical side, SBS suffered problems with poor reception, particularly in Sydney, and there had been audience resistance to subtitles and its perceived 'differentness' and ethnic specificity. Against these disclaimers, the most hopeful sign remained the forty-six percent of respondents who enjoyed 0/28 because it provided an alternative both to the ABC and the commercial channels.[77] At the end of this discussion, the Committee concluded that,

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[75] Op.cit, pp. 200.
[76] Op.cit, pp. 169.
[77] Op.cit, pp. 170.

The challenge to justify multicultural television remains, as does the task of meeting the needs of an ever growing potential audience among Australian ethnic communities and the community as a whole. In order to succeed, Channel 0/28 must develop greater consistency in its programming and better insights into the needs, interest and concerns of Australians with their diverse backgrounds. Its current apparently ad hoc approach to programming must be replaced by more clearly defined objectives.[78]

It was not only programming which required attention. In the longer term, it would probably be necessary to re-structure SBS to ensure the continued recognition of ethnicity within the paramaters of the multicultural objective. In short, SBS must be brought closer to the mainstream of Australian social life. This avenue was also supported to some extent by economic arguments. The Department of Finance estimated that savings of five percent of recurrent expenditures could be achieved in year one, rising to ten percent in later years which would be equivalent to an annual $4 million or more after 1983/4. The Department of Communications remained more ambivalent, stating that economies of scale might result, but no precise figure could be stated. The Committee asked SBS and the ABC to review the issue, but the two organisations refused to co-operate with each other or with the Committee.[79] In the absence of firm estimates, the matter remained unresolved, but the management consultants commissioned for the study reported that, on the rather incomplete information available to them, the initial benefits of amalgamation would be minimal if implemented quickly. If, however, a planned approach were to be adopted, whereby the two operations were organised to maximise savings (for example, through maximising contract services and combining central services) then significant savings could be achieved of the order suggested by Finance.[80]

In summary, seven separate organisational options had been mooted for the future.[81] The seventh option - separation and co-operation - was the one favoured by the great majority of witnesses before the Committee, as well as those organisations and individuals who lodged submissions. Under this scheme, there would be a second, government funded, national television network carrying the signal on Australia's Domestic Satellite (AUSSAT)

[78] Op cit, pp. 171.
[79] Op cit, pp. 196.
[80] Op cit, pp. 196-7.
[81] Op cit, pp. 198-203.

to metropolitan and provincial centres. The new Multicultural Broadcasting Corporation (MBC) would afford maximum co-ordination between the two networks in technical facilities and programming. This would permit economies of scale to the Australian taxpayer. It was not a proposal for immediate integration, but took cognisance of the apparent inability of either the SBS or the ABC to achieve mutual co-operation outside of a formal obligation to do so. The idea was to stress the importance of ethnic and multicultural objectives, leaving open the question of future amalgamation. In the interim, both authorities should regard a single national broadcasting authority as an ideal to which they should aim and, at the same time, serve the cultural minorities which were constitutive of Australian society. A single national authority would provide a more rational use of scarce and expensive resources, and would be a more accurate reflection of multiculturalism in the broadcasting arena. Whether the second network would comprise a broadened set of functions, such as programs of a general educational nature, programs for Aboriginal people and other kinds of programs similar to those offered by BBC2 or Channel 4 in England, remained an option for the future. The major point was that the question of integration should remain open, pending the government' appointment of a further inquiry into both organisations. By 1990 an assessment could be made of the community's response to the new ABC Coproration generally, and in relation to multiculturalism specifically. The success or failure of the co-operative arrangements suggested under the MBC could then be assessed with some confidence.[82]

SBS and Public Television

I have argued that the lack of widespread popularity for SBS did not auger well for its continued independence in the longer term. If Localism Type II was to be realised at all, it would have to be undertaken by the public sector. Yet the ABC had been accused pointedly of failing to achieve universality. The solution was to set up two organisations - structurally compatible, but notionally separate - to work towards amalgamation at a future

[82] Op cit, pp. 204-7.

time, when multiculturalism had become a more widespread feature of the major institutional areas of Australian society, thus making a separate ethnic entity obsolete.

However, greater universality could have been achieved by extending SBS under the 'special purposes' legislation contained within the Act. It would have been possible to use some SBS air-time to incorporate other minority groups, not being served by the business sector for commercial reasons, and not being served by the ABC because of its professional leanings and over-burdened resources. Certainly, the public television movement was eagerly sought such an opportunity. Their hopes had been diminished with the advent of SBS, and it appeared that they must try to make an arrangement to use 0/28 network facilities if they were to have access to facilities at all. In fact, this arrangement had been suggested earlier, when the government had charged the proposed Independent and Multicultural Broadcasting Corporation with responsibility for assisting with the development of public broadcasting.[83]

Both SBS and the Connor Committee rejected these proposals. SBS claimed that '... it would find difficulty with the concept of mixing its television output with public television programs, on the one channel',[84] a notion which derived some support from ethnic communities canvassed in Adelaide. The Committee subsequently heard evidence from the public television organisations but could not recommend either of their proposals on administrative, economic and political grounds. It was not certain that the proposals for channel-sharing were sufficiently developed at that stage to warrant firm support. It would require an amendment to the legislation and the cost-burden on a local community for recurrent funding represented a formidable figure. Moreover, the government had not indicated whether it would make available any avenue of funding. Channel-sharing would present difficulties in prescribing a coherent programming policy; and, perhaps of greater

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[83] Op cit, pp. 253-4. These organisations proposed to the Connor Committee a variety of arrangements. The SA, WA and Queensland groups wanted to establish a public television station to replace the multicultural television translator proposed for those capital cities in 1985/6, which would take SBS programs and integrate them with locally-produced material. The Victorian group, Open Channel, proposed merely channel sharing arrangements between SBS and local public television organisations.

[84] Op cit, pp. 255.

consequence, the Minister had not indicated that the government would be prepared to take a major policy decision which would be bitterly opposed by the commercial industry lobbies.[85] Despite the strong objections raised by SBS, however, the Committee did advocate a partnership between SBS and public television organisations for the provision of inputs from local communities, without formal channel sharing or legislative changes, in such a way that SBS would retain editorial responsibility for total output. Thus, the only other avenue which may have secured a separate existence for SBS was ruled out of hand, not just by the committee, but by SBS itself.

Under the 1986/7 budget proposals the Labor government announced that that SBS would be amalgamated with ABC on 1 January 1987. However, there has been no public discussion of channel-sharing arrangements for public television organisations, who would not otherwise succeed in obtaining access to such a high cost medium without substantial public expenditure support. This not likely to be forthcoming, given the economic difficulties facing the Labor government and its commitment to cuts in public expenditure.

Multiculturalism and the business sector

It has been argued that SBS failed to achieve true multiculturalism. Nevertheless, the concept of multiculturalism was not be abandoned, at least by the Committee. This goal would be sought through a merger with the ABC. However, it is not the case that amalgamation of the public sectors would fully realise that objective. The Committee had identified correctly that multiculturalism would never be fully achieved unless all broadcasting sectors adopted multiculturalism as a serious programming objective. This is highly unlikely because, as the Federal Director of the Federation of Australian Commercial Television Stations (FACTS) pointed out, such items were being provided adequately by the public sector. Commercial stations already provided sporting programs emanating from Irish and European sources. He admitted that the commercial sector did not meet all ethnic needs, but if they did there would be no need for the SBS. In any case ethnic groups

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[85] Op cit, pp. 256-7.

demonstrated strong preferences for English-spoken movies and general programming, just as much as for broadcasts in their own language. Of course, this was a tautological argument. It is a view logically substantiated only if one accepts the premise that diversity and variety should be achieved within the broadcasting realm as a whole, where each sector should stand juxtaposed in a complementary, rather than competitive, relationship. Of course, this was the FACTS' view, that the complementarity of the system should underpin commercial profitability in such a manner that the imperatives of Localism Type II should not be applied to, nor hinder, commercial practices. Indeed, Channel 10 in Sydney had severed an arrangment to televise four ethnic entertainment programs on these very grounds.[86]

Like all committees of inquiry in the past, the Connor Committee eschewed this philosophy. It was pointed out that the 'adequate and comprehensive service' clause in the Act, and the ABT Policy Statement POS 06, stipulated that all licensees must give a written undertaking to take into account 'the diversity of the interests of that community'. Given that the nature of the community was defined, among other things, by its ethnic composition, the commercial sector were no less responsible for providing programs that reflected the interests of the community, especially in major capital and non-metropolitan areas where SBS could not be received.[87] Towards that end, and in accordance with a suggestion from the Department of Immigration and SBS, the Committee recommended that the ABT incorporate into its program standards for licensed radio and television broadcasters the clause requiring

> programs to be sensitive to and to portray the diversity of cultures in the Australian community, and to avoid cultural and other stereotypes which could imply that certain cultures and ethnic groups are inferior or undesirable.[88]

Broadcasting for Aboriginals and Torres Strait Islanders

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[86] Op cit, pp. 265-6.
[87] Op cit, pp. 266-7.
[88] Op cit, pp. 268.

The Committee endorsed the view put forward by the Aboriginal Task Force that these groups should be given the opportunity to produce programs expressing their own perception of Aboriginal history, culture and current issues.[89]   Towards that end, the Committee recommended closer liaison between SBS and the aboriginal community. Aboriginals should be employed throughout the organisation, they should be included in affirmative action strategies, and both groups would be mentioned specifically in the charter of the new organisation.   Against the wishes of the aboriginal community, however, no place was set aside on the SBS Board on the grounds that aboriginals represented only one among fifty groups incorporated under the charter and that it would be discriminatory to single out the aboriginal community as a special case.[90]

Summary of the findings and implications of the Connor Inquiry

In summary, the Connor inquiry had confronted evidence pointing overwhelmingly towards the failure of SBS to fulfil a multicultural charter, or to expand 'special purposes' operations (for example, experimental or access public broadcasting).   The idea of a single, public television authority reflecting the multicultural diversity of Australian society remained an important goal, but the lack of sensitivity on the part of the ABC meant that the Committee had rejected the idea of short-term amalgamation.   Nevertheless, the maintenance of SBS as a separate authority could not be sustained, either on economic or political grounds. The exorbitant cost of television ruled out public funding for only one section of the community, and since it had not drawn a large cumulative audience during its four years of operation in the largest cities, especially from non-ethnic audiences, it had not played a significant role in social cohesion, the quintessential element of the multicultural project.

Thus, the notion of a merger was one which both organisations were asked to consider as an ideal in the longer term. It was understood that true multiculturalism could be achieved only with the support of the commercial sector and, since licensees could not find rational

[89] Op cit, pp. 281.
[90] Op cit, pp. 282-5.

grounds to include minority programming as part of their normal fare, it would be left to the ABT to assess what level of ethnic programming had featured in the station's format. The proposed new organisation, to be called 'The Multicultural Broadcasting Corporation, would be created under a separate Act (like the ABC) to distinguish between the SBS and licensed broadcasters as well as their respective lines of authority. The word 'Special' was to be dropped (against the wishes of SBS and the Department of Immigration and Ethnic Affairs) to dispel those persistent, but undesirable, notions of social separateness. With regard to multiculturalism, the new charter would reflect a complementarity between the two national sectors consistent with the longer-term goal towards amalgamation.[91] Instead of emphasising a function to provide 'multilingual' radio and television services, the new charter would invest in the Corporation the task to provide programs which would:

> (i) entertain, inform and educate the Australian community including its ethnic, Aboriginal and Torres Strait Islander communities; and

> (ii) contribute to the development of a multicultural society by promoting a common sense of Australian identity, mutual understanding, appreciation and acceptance of the diverse cultures and traditions within the Australian population.[92]

This legislation was to have come into effect on 1 January 1987, but ironically this was the very date on which arrangements for amalgamation were to be finalised for consideration. It was a more constrained timetable than the one envisaged by the Connor Committee, and neither the ABC nor the SBS were consulted until one day before the budget for 1986/7; an arrangment which one national newspaper termed appropriately 'a shotgun wedding'.[93] However, the idea itself had been around much longer. Indeed, no sooner had SBS operations begun when the Dix Committee in 1981 had predicted with confidence an eventual convergence of the management systems of the two sectors.[94] Again, in October 1985 (eight months after the Connor report had been tabled in Parliament), a merger proposal was put to the Federal Cabinet by the ALP Caucus, reportedly backed by Minister Duffy, who had expressed concern at the low level of viewing among the ethnic

[91] Op cit, pp. 288-90.
[92] Op cit, pp. 291-2.
[93] The National Times on Sunday, 31/8/86.
[94] The Dix Committee, op cit, pp. 27.

community and at the 'elitist' label the service had attracted. That a merger did not result then may be explained by opposition from the Federation of Ethnic Community Councils of Australia, the NSW Premier, the Victoria Premier, the former prime Minister, Mr Fraser and the leader of the Democrats, Mr Chipp.[95] It took five years of sporadic deliberations for Cabinet to endorse the merger scheme. To all parties the announcement should not have been a great surprise, except perhaps for the timing of it.

The Future for Multicultural Broadcasting

How to evaluate the merger remains somewhat ambiguous: The idea of 'mainstreaming' has been endorsed by many protagonists of ethnic minority rights. The Centre of Multicultural Studies at Woollongong had argued recently that mainstreaming, 'if sensitively handled' would actually strengthen multiculturalism. It could represent the fourth, and higher, stage in a history of immigration strategies since the 1950s.[96] (The previous ones were assimilation, integration, and aculturation). Many views supporting mainstreaming were presented to the Connor report. However, it is apposite to examine the SBS/ABC merger in the context of the many other recent cuts in expenditure to multicultural programs.

Under a Labor government, the 1986/7 budget proposals showed a demonstrable disinclination towards 'equality of condition' for minority ethnic groups. The Australian Institute of Multicultural Affairs (AIMA) will be abolished, multicultural education and professional development programs will be reduced, some regional offices of the Department of Immigration and Ethnic Affairs will close, and it is possible that English-as-a-second-language programs will also be truncated. As Castles et al have argued,[97] it may well be that the mainstreaming of multiculturalism is just another name for across-the-board welfare expenditure cuts. It is hard to reconcile these moves with an assurance given by Immigration and Ethnic Affairs Minister, Mr Hurford, to the 10,000 signatories from

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[95] The Australian, 16/10/85.
[96] Castles, S., Kalantzis, M. and Cope, B., (1986), 'W(h)ither multiculturalism?', Australian Society, October, pp. 10.
[97] Op cit, pp. 101.

within the SA Greek community opposing the merger, that the government '... had gone through the "tortures of the damned" to make sure the grass-roots policies for multiculturalism were maintained'.[98]

I have referred to this phenomenon as an example of the expansion of the social rights of citizenship. I have argued that in the area of broadcasting (the struggle to develop a comprehensive program of multiculturalism through the SBS) these rights have expanded over time to encompass many diverse political minority groups, ethnic groups being merely one of them. However, in the current context of recession, it can be argued that we are entering a new phase of their demise. Certainly, the decline in Australia's economic performance, which in the 1980s has been the foremost topic of daily newspaper reporting, has placed enormous stress on public-sector expenditure at a time when the numbers receiving welfare benefits have risen to the highest levels recorded in the past decade.[99] This situation has not proved to be political environment conducive to either maintaining or increasing public expenditure on broadcasting.

Against these hard realities, there are some grounds for optimism that some ethnic broadcasting will be retained. Following the Dix Committee and the Connor Committee changes were made to The Australian Broadcasting Corporation Act 1983 requiring the ABC to:

> provide programs that contribute to a sense of national identity, inform and entertain, and reflect the cultural diversity of the Australian community.[100]

Further, the new ABC Chairman promised to safeguard SBS independence. Safeguards included built-in legislative guarantees to protect multicultural broadcasting interests (a structure which would agree with the degree of independence sought by the SBS) and the

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[98] The Advertiser, 10/11/86.

[99] The ALP Social Justice Committee has reported that between 1975 - 1985, the number of aged pensioners rose by twenty-one percent, people on unemployment benefits increased by two-hundred and forty-nine percent, and those receiving supporting parents benefits rose by three-hundred and forty percent). As at March 1985, pension or benefit recipients represented more than 2.5 million of the total population (The Australian Financial Review, 6/10/1986).

[100] The Australian Broadcasting Corporation (1984/5), Second Annual Report.

type of personnel decisions involving full consultation with SBS management.[101] Of course, the greatest safeguard would be adequate patronage of the channel (which will remain on UHF 0/28). Neither of the respective managements welcomed the merger and they were not certain where significant savings might occur, despite the Treasurer's estimation that savings amounting to $16 million would follow. ABC staff have estimated that a meagre saving of only $1 million would occur, at least in the short term, although perhaps Finance projections of higher savings will be realised in the longer term. It must be remembered, however, that Finance estimates were based on a gradual and planned transition, which this project has not been. SBS has predicted that staff redundancies would be the biggest threat, since salaries account for the highest proportion of the SBS budget (sixty-one percent of total costs in 1984/5) and it is here that the ABC also has sought to achieve lower operational costs.[102] Thus, the future for ethnic broadcasting under 'mainstreaming' is neither a clear, nor an especially optimistic picture. Although a responsibility for multiculturalism has been enshrined in ABC legislation and in structural changes, the ABC has been struggling over the past decade to cope with gradually depleting funds, and particularly under a Labor administration which has not proved to be sympathetic to the needs of the ABC.

In a nutshell, localism Type II has always been the primary burden of the public sector, and in the future the public television sector will comprise one umbrella organisation. The ABC in the 1980s has been charged with more responsibilities, but with severe contractions in funding, even more severe under a Hawke Labor administration than under previous governments. These contractions were not new to the ABC, having been instituted most dramatically under the Fraser government in the late 1970s. The Hawke Labor government did not improve ABC funding, as Whitlam had done in 1973/4, and in fact continued the Fraser government's austerity drive which had seen the ratio of ABC funding to total budget outlay drop dramatically from 0.75 percent in 1973/4 to 0.50 percent in

101 The National Times on Sunday, 31/8/86.
102 The Australian Broadcasting Corporation, op cit, pp. 5.

1979/80.[103]   It was a result of this financial decline, plus the findings of the Dix Committee, that a 'new look' ABC emerged in the 1980s.

The ABC in the 1980s

In its overall assessment of the ABC, the Dix Committee had pointed to considerable past successes - the widespread and regular use of the ABC by the great majority of Australian audiences (only a meagre seven percent of people did not listen to or watch ABC services) and the role of the ABC as a symbol of Australia's national identity.   However, the criticisms by the Dix Committee were just as profound.   The ABC had become 'slow-moving, overgrown, complacent' in nature, it had 'slipped from the forefront of change' and it had become 'uncertain of the direction in which it [was] headed'.[104]   Specifically, it had failed to provide adequate services for non-metropolitan audiences; it had 'failed to reflect the realities of Australian society, particularly the needs of Aboriginals and non Anglo-Saxon Australians'; it had 'over-emphasised some overseas, particularly British, programs on television at the expense of Australian-produced programs'. Finally, it had failed 'to use effectively its resources in the States and regions and thus to reflect the interests, characteristics and concerns of the whole country'.[105]   In short, the ABC had failed to fulfill some vital elements of its statutory requirement under s 59 of the Broadcasting and Television Act to 'provide ... adequate and comprehensive programmes and ... take in the interests of the community all such measures ... conducive to the full development of suitable broadcasting and television programmes'. I have referred to these functions under the general rubric of Localism Type II.

These shortcomings were attributed to two reasons. First, the ABC had suffered severe financial restrictions; this view was put strongly by the Commission itself, by management, and to a lesser extent by staff. Second, (as surmised by the Committee) the ABC had failed to institute 'adequate and enlightened forward planning' which could have minimised to a

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[103] The Dix Committee, op cit, pp. 475.
[104] Op cit, pp. 1.
[105] Op cit, pp. 3.

large extent the effects of such restrictions, of which the ABC had been merely one recipient across the public sector generally.[106]

The Dix Committee made two-hundred and seventy-three specific recommendations about the ABC. Those requiring legislative action were embodied in the new Australian Broadcasting Corporation Act 1983. On 1 July 1983 the Australian Broadcasting Corporation was created and proceeded to implement the majority of the Dix recommendations. Hitherto, the ABC's charter specified that the Corporation's functions should aim to provide 'within Australia innovative and comprehensive broadcasting and television services of a high standard' particularly those 'that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community'.[107] With limits on government appropriations, continuing restrictions on autonomy by virtue of ministerial direction 'in the national interest' (but where the Minister must inform the Federal Parliament within seven sitting days of any such direction), and sanctions against advertising (the ABC itself was firmly antipathetic to advertising), the ABC was pushed towards greater self-reliance, greater rationalisation and more revenue-earning activities. There was also specific legislative backing for what the Dix Committee saw as its premium activities - education, news, current affairs, entertainment and cultural enrichment, but also the encouragement and promotion of music, drama and other performing arts.[108] This did not mean 'cultural ghettoisation'. The Dix Committee, and the government, continued to endorse the role of the ABC as a mainstream institution. It must 'provide a balance between broadcasting programs and television programs of wide appeal' and specialised programs, and it was allocated a specific function 'to transmit to countries outside Australia... programs of news, current affairs, entertainment and cultural enrichment' that will 'encourage awareness of Australia and an international understanding of Australian attitudes on world affairs' and also benefit Australian citizens living or travelling abroad.[109]

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[106] Op cit, pp. 3-4.
[107] The Australian Broadcasting Corporation (1984), History and Development of the ABC, Sydney, pp. 9-10.
[108] Ibid.
[109] Ibid.

In 1984 the Hawke Labor government appointed a new Board and then a Chairman and Managing Director, the latter bringing with them skills from private-sector management. Under their auspices the ABC produced three documents - a list of changes in accordance with the Dix recommendations; a statement of philosophy; and, for the first time, a three-year Corporate Plan, 1985-88.

The Dix Committee recommendations found almost total acceptance by the government and the ABC. Of the two-hundred and twenty-six recommendations capable of being actioned legally by the ABC, only nine were not incorporated. Of the remaining two-hundred and seventeen, one-hundred and seventy-five had been implemented by May 1985, and forty-two were in the process of implementation. Those not adopted related mainly to minor, internal functions. There were only two recommendations of some note not implemented and these related to acceptance of corporate underwriting and cash recovery of unavoidable transmission of advertising messages.[110]

The second publication, **The role of a national broadcaster in contemporary Australia**, was produced by numerous people, including Director Richard Boyer, Helen Mills and Keith Jackson from ABC Head Office, Sydney. While the ABC's functions and responsibilities had already been set down in its new Charter - 'to inform, entertain, educate and reflect the cultural diversity of the Australian community' - in a number of various ways, the wider social context had changed so that '...more and difficult things [were] now expected of a national broadcaster'.[111]   The most pressing philosophical issues which had informed the ABC in 1932 were twofold. First, the ABC was expected to create a well-informed public by broadcasting accurate, wide-ranging, non-partisan information and, in seeking objectivity, to remain independent of the government of the day but accountable to Parliament for its actions. Second, to achieve

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[110] The Australian Broadcasting Corporation (1985), ABC achievements and the implementation of Dix, 1983-85, pp. 11-39.
[111] The Australian Broadcasting Corporation (1985), The role of a national broadcaster in contemporary Australia, pp. 6.

standards of excellence. In Lord Reith's formulation, 'the organisation would not aim for popularity for its own sake, but would offer programs to educate, enlighten and entertain'.[112] In the 1980s there was a need for new goals, since Australian society had become ethnically pluralist and socially complex. 'People had become concerned about the more subtle effects of the mass media: the power to impose cultural values, to distort indigenous cultures, to inure the community to violence, and to influence the capacity of society to shape its own ends'.[113] In 1984, the Board had set two primary goals: 'to extend the range of ideas and experiences available to Australians; and to contribute to the development of values within the community and a sense of national purpose and identity'.[114]

These goals were also put in context. In recent decades, there had been a growth in the strength of commercial broadcasting and in the concentration of media ownership. The same interests tended to control all stages of commercial media production and these interests were influential in the control other corporate interests. The domestic satellite would add to those exigencies. The ABC must keep firmly in mind that its responsibility was to serve the public, a critical difference between it and commercial licensees, who operated primarily in the service of their shareholders.[115] The ABC must respond appropriately by offering alternative sources of news, information and a range of experiences, which it was uniquely placed to offer because it was not dictated to by market pressures. However, it should not rely on its value to the community being self-evident. The ABC had to compete directly with commercial broadcasters, who had become more proficient and increasingly well-funded. Should the ABC fail to compete effectively, even with limited resources, its value would decline accordingly and, in a vicious cycle, the level of public funding would also decrease. This had occurred in the recent past, making

112 Ibid.
113 Op cit, pp. 6-7.
114 Op cit, pp. 7.
115 Op cit, pp. 8.

arguments for 'privatisation', partial commercialisation or reintroduction of licence fees to fund the ABC the subject of much contemporary debate.[116]

On the other hand, the ABC should not exist merely to complement the other sectors. Its Charter stated that the organisation must serve all Australians, not just minorities or special interest groups. In practical terms, the argument about complementarity versus competition was an arid debate. Inevitably, the ABC must compete with other broadcasters in the same field, and ultimately the idea of complementarity rested on subjective judgements and personal preference, which were difficult to evaluate by reference to historical and sociological evidence. It was not a question of differentiation, but of quality and orientation that would mark the significance of ABC programming in the system as a whole.[117] If the ABC was to increase the range of ideas, interests and experiences available to the whole community, if it was to provide diversity and choice for all Australians, and if it was to reflect, illuminate and comment on Australian life from a wide range of perspectives, its planning must not be constrained by statistical measurements, such as ratings collected purely for commercial purposes. These might be a valuable indicator of certain audience reaction at certain times, but they must not become ends in themselves. To do so would result in the ABC tending to duplicate the programs of the commercial broadcasters.[118]

The remainder of the document expanded on these quite simple but fundmanental axioms. In short, the following underlying principles should inform the ABC's ethos, or sense of purpose, into the 1990s. The ABC should exist to serve the community; it should make value judgements about the welfare and aspirations of Australians; it should provide specialist services, but should it not be relegated to a purely complementary role; it should not accept ratings as an acceptable guide for programming decisions; it must act as a genuinely pluralist organisation, offering diverse cultural and political expression appropriate to a secular democracy; and it must pursue its obligation to contribute to a

[116] See, for example, The Australian Financial Review, 13/3/85, 16/4/85,15/5/85, 29/6/85 and The National Times, 5-11/7/85;19-25/7/85.
[117] The ABC (1985), The role......., pp. 9.
[118] Op cit, pp. 10.

sense of national identity.[119] These principles were a clear and firm defence of Localism Type II objectives contained in the ABT's Policy Statement POS 06, 5 December 1983 for all broadcasters.

Certainly, they were declarations which attracted considerable media debate and an equally strident ABC response. For example, the editorial comment of a leading national daily newspaper attacked the philosophy as a 'rather confused statement' and cited selectively findings by Withers to argue that the ABC should should pursue complementary programming only.[120] Withers[121] does argue this case, but a close reading of his research findings renders the argument at best ambiguous. Withers concluded that ABC audiences were increased more by presenting programs that were different, but he admitted that some people were attracted to ABC viewing by competitive programming and that these viewers spilled over into other programs. However, the competitive process was often at the expense of other viewers, who no longer watched as much of the ABC, and that this represented an overall loss to the ABC.[122] Further, he said, 'however new audiences are attracted to ABC viewing, whether by complementary or competitive programming, those audiences remain discerning and do not guarantee future cumulative audience increase'.[123] His later remarks were quite contradictory.

He criticised the ABC corporate philosophy[124] which argues that 'the complementarity notion is "largely meaningless and can only provoke sterile argument" and that the ABC "cannot help but compete for audiences" because the Act"states that the organisation exists to serve all Australians"'.[125] Withers interpreted this to mean that the ABC wants it both ways, to be commercial in some respects and different in others. Yet Withers himself recognised that what can be defined as 'complementary' is a difficult problem, since the concept addresses not only difference in content and type, but in quality, style and

[119] Op cit, pp. 16-8.
[120] The Australian Financial Review, 17/9/85.
[121] Withers, op cit.
[122] Op cit, pp. 17.
[123] Op cit, pp. 17-8.
[124] The ABC (1985), The role...., pp. 9.
[125] Withers, op cit, pp. 20.

with quality, which is what committees of inquiry and the 1985 ABC corporate philosophy attempted to delineate as their contribution to broadcasting services.

It is argued here that it is precisely this elusive, but critical, component which has distinguished the ABC from the commercial sector even though both sectors cover the same program categories. It is not the case that all domestic comedies are mindless, or that children's cartoons are non-educational. Program categories cannot be so easily divided into 'elite' and 'non-elite' categories. There are only programs which, to a greater or lesser degree, present the full range of moral issues as the basis upon which to rank the perennial and competing questions of human values. Any format can achieve that function, ranging from domestic comedy and serious drama to news reporting and current affairs. Indeed, this is what the above-mentioned editorial was forced to surmise, that the ABC should

> serve all Australians in a variety of ways which do not demand a simple repetition of commercial-station standards and aspirations. Basically, it can bring a concept of quality and a creative spark to programming which is virtually impossible to achieve in the desperately competitive environment of the commercials.[127]

In the end, therefore, what both Withers and the editor seemed to be arguing for was unrestrained quality couched in the language of complementarity. Such was the level of public debate at that time about the future role of the ABC, that several full-page advertisements placed into popular national dailies and weekly newspapers by the ABC administration specifically disputed critics' allegations that the ABC was about to chase ratings,[128] that ABC management was inefficient or that the ABC lacked direction.[129] In retrospect these attempts to defend the ABC against its critics appear somewhat pathetic in view of the very turbulent times that lay ahead for the ABC and because the excitement and vigour with which the new Chairman and Managing Director initially faced the future was to end with numerous sackings, multiple resignations, staff industrial action, government acrimony, more cuts in annual funding and, following from that, decreased level of services.

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[127] The Australian Financial Review, 17/9/85.
[128] The National Times, 19-25/10/84.
[129] The Australian Financial Review, 2/11/84; 12/10/84.

government acrimony, more cuts in annual funding and, following from that, decreased level of services.

The first Corporate Plan for 1985-1988 was constructed on the basis that 'as times get tougher, planning becomes increasingly important'.[130] It comprised three major objectives. First, the ABC would establish broadcasting priorities. It would increase Australian content on ABC-TV; it would improve and expand news and current affairs; it would establish a distinct character for radio services (three metropolitan and one regional network); it would proceed with the (badly needed) second regional radio network (including FM); and it would proceed with restructuring of Radio Australia. Second, it would upgrade systems for financial management, budgeting and forward estimates, and it would introduce flexible staffing procedures to ensure effective management and staff planning. Third, it would develop marketing and promotion functions.[131]

The Managing Director explained that the Plan had been produced originally with the intention that the ABC would not require a real increase in government funds. However, the 1985/6 budget had held ABC funding to $395 million. This represented, not a static allocation, but an actual shortfall of some $20 million, or a seven percent reduction in what the ABC considered necessary to sustain ongoing activities.[132] Added to this was the declining purchasing value of the Australian dollar following devaluation. Thus, in the first full year of the new Corporate Plan, the ABC faced additional costs for new program initiatives, overseas purchases and satellite transmission with yet another reduction in expenditure. The ABC was forced to cut staff numbers by five percent (through 350 voluntary resignations); the total reduction in staff was estimated at around 600; it reduced expenditure on television programming, which represented a cut of 140 hours of local productions; and the ABC was forced to lobby the government for extra funding.[133] In early 1986 these discussions bore fruition in an additional $35m allocation, bringing the

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130 The Australian Broadcasting Corporation (1985), Corporate Plan 1985-1988, pp. 2.
131 Op cit, pp. 4.
132 Op cit, pp. 2.
133 The ABC Staff (1986), SCAN, Volume 10, No. 2, March, pp. 1.

budget up to $430m for 1985/6, but still short of the $442 million which had been sought by the ABC. It must be noted that this allocation did not indicate a more sympathetic understanding by the government of ABC difficulties. The allocation was a 'once-off' expenditure and it was used merely to recover the effects of devaluation (a loss of $25 million) and to meet redundancy repayments for 1985 staff cuts (amounting to $10.9 million). The ABC Management continued to stress the view that the strategy for the future would be to improve operations while reducing their public funding requirement from 1988-89 onwards. To achieve this end, however, the ABC would require increased investment in capitalisation, including freehold land, premises and capital equipment. Failing that, the Managing Director said that the 'prospect of recovery will recede and the ABC will continue to be confronted with a range of fundamental difficulties'.[134]

A New Corporate Plan was devised on the basis that adequate funding for 1986/7 would be forthcoming as a result of continued discussions on an individual basis between Chairman Ken Meyer and over one hundred Federal politicans, including the Prime Minister, senior ALP ministers, ALP backbenchers and members of other political parties. The second Corporate Plan committed resources to achieving: a substantial increase in Australian content on television from fifty-five percent in 1983/4 to sixty-five percent in 1986/7; an accelerated expansion of the second regional radio network; a re-direction of spending from operational to capital areas; the replacement of expensive rented and leased accommodation with ABC-owned property; an increased income from ABC enterprises, especially marketing and concerts, which would earn an estimated $20 million over the year representing an increase of thirty-six percent over the last five years; improvements in managerial efficiency through EDP-based management information systems; and diversification of programs, including the establishment of self-contained production units in North-West Australia, the Northern Territory and Queensland to enable aboriginal television to develop in a 'socially and culturally appropriate way', broadcast training, 24-hour radio broadcasting of Radio National and Regional Radio, and development of youth radio on a networked basis.[135]

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[134] Ibid.

[135] Op cit, pp. 7.

The ABC also reacted in other ways. The Corporate and Public Relations Department published seventeen booklets in addition to the annual report, covering such diverse areas as the corporate plan, current issues, marketing policies, and financing the ABC. These were made available to the public free of charge via ABC Shops in all capital cities and other ABC outlets. In addition, the National, State and Territory Advisory Councils, established after the Dix Review, were particularly active through the establishment of ad hoc working parties,[136] and through open public meetings in all state capitals and large regional centres. ABC Staff, too, retaliated to government cuts and to the prospect of redundancies by commissioning their own study. In a report by media economist, Mervyn Smythe, it was shown that in the period 1975-85 thirty-two percent real growth had been achieved in the Australian economy. In this period the services sector grew by forty-one percent and real Commonwealth government budget outlays increased by forty percent. However, the ABC had suffered a series of substantial real cuts in funding and in 1985 had recovered only to reach its 1975 level of funding. During this period also, the total revenue of commercial broadcasting, measured in constant dollars, had grown by one-hundred and thirty-seven percent which represented an average growth of nine percent per annum above the rate of inflation. This meant that the ABC's share of total funding for all radio and television services had fallen from one-third in the mid 1970s to one-fifth in 1984.[137] It is uncertain what impact this report had on government decision-making, but it was after this report had been released that the ABC received $35 million from Supplementary Estimates.

The 'decade of demise', in which the ABC found itself produced obvious successes, as well as quite visible failures. The ABC had planned a new image for the 1980s, following from the Dix Review, through which it attempted to regain for itself a pre-eminent position as the nation's news and current affairs broadcaster. The flagship for this venture was called 'The National'. It cost $25 million to launch and was designed to re-capture a twenty percent share of the 6.30 - 9.30 prime-time audience, half of which had slowly

[136] The Australian Broadcasting Corporation (1984/5), Second Annual Report, Appendices 8 and 9, pp. 71-3.
[137] Report by ABC Staff Union, 3/4/86, pp. 1-2.

slipped away to the commercials during the decade.[138] The 'new look' ABC was accompanied by 'zappy' computerised graphics to promote ABC programs interspersed between ninety-second news stories followed by sixty-second analyses. It replaced the previous format, which had featured longer news stories followed by a separate current affairs program. The National lasted for approximately one year, during which time the volume of criticism towards the ABC, not only over this program but over its new image generally, rose to unprecedented levels. It was perhaps unfair that The National came to symbolise the whole status of the ABC during that turbulent time of new leadership, rapid re-organisation and rationalisation. When The National was axed, the calls for privatisation and licence-fee funding proliferated, allegedly with support from Minister Duffy, the Prime Minister and Treasurer[139] and, at least covertly, from the Managing Director, Geoffrey Whitehead.[140] Yet the ABC's many critics at the time had failed to point out its many successes - the good ratings attracted by the (vastly cheaper) current affairs programs and innovative local productions,[141] and the higher level of audience patronage achieved during the period from fifty-seven percent to sixty percent measured by 'audience reach'.[142]

Thus, the ABC was attacked from both ends of the political spectrum. The 'left' (like the highly publicised letter from thirteen eminent Australians) said the ABC had succumbed to 'mediocrity' and the marketplace.[143] The 'right' attacked 'the left' on the grounds of their 'narrow, backward-looking elitism', arguing that the ABC should be responsive to rapid cultural change,[144] but also argued that its new commercial leanings would represent a wasteful duplication of services.[145] There was even a suggestion from a former, senior staff member that the ABC should be subject to a 'short sharp' government inquiry to

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138 The National Times, 18-24/1/85, pp. 31.
139 The Advertiser, 29/6/85.
140 The Advertiser, 13/4/85.
141 Ibid.
142 The Australian Broadcasting Corporation (1984/5), Second Annual Report, pp. 3.
143 The Australian Financial Review, 6/8/85; 15/8/85.
144 The Australian Financial Review, 15/8/85.
145 The Australian Financial Review, 17/9/85.

redefine or refocus what the aims of the ABC should be.[146] Yet, the one thing they all shared in common was an insistence that the ABC should never forsake its commitment to quality, and they all agreed that its programs should be different.

These arguments were supported by findings of a survey conducted in Sydney by Audience Studies Inc. into the attitudes of Australians to the ABC. The findings showed that people found ABC-TV more informative, more stimulating, more Australian and more worth watching than commercial TV'. Over eighty percent of people believe the ABC 'to be an important part of the Australian way of life, which should be supported', and over ninety-five percent disagreed that the ABC should be closed down 'because nobody watched it very much'. In fact, nearly ninety percent of respondents said the ABC 'produced worthwhile programs that don't get on commercial channels'. Further, over seventy percent believed the Federal Government should allocate more money to the ABC to compete with the commercial channels.[147] Yet, despite what appeared to be wide-based support for the ABC, such entreaties may well prove to be ineffectual in protecting the ABC from further cuts. There are two reasons for this prediction. The first is that the present economic climate is responsible in large part for declining public-sector expenditure and that the ABC is but one casualty of the current, dominant mode of economic rationalism which is monetaristic. The second reason, promoted by ABC staff, is that some senior members of the present Labor government harbour a strong antipathy towards ABC political coverage. The Prime Minister, for example, is reported to have refused to appear on the 'Carlton/Walsh' current affairs' program after his personal morality was questioned over the Hayden leadership challenge.[148] It is the case that without adequate funding the quality and diversity goals will not be achieved.

Quality is not always a difficult goal to achieve, but it is expensive. It is costly because it requires skilled personnel - writers, technical staff, producers, directors, actors/actresses, support staff - and expensive resources - like adequate studios, studio-time and capital

146 The Australian Financial Review, 6/8/85.
147 Scan, (1986) Volume 10, No. 4, May, pp. 1.
148 Interview (confidential) with a senior ABC staff member, 22/10/86.

equipment. The 1986/7 ABC budget allocation will not be conducive to either quality (meaning here different categories, or the same categories with a different format), or diversity (meaning programs for minority interests). Indeed, the present Labor administration is determined to wind down the operations of the ABC to record low levels. This was abundantly evident from the budget planning sessions. During the pre-budget rounds, the ABC had submitted financial projections amounting to $500 million to meet the costs of capital development and purchase of permanent freehold accommodation (to abolish these recurrent expenditures in the longer term). Instead, $427 million became the bottom-line figure finally agreed upon between management and government. ABC management feared the consequences of this drastic rationalisation, but they were forced to accept it. They were not prepared for the further attacks on what was deemed the absolute minimum level of funding.

After the initial agreement, the figure tumbled progressively to $421 million, then $419 million, then $417-8, then to $413 and, on the night of the budget speech, the figure fell to $412.8 million. With these cuts, the new Corporate Plan became a fantasy of the past, replaced by a new three-stage plan for a further 300 staff reductions additional to the previous 350 voluntary resignations. There were also plans for increased centralisation of radio and television operations and to a lesser extent ABC concerts, cuts in specialised radio programs, elimination of local radio programs produced by state metropolitan stations, cuts in services of Radio Australia, reduction of television programs by three hours a week, and centralisation of sales and marketing.[149] The smaller states have shouldered the largest cutbacks so that only some news, current affairs, sport and weather will be produced at a state level. The second radio regional network will not be forthcoming, yet the ABC faces vociferous demands from ethnic communities in non-metropolitan areas, who have questioned in the aftermath of the merger announcement when the national, regional and FM channels will carry specialist ethnic programs. These

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[149] The Advertiser, 29/8/86.

groups also expect to see ethnic television programs continued on ABC TV-1 (formerly SBS).[150]

During this period of economic rationalism, and no doubt exacerbated by it, a series of upheavals occurred between ABC staff, the Board and the management. These internal schisms led to resignations by the Chairman, the Managing Director and one Board member. The chairmanship was filled by a Labor appointee, David Hill, who was later designated to the position of Managing Director following Whitehead's resignation in September 1986.

Conclusion

All of the ABC's plans to fulfil what I have called the components of Localism Type II will be either abandoned or severely cut in the future. As Hill warned after the 1986/7 budget, the present situation

> is only the start of a major shake-up and further cost-cutting. Further cuts in our budget will stop the national broadcasting corporation from continuing in its present form. We have to do more with fewer resources and fewer people – and you can't have it both ways: you can't expect an organisation to expand its services and reduce its funds.[151]

As I have shown, there is little indication that the public would endorse this savage dismissal of the role of the ABC in radio and television broadcasting. The demise of the ABC means more than just abolishing a few specialist programs. The ABC has always been charged, implicitly at first and then later explicitly, with providing services of a high standard and particularly those that contributed to a sense of national identity. Thus, the goal of the ABC has been, in an over-arching way, the creation of social unity. Initially, it was set up to provide programs of interest to all Australians, but with social and political fragmentation, the ABC took on more and more specialist and minority interest broadcasting. It not only wanted to do these things, but it was forced to do so, because the commercial sector have refused to relinquish a primary commitment to shareholders,

[150] ABC Inter-office memo, 20/10/86. This memo was addressed to the Acting General Manager (Stuart Revill) from the General Manager of South Australia (Grahame Taylor). It dealt with the response from public meetings held in mid-October convened in Port Pirie and Whyalla by the South Australian Advisory Council.
[151] The Advertiser, 29/8/86.

despite persistent government recommendations to the contrary. The universalistic role of the ABC has been synonymous with the quest for social unity. Its history is therefore bound up with the notion of 'the public interest'.

It has been a major strand of this thesis that the state has an interest in social unity, since it is both a cause and effect of the disunity in liberal democratic societies which is caused by the formal separation of politics and economics, with the consequent clash between class and citizenship. What, then, of the search for social unity, especially with the demise of the ABC? The following developments are apposite here. It seems fairly certain, following Hill's pronouncements, that the ABC will have to justify future government appropriations by capturing higher ratings,[152] and it will have to earn more of its own money by orchestrating the sales and marketing division to supplement government appropriations. The target for 1987-88 was put at $15 million, drawing a profit of $3 million.[153] A heightened interest in ratings, together with a serious questioning of the ABC's role in informational programming[154] would indicate strongly a sharper drift towards commercialisation. However, this will probably be accompanied by an equally strong move towards 'cultural elitism', at the other end of the scale, since it is only through the ABC that Australia's six symphony orchestras are maintained and it is only through the national channel and FM channel that serious music and the arts are broadcast.[155] Thus, the ABC will be forced to sacrifice what Green and Dix called a valuable, 'pacesetting' function for the broadcasting system as a whole.

This does not mean that the state or, at a more immediate level, the Labor government has suddenly relinquished a concern for social unity, but it does mean that the method will change. The quest for unity will be transferred to the commercial sector, and Localism Type II will no longer feature in the forefront of policy objectives. In the present

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152 Scan, (1986), Volume 10, No. 7, August, pp. 1.
153 The Australian Financial Review, 28/11/86.
154 The Australian Financial Review, 6/11/86.
155 Some public radio stations do include serious and classical music, but these are locally-produced and transmitted. However, some of their 'talks' programs are networked around Australia.

constrained economic climate, the stress on social unity has been translated into the axiom that all Australians everywhere should have access to the same programs, including those broadcast by the commercial sector. The task for the government has been to alter the rules so that national networking (akin to the American style) can operate in the best possible, deregulated environment.

The next chapter will document the debates and the social forces involved in this most recent and radical reorganisation of commercial practices. It will not mean the end of Localism Type II, because the pressures for social, political and cultural diversity will remain as they have in the past. However, it will be more difficult politically for these forces to predominate, since the public sector will be further starved of funds and the emergence of large networks across Australia will encourage standardisation and mediocrity at the expense of artistic experimentation, cultural development and social diversity.

CHAPTER EIGHT

The Structure of Commercial Broadcasting in the 1980s

The tensions between Localism Type I and Localism Type II continue to dominate public

debates concerning the future structure of the industry with satellite delivery of programs.

The major difference is that these tensions have increased dramatically, primarily because

the technical possibility of satellite distribution of programs via a direct station to home

basis (known as Direct Broadcasting Services) had placed before the city networks an

unparalleled commercial advantage. Unlike terrestrial systems of delivery where

distribution costs are considerable, satellite delivery of programs has the potential to

decrease distribution costs and at the same time increase a station's market area. It was for

that reason that the Nine Network initiated the satellite proposal (followed by Seven and

Ten) and placed it before the Fraser government in 1977. Were Direct Broadcasting

Services (DBS) to be ratified by government at some future stage, then the networks would

have the potential to increase vastly their market areas. Rather than covering only forty-two

percent of television homes, the networks could cover all television homes in Australia and,

at the same time, actually decrease their distribution costs.[1] National coverage would also

allow them to raise advertising rates. Thus, satellite technology would permit the networks

to expand their revenue base and to control vertically the purchase, production,

transmission and distribution of all programs.[2]

The networks have argued that changes to the structural elements would improve the

servicing elements. According to this view, unmediated networking from Sydney and

Melbourne would enhance the production of high quality programs, it would generate more

diversity in style and content, and it would stimulate the production of more costly material,

such as indigenous drama. The rationale for this option has been that country residents

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[1] The Australian Broadcasting Tribunal (1984), Satellite Program Services: Inquiry into the regulation of the use of satellite program services by broadcasters, Volume 1, Canberra, Australian Government Publishing Service, pp. xxxix.

[2] For a detailed pre-history of the satellite debate and a review of media and communications institutions in Australia, see Barr, T. (1985), The Electronic Estate: New Communications Media and Australia, Victoria, Penguin Books.

should have available the same range of programs of the same quality which urban Australians have enjoyed since the late 1950s. Specifically, there should be an 'equalisation of services' to all Australians.

The 'equalisation' option has been adopted by the Hawke Labor government, although what kind of structural changes would be necessary to achieve equalisation as well as other objectives, has been the subject of the current debates. The development of a policy towards the regional structure remains a vital question. In other words, what should be done about Localism Type I?

The Regional Television Authority (RTA) has opposed satellite networking in the form advocated by the city networks. The regionals have argued that, if programs and advertising were to be networked on a national basis from Sydney and Melbourne, they would no longer be required by the major networks as purchase and distribution outlets. In effect, they would be transformed into relay units for the networks. The opportunity would no longer exist to continue with the current, modest degree of locally-produced material. In addition, they would no longer retain autonomy over program choice or selection of advertising. Thus, according to the regional licensees, city-based networking would render their own operations inoperable, at least as they presently stand.

It was shown in the last chapter that country residents also opposed national networking, because they saw it as a threat to the minimal local programming they did enjoy via the regional stations.[3] Indeed, the whole purpose of the Localism Review (1984) was to argue against the claim by the larger broadcasters (and an Administrative Appeals Tribunal decision) that Localism had no place in broadcasting history, and to argue for the retention of an 'independent' and viable regional structure. The retention of localism (Type I) was promoted on the grounds that its basic and primary objective was 'to ensure that broadcasting services [were] attentive to the specific needs and interests of each local community'.[4] This was seen to be especially important for country residents who, unlike city residents, did not enjoy the plurality or diversity of information and entertainment outlets. Thus, the report by the Department of Communications recommended the protection of Localism Type I structures (but also allowed for program networking) and

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[3] The Department of Communications (1984), Localism in Australian Broadcasting: A Review of the Policy, Canberra, Australian Government Publishing Service, pp. 167-226.
[4] Op cit, pp. 226.

Type II services, and submitted these findings to the Tribunal's contemporaneous investigation into the Regulation of the Use of Satellite Program Services by Broadcasters (SPS).

Following from the ABT report, three major policy options emerged: (1) the ABT's Federal Consortia Scheme; (2) the DOC's Multi-Channel Services followed by Aggregation; and, (3) the government's response. The latter was distinguished by a proposal for the immediate aggregation of market areas. A later decision permitted the enlargement of market areas to cover seventy-five percent of the total population. Under this scheme, the provision of Localism Type I services will be negligible if provided at all. Although the government has yet to resolve the question of encoding signals, it is an inescapable conclusion that the entire system will become far more centralised. Indeed, one major national network has now emerged three months after the government's first announcement of changes to the ownership rules. This means that other national ownership networks will have to follow in order to compete with the Bond-owned Nine Network which owns holdings in all major markets except Adelaide and Hobart.[5] That is, the tension in the future may be between Direct Broadcasting Services and a version of Localism Type II, which does not include independent operators in regional markets. These options are discussed below. The body of this chaper will examine inputs to the political process. It will discuss various policy outcomes and the changes in government policy over time as a result of struggles between large and small capital (including divisions and alliances between them). It will also analyse the conflicting positions taken by the Cabinet, ministers and government agencies, and the proposals put forward by political minority groups.

OPTION 1 - AGGREGATION

The Aggregation proposal was put forward by the ABT in 1984 as a result of its Inquiry into the regulation of the use of satellite-program services by broadcasters (hereafter SPS). The terms of reference required the ABT to take notice of the government's desire: (1) to

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[5] The Australian Financial Review, 21/1/87.

maximise diversity of choice, (2) to discourage concentration of ownership and control of stations; and (3) to maintain the viability of the broadcasting system. The ABT should also take account of the significant number of Australians who had no access to commercial radio and television services, and those who had access to only one. It should have regard for the government's decisions on supplementary licences and use of the satellite for the distribution of programs and advertisements.[6]

Of the many options put forward, the ABT recommendation attempted to reconcile the structural tensions between Localism Type I and extra-local ownership. The government could no longer afford to ignore the gap between the law (which defined stations as separate, autonomous and equal entities) and economic reality (which had created a system where a massive structural imbalance existed in favour of the Sydney and Melbourne-based networks). The law regulated the system in terms of many owners of a relatively small number of stations (fifty). However, diverse ownership did not ensure diversity of control, because the legislation treated all market areas as constituting the same population density. (A station in Sydney and a station in Alice Springs are regarded as equal, even though the population of Sydney and the advertising revenue it could command are vastly superior). The over-riding intention had been to prevent any one organisation controlling a substantial number of stations. Therefore, licences were granted to local interests to provide locally-relevant services, but the system had quickly moved towards a national system, and a dramatically inequitable one. In the 1980s, for example, there were three channels in the mainland capital cities (but only two in Perth), one channel in regional areas and no commercial services in remote areas.

Another major feature of the contemporary system was the existence of networks which exerted great influence on other commercial stations, despite the fact that networks were not formally recognised in the Broadcasting and Television Act.[7] As the Tribunal stressed repeatedly throughout the report, the commercial system was now dominated by the six Sydney and Melbourne stations which were owned by four newspaper groups, which also

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[6] The Australian Broadcasting Tribunal, op cit, Volume 1, pp. xxxiii.

[7] Op cit, pp. 164-5.

owned much of the other media. These groups covered forty-two percent of the population, grossed fifty-five percent of the revenue, spent sixty-two percent of the total program expenditure and supplied fifty-one percent of all programming throughout Australia.[8] Both within and outside the networks, stations were free to decide, at least formally, whether or not to take network programs. However, because of their larger market areas, decisions regarding programming and conceptual development were determined largely by the Sydney and Melbourne stations, particularly the Nine and Ten networks as a result of their common ownership of stations in Sydney and Melbourne.[9]

The Tribunal concluded that without significant re-structuring, the utilisation of SPS would further entrench market inequalities. The network sale of national advertising (integrated with program feeds emanating from Sydney and Melbourne) would extend their influence into newly created regional outlets. If second (and even third) stations were established in regional markets under the present ownership and control rules, the system would cease to be commercially viable. It would develop along similar lines to the US model, where programs were shown simultaneously across the country without being previewed by local stations, and where advertising would be included as part of the program package. This kind of prognosis was as unpalatable to the Tribunal as it was to regional operators and other 'public interest' participants. However, the Tribunal saw no alternative but to construct a system capable of delivering three services to all Australians. The rationale was that, because the satellite offered a unique opportunity for cost-effective equalisation, and because the community had been led to expect this outcome, the Tribunal must find a way to achieve it.[10]

The question was, therefore, how best to correct long-standing market imbalances? For the ABT, the ownership and control rules were anachronistic in an age of centralised production and national 'networking' (networking in terms of varying agreements between stations, rather than the US model). The challenge was to find a scheme which could use

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[8] Op cit, pp. 151.
[9] Op cit, pp. 164.
[10] Op cit, pp. 165.

the economies of scale offered by networking while avoiding the disadvantages of monopolisation. The Tribunal advocated a more extensive scheme of networking, but a series of competitive and balanced networks. The status of a licence would rest on the percentage of the population served, rather than the number of stations owned by one licensee. This was to be called the Federal Networking Consortium concept.[11] It would embrace a federation of companies based in different states with equal voting rights in all networking decisions. It would

> modify the balance of control and influence of metropolitan stations, and the commercial television networks, to bring about a greater diversity of decision making in the production, acquisition and distribution of commercial television programs and national advertising ... It addresses two major themes that have crystallised from consideration of submissions and evidence to this inquiry: namely, that the existing Sydney and Melbourne commercial television licensees which control extensive other media interests should not extend further their social and economic power and influence within the Australian commercial television system: and that opportunities for new entrants should be created, in the new national commercial television system which will emerge after the introduction of the satellite system, in such a way that they will be able to exercise real influence on decision making within commercial television.

There would be three major networks. The 'Seven Networking Consortium' would have five mainland metropolitan stations each holding a twenty percent shareholding interest. The same would apply to the 'Nine Networking Consortium', while the four companies in the 'Ten Consortium' would each hold twenty-five percent.[12] The companies would supply programs and national advertising to all stations, regional and capital, and all participants would share program costs and revenues equally. The companies would be non-profit entities. Profits would not be distributed to shareholders, but surpluses would be accumulated and reinvested in developing the activities of the companies.[13] To avoid undue influence on program acquisition and other decisions, no person or company could hold more than a prescribed interest in more than one metropolitan television station. The result would be an increase in the number of licensees for the metropolitan stations and a diversity of control and influence in all decisions. Instead of nine company groups, with

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[11] Op cit, pp. 170.
[12] Ibid.
[13] Op cit, pp. 171.

four groups holding the licences for the Sydney and Melbourne stations (and holding controlling interests in newspaper and radio companies), the plan would prevent common ownership of metropolitan stations. It would increase the number of licensees to a total of fourteen, and result in six separate licensees for the Sydney and Melbourne stations.[14]

Programming decisions relating to overseas purchases and domestic production would be separated. The cost of purchase of Australian rights to exhibit overseas programs would be divided on a pro rata basis between members of the consortium depending on the size of their market area. This would inevitably leave the Sydney and Melbourne stations in a position of economic dominance because, having the largest market areas, they would make the largest single contributions and retain greater decision-making power in the choice of purchase. Against this, however, they would be faced with constraints previously not exercised by affiliates. Broadcasting rights would be sold to all markets in relation to the number of television homes in their market area. Out of the total revenue, members would be repaid in full for their original contributions. Over time, it was hoped that the consortia could store reserves sufficient to pay the full cost of program production negating the necessity for individual contributions, although members would retain voting rights in networking decisions.[15]

With domestic productions, the equalisation of power within the consortium would encourage the diversification of production into major centres outside Sydney and Melbourne, possibly augmented by financial support from respective state governments and film corporations.[16] The non-profit nature of the consortium would ensure that there would be no incentive gained by over-charging affiliates for the sale and distribution of programs, and there would be no incentive to minimise payments to stations for the transmission of national advertising, a complaint frequently made by affiliates to US networks. Under the scheme, the networks themselves would not be licensed, and the Tribunal would not monitor production or distribution. Its role, and the legal safeguards,

[14] Ibid.
[15] Op.cit, pp. 173.
[16] Op.cit, pp. 172.

would extend only to maintaining the structure of equality within the network consortia. The ownership and control provisions for non-metropolitan areas (the two-station rule) would have to be relaxed, because basically the two-station rule failed to take into account the differential size of market areas.[17]   Therefore, any restructuring of the system must retain the competitive position of the regional stations to allow them to continue to supply local services to local communities. On the other hand, it should also attempt to enhance the ability of the regional stations to provide an improved service.

The Tribunal's position can be summarised as follows. The Consortia scheme would reconcile the structural tensions between Localism Type I (individually separated and automous units, as they were legally recognised under the Broadcasting and Television Act) with extra-local ownership and control (the economic reality of broadcasting arrangements). The objective was to preserve the servicing elements originally conceived under Localism Type I (at least to the modest degree being achieved in the 1980s) as well as the positive program standards identified by the ABT under Localism Type II, including Australian drama. The idea was to create a series of competitive, balanced networks with a strong regional aspect, which would also support a viable Australian production industry. The key to this scheme was the re-arrangement of the basic structural components of the commercial sector and the regulation of equity within each network rather than the regulation of relations between stations. For example, the Tribunal eschewed a system which would require regulation of program supply on the grounds that this would be extremely difficult to monitor, and because this would only treat a symptom, rather than the underlying structural cause (uneven market strength and the two-station rule) of unfair trading practices. Clearly, it was not a scheme in line with the optimal economic interests . of the major networks.

From various pieces of evidence gathered throughout their inquiry, the Tribunal was able to construct a realistic picture of the long-term intentions of the major networks, who also

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[17] Op cit, pp. 173. For example, a company owning a station in Toowoomba and Bendigo was considered, in ownership and concentration terms, the same as a company which owned stations in both Sydney and Melbourne, but the economic power of each of the city companies and their ability to finance and commission production, was far in excess of the combined strength of the country stations. See op cit, pp. 167.

emerged from the inquiry as the dominant commercial users of SPS.[18] Very few submissions to the SPS inquiry expressed a desire to become SPS suppliers, the exceptions being a Queensland consortium of regional stations and a few 'minor' users, although the Australian Film Commission, the Australian Writers' Guild Limited, the Australian Children's Television Foundation and Communication Action proposed arrangements to permit independent program producers access to the satellite for the distribution of their material.[19]

The Network Position

The optimal solution for the networks was one where they could by-pass the non-metropolitan stations and make their signals available unencoded to television viewers throughout the entire country directly from the satellite. This would be a case of Direct Broadcasting Services (DBS). Under this scheme, the networks could bring about maximum enlargement of their market areas with proportionate increases in national advertising rates. Indeed, this was the fundamental rationale behind the Nine Network's commissioning of the Bond Report in 1977, which advocated the establishment of a satellite system for Australia. It had been endorsed by the Ten network and, despite some initial reservations, by the Seven network. The Bond Report was submitted to the Fraser Liberal government, which appointed a Satellite Task Force in 1978 to examine the concept. The Task Force recommended that the project should proceed.[20] Of course, there were many stations operating in regional areas which would have to be drawn into the national networking system in such a way as to continue to generate additional revenue and, in effect, facilitate the centralisation of the commercial system. Such a system operated in America, where the networks negotiated the sale of national advertising and interspersed this with program feeds for distribution to stations throughout the country.

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[18] Of course, there would be other users. The ABC would head the major, non-commercial user list for its HACBSS and Radio Australia shortwave broadcasts, followed by the Department of Aviation, the Department of Defence, Telecom and the Department of Education. The business community would also benefit, in particular, banks, mining companies manufacturers and retailers. See ETI, May 1984.

[19] The Australian Broadcasting Tribunal, op cit, Volume 2, pp. 3-4.

[20] Op cit, pp. 2,3.

Undoubtedly, this scheme would advance three important government objectives. First, it would equalise services and bring diversity of choice to all Australians regardless of their geographical location. Second, it would enhance the viability of the commercial system. Third, this would (at least ostensibly) encourage an Australian national orientation in radio and television and it would promote an indigenous film and television industry. The problem was that the government had directed the Tribunal to have regard for two other objectives. The government was antipathetic (at least initially) to any scheme which would further entrench local or national monopolies, and it had directed the Tribunal to protect the provision of local services for non-metropolitan residents. Under the network scheme, both of these objectives would be undermined. The regional stations would become mere relay units of the networks, because the centralisation of production and sale of national advertising with program feeds emanating from Sydney and Melbourne would reduce significantly the autonomy of regional broadcasters to re-schedule advertising and programs suited to the needs of local residents. It hardly needs pointing out that the network scheme would further entrench the monopoly position of the Sydney and Melbourne companies, which also controlled much of Australia's printed media. Indeed, the Tribunal inserted this overriding objection at frequent intervals throughout the entire report.

In response to this objection and in response to fears raised by RTA concerning possible unfair practices, the networks offered assurances that they would neither make national advertising nor satellite delivery conditions of program sale.[21] The Tribunal accepted these undertakings, but remained commited to the 'inescapable' conclusion that such conditions would ultimately prevail. The considerable cost of transponder leasing suggested that the networks would have to find some way to increase the attractiveness of integrated feeds and satellite mode of delivery, since the annual cost to each of the networks of leasing and operating one 12 watt and one 30 watt transponder from Aussat would be

[21] Op cit, pp. 6-9.

around $6m. Making allowance for savings on terrestrial bearers, the satellite distribution of programs would add approximately $15m per annum to the costs of the industry.[22]

The Tribunal thus found itself subsantially in agreement with the submission of the Australian Telecommunications Employees' Association (ATEA), that if the networks were to use the satellite for current practices only, they would accrue no benefit, because satellite capacity would actually raise the costs of program distribution.[23] This was supported by the fact that each network group had opted to lease a 30 watt transponder, as well as a 12 watt transponder, whereas delivery of SPS to licensees required the use of a 12 watt transponder only. The Tribunal concluded that the reasons for their intention to lease both transponders were not for complementary distribution to regional licensees, but (a) to provide for a possible change in government policy in the future which may allow DBS in existing service areas, (b) to provide for a possible future change in policy to allow DBS in remote areas, and (c) to avoid being disadvantaged by network rivals.[24]

The Tribunal's Consortia scheme was, therefore, not in accord with the optimum network scenario, but neither could there be a scheme which impeded the advantages of networking and economies of scale, and which did not equalise services to all Australians. The solution had to be found in increased outlets in regional areas. Under the Consortia scheme, the regional stations would actually increase their viability and influence, but they too would have to relinquish their local monopolies.

The RTA Position

Like the networks, the prevailing concern of the regional stations was to protect and, if possible, advance profitability. Under the existing scheme, many of the regionals enjoyed a comfortable local monopoly. For example, a typical regional television station produced a profit to revenue ratio of twenty-five percent compared with the 10-year average of Canadian commercial broadcasting of under eight percent or cable television of marginally

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[22] Op cit, pp. 9.
[23] Op cit, pp. 10.
[24] Op cit, pp. 19.

greater than eight percent[25] Regional markets accounted for thirty-four percent of Australia's television homes and twenty percent of advertising revenue but incurred only thirteen percent of total television programming costs.

The regional stations held a favourable bargaining position with the networks. They could choose from four sources of supply (three domestic networks and overseas distributors) and were thus able to 'cherry-pick' amongst suppliers whilst incurring minor programming production costs. The production of local programs was relatively meagre, comprising between 2.5 and 13.7 per cent of total broadcast hours, and because regional stations occupied a single market area they had no incentive to increase production levels or to produce high quality material. Accordingly, regional communities suffered an inferior service. A regional service was transmitted, on average, for only seven hours per day, the most popular programs broadcast in the major markets were often not available in regional areas, or available only months or years after the program had been shown in the cities.[26]

The government had directed the Tribunal to rectify these inequalities, having regard for its prior endorsement of the supplementary licence scheme. This scheme had been announced in 1980 by the previous government as an ancillary method of extending commercial FM radio services and television services to country markets via the satellite. Supplementary licences protected localism, local autonomy and commercial viability, because the licences were not counted under the two-station ownership rule. However, the effect was to promote local monopolies, because the licences were issued to existing operators.[27] Regional operators had not immediately welcomed supplementary licences, because they would be forced to incur additional capital and operating costs. They had expressed interest later only because of a negative push. The alternatives, which they may have faced, included direct reception of SPS signals, or perhaps the licensing of a new independent licensee in their market area, which would have punctured their lucrative local

[25] P. Westerway (1985), 'Broadcasting Policy Development and the FDU', Address given to Department of Communications Public Conference, "Australian Commercial Television: The Future", held at Sydney on 30 September - 1 October.
[26] The Australian Broadcasting Tribunal, op cit, Volume 1, pp. 55.
[27] Op cit, pp. 51-2.

monopoly. It was this local monopoly position which Minister Duffy had sought to overcome by directing the Tribunal to find a means of inserting an extra independent commercial service in all regional areas within the limits imposed by the need for commercial viability.[28] Again, the Tribunal faced an impasse in terms of the viability objective. From studies carried out by a staff working party into the cost-effectiveness of one or two supplementary licences, it appeared that commercial viability would be eroded to such an extent that the majority of stations would be unable to maintain the existing standard of service.

The report prepared by Tribunal staff stated that returns to shareholders from media investments had declined over the last ten years from approximately nineteen percent in 1974 to twelve percent in 1983.[29] Given the fact that Australia already supported proportionally the same number of outlets as the more prosperous US market, and since the level of television penetration was already high (ninety-nine percent of total households), the profitability of existing stations would decline if the number of outlets were to be expanded significantly.[30] The introduction of supplementary services would not only add to capital maintenance and operating costs for licensees, but the prospects for attracting additional revenue to cover these costs was not encouraging; the Australian Association of National Advertisers (AANA) anticipated little increase in television advertising. At the current level of fifty cents in the dollar, advertising via television could increase only marginally by an additional five to ten percent, while the total amount of advertising was not expected to rise, because advertising per capita in Australia had already reached one of the highest levels in the world (exceeded only by the USA), in a period when population growth had remained modest.[31] The paper estimated that one extra service via a supplementary licence would cost an additional twenty-five percent, but because revenues increased by only fifteen percent per annum, an additional service could be provided either by a reduction in profits or a reduction in standards. The paper categorised five groups of

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[28] Op cit, pp. 52.
[29] Op cit, Volume 2, pp. 298.
[30] Op cit, pp. 296-7.
[31] Op cit, pp. 299.

regional stations according to pre-tax operating profits. Only those stations in group five (who enjoyed pre-tax profits in excess of $1 million) could the service be introduced without reductions in the standard of the existing service, although they would still suffer a decrease in the rate of return on investment. The other categories would be forced to reduce standards.[32]

This would mean that only five stations could provide a rudimentary service, and another fourteen stations would be forced to provide an inferior standard if they were asked to present a second or third service. Therefore, almost half of the existing regional stations were not eligible financially to take up the supplementary licensing options (either one or two additional services) in a single station market, and nor could the majority of markets support an extra independent service.[33] The problem was that, with the introduction of one additional service (via one supplementary service, or one independent licensee) in the same market area, the demand for programs would double. Where there were two services in a single market area (one being a supplementary licence) the station would attempt to provide complementary programs on the two channels in order to maximise the aggregate viewing audience. Either the programs could be acquired from all three networks, or the station could arrange to take all of the programs from one network and 'cherry-pick' from the other two. Territory Television Pty Ltd. indicated that this would most likely be the case.[34] Where there were two independent licensees in a single market area (such as the Perth situation) it was most likely that one station would enter into an affiliate relationship with one of the three metropolitan networks, while the other station would have the choice of program material from the other two networks.[35]

RTA expressed a preference for two transmissions in an area, rather than three so they could preserve independence and control, and '... hopefully the flourishing of localism'.[36] However, they would still need to be assured of supply, because the additional channel

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[32] Op cit, pp. 305.
[33] Op cit, Volume 1, pp. 75.
[34] Op cit, pp. 76.
[35] Ibid.
[36] Op cit, pp. 77.

would double the demand for programs. The question was, whether program supply arrangements with the networks needed to be legalised, or whether the regionals and the networks could come to a voluntary and mutually satisfying arrangement.

Initially half of the RTA members sought additional regulation of SPS under Section 134 dealing with the supply of programs.[37] but, in a final submission, this number had dwindled to three members.[38] The RTA position appeared to have been swayed by negotiations between Swan Television and Radio Broadcasters Ltd (Perth) with the Nine Network (Consoldiated Press Holdings). The Nine network had persuaded Swan that a formalised regulatory system may not be in its long-term interests. Further, under the new four-year agreement, Swan and all other customer stations would remain free to decide on scheduling; they would not be required to broadcast advertisements included in network material; they would not be obliged to adopt a joint selling plan; and they would not be required to insert or exclude minimum levels of advertisements unless the rights so dictated.[39]

The Tribunal did not accept any of these assurances. According to the Tribunal, any retrospective regulations imposed after one, two or three years would occur too late to redress the loss of economic independence and inflexible program supply.[40] The Tribunal calculated that local autonomy would be retained at first. Where there were only two services being transmitted in a regional area, and where the operator had access to more than two SPS suppliers (the networks), the bargaining position of the regionals would be preserved. However, this autonomy would be eroded over time. The added cost of purchasing more programs and operating more facilities with the same level of revenue would reduce profitibility (AFA and AANA warned that advertising revenue would not increase). The regionals would be attracted to use programs delivered by SPS directly from Melbourne and Sydney, and this would lead to greater commonality of scheduling across markets. Ultimately, this would enhance the opportunity for the common

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[37] Op cit, pp. 76-7.
[38] Op cit, pp. 79.
[39] Op cit, pp. 127-8.
[40] Op cit, 128-9.

scheduling of national advertising. The result would be the development of US-style networking, where the autonomy of the regional stations would be reduced. This would mean a loss of local identity, an absence of local programs, and conversely an increasing centralisation of power and influence in favour of the Sydney and Melbourne networks. Thus, if regulations were to be imposed, they would have to be included at the inception of SPS.[41]

The Staff Paper noted, however, that the prospects of the regional stations attracting national advertising could be raised if two or more licensees combined to support supplementary services to several existing markets.[42] Under this option (an aggregation of market areas) there would be four regional markets coinciding with AUSSAT spot beam footprints in Queensland (731,200 TV homes), the South East (1,260,700 TV homes), Central (438,500 TV homes) and Western Australia (417,000 TV homes including, 7,500 TV homes served by repeaters). The markets would be served by three networks, comprising licensees (including metropolitan stations) outside Sydney and Melbourne.

This was the basis of the Tribunal's final recommendation to the government. Under the Consortia scheme, programs from the production centre could be delivered via satellite to regional stations providing insertion of local programs and local advertising.[43] Regional networking would promote competition and diversity (in structural and servicing elements), thereby discouraging the operation of local monopolies while still retaining local services. Ownership diversity could be increased within the sector as a whole, if the ownership and control rules were relaxed for non-metropolitan stations so that market size, rather than number of stations owned, would constitute the primary licensing criterion (a point previously recommended in the ABT's Cable Report,1982). By endorsing a high degree of common ownership within each network, and by excluding the Sydney and Melbourne licensees, the system would allow eventually for an additional three companies in each of the four regions (another twelve licensee companies) over a ten to fifteen year period.

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41 Ibid.
42 Op.cit, Volume 2, Appendix F, pp. 306.
43 Op.cit, pp. 307.

Reception by regional areas could be achieved by a combination of terrestrial and satellite transmissions: the satellite would distribute the signals, and the licensee would deliver the signal to the viewer by conventional terrestrial means.[44]

The plan would comply with the government's five objectives.[45] It would equalise services; it would protect commercial viability, because networking would achieve economies of scale; it would redress the structural imbalance away from the networks and, at the same time, break up privileged local monopolies; it would protect the particularistic preferences of regional audiences (localism); and it would encourage an Australian 'look' or a national orientation. It would also promote an Australian production industry because the increased number of outlets would stimulate the supply of quality Australian material.

Remote Area Services

With the same objectives in mind, the Tribunal rejected the network scheme for provision of services to remote areas. The network scheme constituted a form of Direct Broadcasting Services (DBS) and possessed the singular advantage of being able to provide three services to non-profitable markets in remote regions. It would be commercially viable (which the regional plan may not be) and it would still allow for locally-originated material (like the regional approach). However, it had the following disadvantages. DBS would require a change in legislation and it would add to the cost of reception ($3500 - 5000). Moreover, advertising material originating from the cities may well be irrelevant to remote rural communities, it would violate ABT rules about appropriate time scheduling for categories of advertising and other programs; it would reduce the opportunities for local business by encouraging mail order rather than direct sales; and it would give the networks a 'foot-in-the-door' for the possible introduction of full scale commercial DBS to the whole country. The latter was the most powerful disincentive, because it would cement existing imbalances in the commercial structure. According to the Tribunal, any plan that may ultimately serve to augment the power and influence of the Sydney and Melbourne

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[44] Op cit, pp. 313.
[45] Op cit, Volume 1, pp. 60-1.

networks was inappropriate since '... such a solution could have grave consequences for the orderly and planned extension of services in regional markets'.[46]

On those grounds, the Tribunal favoured an amalgam of the RTA/DOC/State Government solutions, all of which had embodied variations on the theme of decentralised regional approach. Essentially, this service would resemble the ABC remote area service (HACBSS), except that the commercial service would be operated by a regional licensee in the area, who could also act as an SPS supplier to remote areas. It would also minimise the cost of reception. The disadvantages were that only one service could be provided (instead of three under the network solution), the legislation would have to be changed to allow the provision of local services through self-help translators, and commercial viability would remain uncertain. However, the latter disadvantage could be overcome by allowing the SPS supplier to supply other regional licencees as well (a view put forward by Golden West Network Limited), and by relying on cross-subsidisation funding (a plan put forward by the Western Australian government) either through horizontal integration of regional licences, state/federal subsidies, or a consortia of regional licensees.

Overview

Throughout the report the Tribunal continued to recognise a number of important factors as the basis for broadcasting policy. First, satellite technology provided the potential for three services to all Australians. Secondly, community expectations had been raised accordingly. Thirdly, the government sought the equalisation of services as its highest objective. It was therefore encumbent upon the Tribunal, at the behest of the government, to find ways to achieve these goals, while also maintaining viability, localism and promoting market equality. It is obvious these various objectives were not easy to reconcile.[47] For example, because the network scheme contained the undiluted promise of three services to everyone, it would increase diversity of choice to country audiences and it would no doubt enhance commercial viability. However, as Minister Duffy had indicated in a November 1983 statement, the network solution would raise problems relating to the concentration of ownership, preservation of localism and the independence of regional

[46] Op cit, pp. 85-90.
[47] Op cit, pp. 91.

stations.[48] Independent licensees, FACTS and the RTA also opposed the network scheme. The Tribunal, too, objected strongly to the network ideal. While it did seek a three- service parity across Australia, it rejected the network DBS model and the supplementary licence scheme (either a one or two model plan) on the grounds that both would herald the loss of local programming and the loss of regional autonomy in program and advertising scheduling. Both would result in an increase in the dominance of the networks supplying the programs and advertisements.[49]

Thus, the Tribunal's position can be expressed in the following terms. Localism Type I structures had ceased to be a reality in television broadcasting. This had occurred, in part, for sound economic reasons and also as a consequence of periodic shifts in government policy. It was acknowledged that networking offered definite advantages to a country like Australia which has a small population, yet the needs of local residents could not be ignored. Their needs had been ascertained from the Department of Communications' 'Needs Study' and others (explicated in Chapter Five) which showed that whilst residents sought up-to-date news and current affairs, they also worried about the intrusion of 'capital city values' into their own communities and consistently expressed a desire to have some control over the material being distributed.[50] On these grounds, the Tribunal sought to preserve, at the minimum, a regional variation of Localism Type I (regional managerial autonomy of scheduling and modest local production). By intervening to create greater diversity, decentralised production centres and balanced networking under the Consortia scheme, the Tribunal sought to preserve the 'positive program standards' inherent in Localism Type II. Thus, it shared with the 'public interest' groups, at least implicity, the philosophy that the communications system should aim to be more than an investment opportunity for large commercial firms. The new satellite services should be used for the purpose of human enrichment.[51] The Tribunal sought to avoid a complete capitulation to

[48] Ibid.
[49] Op.cit, pp. 102-3.
[50] Op.cit, Volume 2, pp. 31-2.
[51] Op.cit, Volume 1, pp. 152.

the network scenario of 'equalisation of services' (the centralised control and sale of national advertising and mass programming).

In terms of policy appraisal, the ABT Consortia solution can be represented as a hybrid version of Localism Type I and legalised, balanced networking. It recognised the economic rationality of wide-scale networking, but the scheme promoted the concept of balanced and competitive networks enjoying equal market areas, and equality of status for all stations within each consortium to promote a diversity of outlets and production centres. It retained Localism Types I and II in the servicing elements – such as the provision of locally-originated material (news, sport, current affairs, information and advertising) and, through economies of scale, the production of Australian material, including specifically the high-cost categories, like Australian drama.

The consortia scheme would enable the regional stations to protect their commercial viability. They would have the resources to invest in staff and facilities which would enable them to retain the freedom to re-schedule programs supplied by the networks and they could also participate equally in the programming decisions of the network as a whole. This was a qualitatively different relationship than the one envisaged under the network scheme, or the supplementary scheme, where regional operators would retain the freedom to 'cherry-pick' from the three networks, but where they would be exempt from a decision-making input to program production, program scheduling and general marketing strategies. Under either of the two schemes suggested by the networks or RTA, it was very likely in the longer-term that regional licensees would have to accept programming from the networks that they had not previewed before transmission.[52] There would be little scope for competition, or for the production of material of a regional or local character.[53] Regional operators would become politically and economically powerless. This scenario would parallel the USA system, where a small group of executives controlled the bulk of television programming for the mass of the population. The Tribunal thought that this

[52] Op cit, pp. 107.
[53] Op cit, pp. 113.

situation was undesirable.[54]   The idea was to alter market areas to effect a restructuring of the relationship between the regional stations and the network.   However, restructuring market areas was not the only solution.   Many submissions argued for greater regulation of the business transactions between the networks and the regionals.

Options for regulating relations between stations

At an early stage of the debate some RTA members had sought recourse to Section 134, dealing with program supply, as a way to ensure unimpeded access to network-originated material.   The Tribunal argued that this kind of regulatory practice would not be effective. First, it would not address the real problem which was the fundamental imbalance between city and non-metropolitan market areas.[55]   Second, any attempt to interfere with relationships between licensees would receive hostile opposition and it would almost certainly fail, either through formal-legal/administrative appeals or through social closure exercised by the business community.

In terms of the individual contractual arrangements, FACTS, News and HSV argued that individual licensees should not be held accountable; that only the end product, the service to the viewer, should come under legislative control (as currently practised).   The Tribunal should not interfere in normal day-to-day contractual arrangements for the supply and delivery of programs.[56]   FACTS went so far as to state that, should restrictive regulations be imposed, its members may reject the satellite option in favour of conventional terrestrial methods of distribution.   This position was endorsed by PBL, who explained that this response should not be seen as a threat, but simply as 'normal commercial prudence'.[57]

RTA, on the other hand, showed some ambivalence.   As we have already noted, many RTA members raised doubts about the maintenance of 'normal' commercial relationships with the advent of SPS.   In a later submission, RTA reported that half of its membership supported a 'wait-and-see' strategy where the Tribunal should review regulation of SPS within one to three years of its introduction.   The other half advocated minimum regulation,

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[54] Op cit, Volume 2, pp. 343.
[55] Op cit, Volume 1, pp. 123.
[56] Op cit, pp. 121.
[57] Op cit, pp. 126.

including licensing of SPS suppliers and protective legislation under Section 134 (dealing with the supply of programs). Later again, RTA telexed the findings of a further survey which indicated that its members almost unanimously supported no regulation of SPS unless this proved to be necessary.[58] This change could be attributed to renegotiations between Swan and the Nine Network.[58A]

Quite separate from this position, there was the realisation that any external intervention in the relationship between stations and networks in the supply of programs was fraught with the prospect of imminent failure. First, to be effective any such regulations would have to be included under the Act outlining the principles which should be served rather than creating a legal power, where the principles were decided by those who administered them.[59] Second, any regulation would have to be consistent with the new Commonwealth administrative law introduced in the 1970s, which had allowed for various kinds of judicial review.[60] Under the three separate Acts (the Administrative Appeals Tribunal Act, 1975; the Ombudsman Act, 1976; and the Administrative Decisions (Judicial Review) Act, 1977), the decisions of administrative bodies could be subject to a range of additional provisions, which could well result in these decisions being subsequently overturned. For example, the Tribunal probably took into account the AAT decision which opposed the Tribunal's objections in 1981 to the take-over of ATV-10 Melbourne by the News Group. Third, from the Tribunal's relatively close understanding of the economic relations between stations, it was realistic to expect that executives would be reluctant to volunteer testimony in the courts concerning their colleagues and friends.[61] Under the new law, the Federal Court could be called to review any decision which met significant opposition and decisions regulating market relations would amost certainly be opposed, especially where they occurred within a restricted circle of executive contacts. In any case, formal decisions may be circumvented by informal arrangements, especially where economic pressures were great.[62] It followed from this that supporting evidence

[58] Op cit, pp. 127-8. [58A] See Chapter 8, p. 314; The ABT, op cit, pp. 76-9.
[59] Op cit, pp. 129.
[60] Ibid.
[61] Op cit, pp. 130.
[62] Op cit, pp. 131.

about market imbalances would be difficult to sustain. This evidence could well be overturned under the new administrative law, by documentary evidence or testimony in the witness box. For these reasons, schemes for regulating transactions and relationships between licensees and others concerning SPS could not, therefore, be expected confidently to fulfil the purposes for which they were designed.[63]

In addition, the potential to control program supply, for which Section 134 of the Act had been created in 1965 (but never used), did not offer a solution. Under Section 134 there existed potentially the power to make regulations dealing with the terms of agreement about program supply, and the relaying of programs and availability of program rights. It also empowered the Minister to direct licensees and others to grant program rights.[64] Again, this would encroach upon the internal decision-making of stations and relationships among licensees and others, and it would violate a determination made by the Green Report in 1976.

A major recommendation had been the abolition of the ABCB to separate the government and Minister from decisions about particular licensees, whereupon the Minister had no discretionary power to determine decisions involving benefits or losses for any media organisation. Moreover, failure to comply with directions made under Section 134, would necessiate remedial action, but the only recourse available involved criminal prosecutions. Such prosecutions had never proceeded, even when formal complaints had been laid by those adversely affected by ownership and control provisions.[65] One reason was the sensitive nature of the media. If Australia wanted to preserve freedom of speech, prosecutions under criminal law were too severe and cumbersome. To be effective, alternative remedial powers to enforce compliance would have to be embodied in the Act, but in any case, that kind of surveillance may be anachronistic, since the Administrative

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[63] Ibid.
[64] Op cit, pp. 133.
[65] Op cit, pp. 134.

Decisions (Judicial Review) Act 1977 now offered a process of review which did not exist when Section 134 was enacted in 1965.[66]

The conclusion was that, although the ABT supported the right of the regional stations to retain complete autonomy over programming, rates and scheduling of advertising, and the right to insist on itemised accounts for program rights and delivery charges,[67] the regulation of internal contractual agreements involved considerable practical difficulties and should be avoided.[68] Apart from the fact that such legal regulatory powers were unlikely to be effective, they would only address the symptom of the malaise, and not the cause. The basic cause of program supply problems lay in unequal market areas. Should the Tribunal force a supplier to make a program available to a regional station, considerable opposition would most likely arise. It could involve recourse to higher judicial review processes, which were expensive and time-consuming. Even if compliance were to be enforced, it would lead to situations where the Tribunal would have to evaluate closely prices and terms of availability almost every time program suppliers resisted adjudication. The expectation was that resistance to adjudication would be persistent.[69]

Proposals by Political Minority Groups

It has been argued that the Consortia Scheme did not fulfil the optimal requirements of the networks, or the regional stations. It did not disregard their economic interests either, but if a calculation was made of respective gains and losses, the regional stations would certainly have been better placed, at least at this stage of the proceedings. In juggling the five policy objectives, identified from government announcements, previous policy decisions and broadcasting history, the Tribunal's re-structuring would address as a matter of highest priority the non-monopoly objective but in such a way that the diversity and the commercial viability objectives would also be sustained. In the servicing objectives, the Tribunal hoped that strengthened regional markets would promote localism, and that with voting rights within the Consortia distributed equally and federally, more decentralisation

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[66] Op cit, pp. 135.
[67] Op cit, pp. 136.
[68] Op cit, pp. 131.
[69] Op cit, pp. 139.

of production would occur. Further, the requirement that surpluses be re-invested in domestic productions was intended to encourage the final objective, an Australian 'look' for radio and television.

It must be stressed that political minority groups played a significant part in the policy-creation process, even though the majority of the report dealt with issues surrounding the relationship between smaller and larger capital units. Indeed, the objectives sought by various 'public interest' groups were recognised to a significant extent within the Tribunal's scheme. The minority groups and the Tribunal shared the view that it was imperative to fracture the influence of the networks and to impede the further centralisation of production and distribution, which would inevitably occur under SPS if steps were not taken at the outset to redress marked imbalances in economic power. However, the proposals of these groups (Communication Action, The Australian Film Commission and various church bodies) were far more interventionist at the structural and the servicing levels.

Communication Action proposed three major remedies. At the structural level, it advocated the concise demarcation of broadcasting functions within the domestic structure to breakdown the vertical integration within the commercial industry and to promote alternative sources of independent production. Their scheme also promulgated the creation of a separate buying agency for overseas purchases to diminish the monopoly power of the networks over Australian broadcasting rights and to curtail high prices for overseas product. At the servicing level, it sought to inject 'window' requirements for local and specialised program categories.

Before examining these options in terms of the Tribunal's final policy outcome, the organisation itself deserves some description. Communication Action was an umbrella organisation embracing a variety of 'public interest' groups - the Public Interest Advocacy Centre, the Australian Consumers' Association, the South Australian Council for Children's Films and Television, and the New South Wales Council of Social Services. For purposes of the SPS inquiry, their submission had been endorsed by a range of class

and political minority organisations - the ACT Council of Social Services, Actors Equity of Australia, the Advisory Centres Association of South Australia, the Association for Consumer Education, the Australian Federation of Consumer Organisations, the Australian Writers Guild, Brisbane North Consumers Association, Gold Coast Consumers Association, Metro Television, Queensland Consumers Association, The Arts Council of Australia, and the Australia Council.[70] It is particularly interesting that the 'anti-network movement' had itself become so highly centralised. Like the Public Broadcasting Association of Australia in the 1970s, which had unified groups otherwise diverse in their interests except for their common enterprise to promote an alternative broadcasing structure, Communication Action brought together many organisations who shared the over-riding perspective that broadcasting should be used for human enrichment prior to and above the demands of commercial enterprise. In agreement with that view, but under separate auspices, there were submissions from the Episcopal Committee of Mass Media, the Australian Episcopal Conference, the Catholic Church and the Australian Film Commission.[71]

Although their respective solutions involved minor differences, all of these 'public interest' groups promoted the general idea that the networks should not be permitted to extend their influence in the satellite era. Some suggested that the government should grasp the present opportunity to impose a total ban on the Sydney and Melbourne stations becoming SPS suppliers.[72] It was the contention of Communication Action, The Australian Film Commission and CTC (Australian Capital Television Pty Ltd) that the networks should not be permitted to monopolise overseas program purchases on the grounds that the networks' competitive bidding had inflated the price of overseas purchases, restricted the range of program sources, promoted uniformity of output, and limited the capacity of the Tribunal to monitor the system in the public interest.[73] This had prevented potential buyers from entering the field, which had ultimately disadvantaged consumers, who were forced to

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[70] Op.cit, pp. 155.
[71] Op.cit, pp. 151-7.
[72] Op.cit, pp. 152.
[73] Op.cit, pp. 155.

absorb the artificially higher costs of foreign purchase.[74] Communication Action sought to dismantle the power of the networks by penetrating of their vertically integrated structures. This could be done by licensing two kinds of distributors: a major, full-time user, and a minor, part-time user of a satellite transponder. The networks would remain primarily exhibitors of material, except in the case of news, current affairs and sport, where they could produce their own programs at a minimum of thirty minutes daily. They would be prohibited from entering into exclusive arrangements with a distributor on a regular basis.[75]

The Australian Film Commission (AFC) also sought to separate supply and distribution by the creation of two separate broadcasting markets. The regional stations together with Perth could be unified into an alternative market representing forty-one percent of Australian television homes. Because this market would equate with the existing Sydney and Melbourne markets combined (which was forty-two percent), it would be able to attract comparable levels of national advertising. At the same time, it would create an additional outlet for independent Australian producers. Essentially, the plan would diversify markets, funding and distribution outlets; it would encourage a diversity in programming sources, the latter being, of course, the major responsibility of the AFC on behalf of its members. The AFC saw the possibility of one supplier, or a number of independent program suppliers, assuming the role of a non-profit agent for domestic and overseas purchases, utilising the satellite to distribute programs and blocks of advertising separately to the regional markets and to the Melbourne and Sydney networks.[76]

To the extent that the scheme would break up the integrative power of the networks, divide broadcasting functions to facilitate the entry of independent producers, and separate advertising from program sales, the AFC scheme was similar to the proposals put forward by Communication Action, Swan (originally) and Actors Equity. All of the 'alternative'

[74] Ibid. This practice had also been condemned by the Tariff Board Inquiry into Motion Picture Films and Television Programs in 1973, which had also recommended a single buying agency to purchase and control the distribution of programs between stations on equitable terms.
[75] Op cit, pp. 155-6.
[76] Op cit, pp. 157-8.

schemes recognised the advantages of networking, but they sought balanced networking controlled by a non-profit agency which would be separated from the networks (city and regional). The agency would provide access to television markets for independent producers. In terms of its 'anti-network monopoly' theme, an analogy can be drawn with the British system where, unlike the Australian experience, program content and advertising had always been directed closely by the Independent Broadcasting Authority. It is worth noting that as early as 1954, the Australian Royal Commission into Television had recognised the remarkable success of the British scheme (as opposed to the significant problems generated by the US scheme) in sustaining high commercial standards. Over time, the British system has also been able to sustain high levels of local content. This specific issue was not discussed, probably because the high population density and small geographical size of Britain has not made satellite distribution of programs an attractive option there, at least until quite recently.[77] The ABT made comparisons only with the Canadian and US systems, leaving detailed consideration of services as a matter for subsequent review.

Predictably, FACTS and the networks rejected schemes which tried to splinter vertical integration and so deconstruct their power base. The Ten network pointed out that the fragmentation philosophy misunderstood the ability of stations outside Sydney and Melbourne to produce any kind of Australian content which required substantial investments. News stated that a third party introduced into the negotiations would be counter-productive, and that to make programs at all cost-effective, the networks would need to distribute their programs in real time via satellite or terrestrial bearers. ATN added that the costs to an independent distributor would be no different, and that the need for additional, expensive capital equipment to store the programs would prove to be prohibitive.[78]

In its final recommendation, the ABT did not endorse the AFC and Communication Action proposals for independent program suppliers. There had not been a strong response from

[77] The Australian Financial Review, 1/9/86.
[78] The Australian Broadcasting Tribunal, op cit, pp. 156.

potential distributors and syndicators willing to finance productions or to sell programs to licensees, or to be itinerant users of SPS.[79]   It was highly likely that the networks would continue to produce much of the Australian product. Thus, an independent supplier would be forced eventually to act as an agent for the three networks in order to guarantee markets. The entry of an additional decision-maker would be an advantage, but the success of the scheme would depend on the amount of independent program access, the amount of network Australian content, and a law to restrict the onsale of Australian and overseas rights by the Sydney and Melbourne networks. It was probably the latter qualification which prejudiced the Tribunal against the independent buyer/distributor scheme, having already foreshadowed the considerable difficulties likely to be encountered in the event of regulation of relations between stations.[80] On the other hand, requirements for 'windows' to overcome SPS deficiencies (by, for example, local programming quotas) were not out of the question, according to the Tribunal, but they would have to be taken after the government had decided on structural issues.[81]

Arguments for 'window' requirements were based on employment and community needs. The Australian Journalists' Association promoted local programming for employment reasons, while some regional operators (Southern Cross and GTW) and 'public interest' groups (The Australian Children's Television Foundation, the Australian Council for Children's Films and Television and Communication Action) had urged local content provisions to meet the public need. Communication Action pressed for more stringent controls over local programming, on the grounds that the 'adequate and comprehensive ' undertaking made by licensees was not sufficient to guarantee local services. The fact that local programming represented only an average of seven percent of total transmission time in 1984 at a time when 1982/3 pre-tax operating profits for seventeen stations exceeded $1m, and for eight stations stood between $200,000 - $1m, clearly supports their argument.[82] Communication Action recommended one hour of local programming

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[79] Ibid.
[80] Op cit, pp. 159.
[81] Op cit, pp. 145.
[82] Op cit, Volume 2, Appendix 7, pp. 304.

originating at the station or within the regional area, thirty minutes of which should be devoted to local news.[83] Against this, one regional licensee in Western Australia (STW) said that drama programs in particular were difficult to provide when transport costs and lack of available local talent were considered. Other 'window' requirements included news, current affairs, information, advertisements, and programs produced in the service area, or region and material produced by non-network producers.

The Tribunal pointed out that Section 83(5)(b) already required most licensees to provide an adequate and comprehensive service. While the Act did not require that specified times of day or percentages of transmission time be devoted to all program categories (religious matter and music composed by Australians were exceptions, as were program standards relating to children's programs and advertisements), there would be little difficulty including 'window' requirements under the present Sections 84 and 85 of the Act.[84] However, there was one difficulty. The requirement that stations produce a certain degree of local programming would have to be tempered with an assessment of the profitability of each market before instituting local or production windows, since a unilateral imposition of a flat percentage might destroy the commercial viability of certain smaller regional stations. In addition, Section 105R of the Act may be interpreted as a code so as to exclude supplementary stations from 'window' requirements. Should this be the case, the Act would have to be amended to clarify the intentions of the government towards specific requirements.[85]

Evaluation

How can the Consortia scheme be summarised in terms of the very different options put forward by the participants in the SPS debate? It can be seen that the networks' optimal solution - Direct Broadcasting Services - was the one position consistently rejected by the Tribunal throughout the report. So were options which may have led ultimately to increased monopolisation by the Sydney and Melbourne networks. The supplementary licence scheme (involving either one or two extra services operated by regional licensees)

[83] Op cit, Volume 1, pp. 141.
[84] Op cit, pp. 143.
[85] Op cit, pp. 144.

or those solutions, which involved cosmetic changes within existing structures (such as the additional regulation of program supply, or relations between station managers) can be considered within this context.

The Tribunal correctly perceived the problem to be the asymmetrical distribution of economic power, which would require radical re-structuring of markets, and which would in turn require a relaxation of the two-station ownership rule. Like the AFC and Communication Action schemes, the Tribunal advocated balanced networking structures to provide additional outlets, diversity of production and a neutralisation of network influence, but rejected the notion of a separate buying agency for domestic and overseas product. This would have involved the same problems of regulating program supply and the Tribunal had already established the difficulties inherent in the regulation of internal business transactions. In any case, unfair bargaining represented merely an epiphenominal reflection of an underlying economic cause. If the cause of the malaise was structural imbalance, then it was this aspect which required immediate alteration. The Consortia Scheme would certainly do that. As the Tribunal pointed out, their recommendation was part of the 'distillation process that inevitably occurs in the writing of a report at the conclusion of the inquiry process'.[86] It had been projected out of the various submissions put forward by industry bodies, licensees and other organisations, but had not been subject to review by any of those participants, and would need to be subject to searching examination and testing.

As the Tribunal stated, the report was intended to draw to the attention of the government and Parliament that, in a country which espoused democratic values and which was faced by the imminent challenge of the satellite era, there now existed a pressing need for a balance of control of a system to encourage a diversity in control and the widest social participation in accordance with the public interest. The issues of balance included: 'balance in the cultural life of the nation; balance in an important and growing area of the national economy; and balance between communities in the different States, Territories and regions of the country'. It was axiomatic, in the view of the Tribunal, that commercial

[86] Op cit, pp. 174.

television exerted a powerful influence on the life of the Australian community and that the introduction of the satellite system provided the opportunity to extend the influence of commercial television through its capacity to make Australia one national commercial television market. Above all, the Tribunal's scheme sought to avoid this by early intervention at the basic structural level.

These were matters for further public debate. On 18 February 1985, the government announced the formation of the Forward Development Unit (FDU) (emanating from the Department of Communications) to examine the Tribunal's options and to raise them for further discussions between the industry, unions, consumers and other interested parties. The FDU was required to report back to the government by 30 June 1985.

OPTION II - MULTIPLE CHANNEL SERVICES (MCS) PLUS AGGREGATION

In announcing the formation of the FDU, Minister Duffy confirmed the government's fundamental commitment to equalisation of services to all Australians, 'wherever they live and work'. The problem was, he said, how to upgrade the commercial system ('which despite some blemishes... had performed well') without damaging the existing system, whilst providing opportunities for licensees in the smaller capital cities and regional centres to participate in programming decisions, and at the same time discouraging any further concentration of media ownership and control.[87] The FDU should concentrate on the potentialities of the satellite delivery system, technological convergence and the possibility of multi-channel re-transmission facilities involving radio and television. It should concentrate on the medium-term future (1988 to 1997) and the long-term future (1997 onwards), but it should not recommend options, it should not operate as an inquiry, and it should not seek submissions from interested parties. Rather, its task should be to identify the policy implications of adopting particular systems.[88] For the purposes of the study, the Minister issued letters on 15 March 1985 to a wide range of industry, union, consumer

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[87] Department of Communications, Forward Development Unit, (1985), Future Directions for Commercial Television,Volume 2, Appendix A, 1-4.

[88] Op.cit, Appendix A, pp. 4.

and other interested organisations and individuals inviting their response to the FDU's Terms of Reference - equalisation, diversity of ownership and control, and anti-monopolisation.

On 22 May 1985 legislation was introduced to the House of Representatives making amendments to the Broadcasting and Television Act, and changing the basis on which broadcasting licences would be granted. The licensing of services rather than stations would facilitate the introduction of new services in the era of satellite delivery of broadcasting signals.[89] The next day a new qualification was added to government policy. A statement was issued by the Minister reiterating that the government's highest priority would be equalisation of services (ostensibly meaning diversity of choice) but, and this was the new qualification, equalisation would be achieved in the majority of regional areas within three years if possible, but not later than 1990. At this time, the Minister announced that the FDU study would exclude radio, and he also confirmed an earlier decision of October 1984 to reject the Networks' Remote Commercial Television Services (RCTS) scheme and to accept the Tribunal/DOC/RTA regionally-based scheme allowing for both an ABC and a commercial television service, commencing progressively from the beginning of 1986.[90] This was an important decision, since it meant that the networks would lose control of distribution. If they had been granted direct broadcasting to remote areas, it would be possible for viewers willing to fund a satellite receiving dish to pick up the signals distributed by the networks. The effect would have been to increase the market area nationwide, raise advertising rates accordingly and neutralise the regional sector. Indeed, national networking was the underlying rationale for promoting the satellite in the first place and for opting to lease the higher-powered transponders.[91] By November 1985

[89] Commonwealth Parliamentary Debates, House of Representatives, 15/5/85, pp. 2423-4; FDU, op cit, Volume 1, pp. 5.

[90] Op cit, Volume 2, Appendix A, 5-6.

[91] Australian Financial Review, 1/4/85, 2/4/85, 24/4/85. The networks reacted angrily to the RCTS decision, refusing to take the 30-watt transponders (located on the third satellite) on the grounds that it would not be cost-effective. They believed that the viability of the satellite rested with them, and by refusing to take the higher-capacity transponders they could force the government to reverse the decision, but the government stood fast saying that it could easily lease all satellite capacity to other users, including New Zealand and South Pacific customers.

the three networks signed contracts for the smaller,12-watt transponders, while the Bell Group (Holmes a Court) and the Bond Corporation leased the 30-watt transponders for distribution of signals to closed-user groups, such as clubs and hotels.[92] The networks did lose the round in this regard, although they could still look forward to increased sales through equalisation in country regions. The point is that they lost full control over distribution.

In an address delivered at a FACTS Seminar on the 28 May 1985, the FDU Secretary, R. Lansdown, on behalf of the Minister, foreshadowed the possibility of a combination of a multi-channel services approach plus an aggregation of existing service areas. It was added that the government did not yet have a preferred course and that the FDU report was merely the first stage in a process in which licensees and the public were expected to join a debate on the various options.[93] In this speech, Lansdown offered the industry a further indication of forward projections - that the government intended to adopt a competitive, deregulated approach to industry re-structuring. It was anachronistic, he said, to expect fifty television stations to be responsible for the total output of their station under a satellite system 'with its inevitable consequence of extensive relays in real time'.[94] In this regard, the FDU and the government may have to consider changes to the ownership and control rules to:

> maximise choice in broadcasting services, to provide access through those services to a variety of views, to itself be owned and controlled by a diversity of interests. ...It is partly because this diversity is so critical that the Government seeks to avoid direct intervention in the commercial sector. We have a general deregulatory view; that is, we are concerned wherever possible to minimise controls and - to use another Chinese reference - to let a thousand flowers bloom.[95]

The previous Chinese adage to which the Minister referred was the ancient curse 'May you live in interesting times'; an astute reflection on the current, turbulent state of the broadcasting industry and no less on the Minister's own position viz-a-viz the Prime Minister. The discrepancy between them about exactly what kind of changes would be

[92] The Australian Financial Review, 26/11/85.
[93] FDU, op cit, Volume 2, Appendix A, pp. 12.
[94] Op cit, pp. 10-1.
[95] Op cit, pp. 11.

necessary to the ownership and control rules had been public knowledge for some time, but the full scope of the strains between the networks and RTA had only just started to unfold. At that stage, the FDU and the government had received only the Network/Cooper and Lybrand report, which had predicted a favourable financial outcome for the regional stations in the event of aggregation and supplementary licensing (as opposed to the dismal picture forecast by the ABT). Upon receipt of this report, the RTA had commissioned BT Australia Limited to respond, which it did on two separate occasions to show that the network projections were based on unsubstantiated assumptions. In the words of BT, this rendered the entire Coopers and Lybrand report utterly 'worthless'.[96] The statement also preceded the publication of two other reports commissioned by the FDU; the first was into the effects of aggregation and/or one or two supplementary licences in regional areas by Nigel Dick and Associates Pty Ltd. The second was from Hart, Frankel and Co. on the likely impact of equalisation on production and employment. All findings predicted quite different financial outcomes in the event of either of the two options - Approach A: Aggregation or Approach B: Multi-Channel Services (MCS).

These broad options are explained as follows. Aggregation enscapsulated a series of structural options involving varying combinations of existing markets to allow for three competitive and viable commercial services (the ABT option was one of them). MCS also comprised a group of options involving the provision of three services, but in this approach only one licensee would provide all three services in existing markets. Both approaches utilised the notion of 'Service Area', the recent amendment to the Act, which defined the communities that the licensee was required to provide with an adequate and comprehensive service.[97] What was being considered here was not just how to change the anachronistic structural elements of Localism Type I to accord with contemporary economic reality, but how to meet the ABT's servicing requirements identified in this thesis under Localism Types I and II. Thus, in addition to the structural options under Approaches A and B, there remained the question of program distribution arrangements and what regulations, if

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96 Op cit, Appendix F, pp. 184. (BT Australia is a merchant
    bank which also offers investment management consultancy
    services.
97 Op cit, Volume 1, pp. 13.

any, should be imposed upon licensees to facilitate supply and maintain adequate servicing standards.

With regard to the servicing standards, the FDU did no more (in accordance with its Terms of Reference) than outline a further series of options. Option 1 was Deregulation involving a 'hands-off' approach by government and constituted the preferred option by industry. It would be based on a self-regulatory code between licensees similar to the one negotiated between Swan (STW 9) and the Nine Network, whereupon all licensees would have the right to accept or reject programs and advertising, where recipients could choose the method of distribution, and where in the event of a dispute an independent arbitrator could be appointed to negotiate.[98] Option 2 involving a code of prescribed practice would regulate the above factors within the Act rather than leave such negotiations to the discretion of the ABT.[99] Option 3, or FCC-style regulation (United States model), would empower the ABT to set minimum requirements for agreements between networks and affiliates under a broad statement of policy contained within the Act.[100] Option 4 - Licensing of distribution networks (Canadian model) - would involve the licensing of networks and the reallocation of responsibility away from affiliates to the licensed originator. Here the burden of responsibility would rest with the network and would allow a separation of distribution from exhibition.[101]

The FDU did not attempt to make firm recommendations here, in accordance with their Terms of Reference, except to point out that the ABT already had recommended against licensing and regulating network arrangements. The FDU agreed that structural imbalance was the key issue for government policy, but it remained firm in the conclusion that whatever action was taken with regard to equalisation, residual questions of program supply arrangements would remain and would require appropriate legislative changes.[102]

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[98] Op cit, pp. 48.
[99] Op cit, pp. 48-9.
[100] Op cit, pp. 49.
[101] Op cit, pp. 150.
[102] Op cit, pp. 53.

Exactly what they would be was not a task for the FDU at that stage, and like the ABT, it focussed primarily on the issues of structural change.

The question remained as to which approach (Approach A or Approach B) would be adopted? It will be remembered that the ABT had recommended a variation of Approach A - the aggregation of existing market areas including capital city areas to provide three balanced, competitive networks with equal voting power within them accorded to regional and capital city stations. Essentially, it combined viability with greater competition. The ABT did not favour three competitive services or three services via supplementary licences (two supplementary services plus the original operated by only one existing regional licensee), which equated with the MCS option, because this approach threatened both viability and competition. The logical corollary would be US-style networking. As ABT staff had established in their investigations, over half of the regional stations currently licensed could not support three services at existing standards. Financial pressures would reduce their capacity to originate local services. It would reduce competition and encourage local monopolies, and increase the dependence of the regional licensees upon the metropolitan networks. In other words, the provision of three services by one licensee in existing market areas would negate all of the government's objectives. For these reasons, the ABT had recommended aggregation of market areas (including capital city areas) large enough to sustain three competitive services.[103]

The FDU raised two major objections to the ABT approach (which represented one variant of Aggregation: Approach A). The first, and the most important, related to the government's review of the time-scale within which equalisation should be achieved. Approach A would require longer implementation and a more demanding planning process, which meant it could not be achieved by 1988 or 1990. Second, divesture of excess interests by persons holding prescribed interests in more than one mainland city licence would demand a fairly radical challenge to existing policy, which was unlikely to carry

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[103] Op cit, pp. 14-5.

favour with the government. It would involve (no doubt costly) compensation issues and may have an adverse impact on levels of investment in Australian program production.[104]

However, the FDU did concede the point that a change to the ownership and control rules was a necessary addendum to the whole package of changes, which were designed to create new opportunties for growth outside Sydney and Melbourne, and to promote greater diversity and influence within the system as a whole. Towards that end, the FDU thought it might be possible to introduce a 'grandfather clause' which would not force existing interests to divest, but would make the level of prescribed interests in any licence a retrospective condition of sale for evolution towards a single, mainland capital-city licence system. Other changes might increase the number of licences, but exclude persons with a prescribed interest in a Sydney or Melbourne licence. They would place limits on the total audience that could be reached; or categorise licences according to market size. The point was that there had to be a package of measures, since no single provision could prove fully effective. Obviously, the two-station rule proved to be the most problematic, and was not resolved until late in 1986.

Exactly how to re-structure market areas remained the vital question. The ABT had come to their own position by according relative weightings to the five major (and conflictual) government objectives. In their view, and this was endorsed by the FDU report, more recent government policy decisions had ranked these as follows: first, equalisation of services; second, maintenance of viability; third, promotion of Australian production; fourth, provision of locally relevant services; and fifth, discouragement of concentration of ownership and control.[105] As mentioned earlier, however, the FDU was faced with further qualifications. The government had nominated a restricted time-frame for equalisation (diversity of choice) and had underlined a general stance towards de-regulation (abolition of the government's protectionist approach towards regional broadcasters). These two criteria rendered the ABT Federal Consortia scheme ipso facto too cumbersome for short-term implementation and too interventionist, that is, it would

[104] Op cit, pp. 62-3.

[105] The Australian Broadcasting Tribunal, op cit, Volume 1, pp. 64; FDU, op cit, Volume 1, pp. 114.

require a continuing commitment by the government to protect regional licensees from competition, and it would require at the bottom level a radical change to the ownership and control rules. As the FDU put it, the government had placed such a high priority on equalisation (diversity of choice) that equalisation could only be achieved if the other policies - encouragement of Australian production, localism and anti-monopolisation - were to be relinquished as major objectives.[106]

With respect to equalisation (of choice) and viability within the government's designated time-frame, Approach B: MCS was deemed the most suitable approach. The FDU reckoned that, although regional licensees would be faced with steep capital costs to establish two extra services, at least under MCS they could consolidate their existing monopolies instead of being forced to face immediate competition under Approach A: Aggregation. Still, Approach B: MCS would endanger the viability of some minor regional stations. The FDU solution was to introduce an 'opting out' scheme whereby those smaller licensees with a low population base or those in isolated areas could apply not to join the MCS scheme, but be regarded as part of the Remote Areas scheme.

Of course, Approach B would actually encourage the creation of local monopolies. To offset this, the FDU suggested that the government establish incentives and disincentives to motivate MCS holders to move from the first, monopoly stage to a later competitive, aggregation stage. If the 'two station rule' and related regulations were modified to allow for licences to be judged according to the population reached by a licensee (instead of number of stations owned), larger and stronger entities could be encouraged to develop outside Sydney and Melbourne. This modification would also deal with the structural imbalance identified by the ABT as being the most pressing problem in the television industry.[107] In relation to the Australian content objective, there may be some modest contribution to production and employment, and in regard to local content the government would probably act to ensure that there would be no net decrease in current levels. Some broadcasters had even suggested to the FDU that under any aggregation scenario, local

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[106] FDU, op cit, Volume 1, pp. 115.
[107] Op cit, pp. 120.

programming would be a very important component of competition between stations and may well encourage higher levels of local content.[108]

In summary, the FDU calculated that the implementation of Approach B: MCS would favour equalisation and commercial viability. This would be in accordance with the government's priorities. With a migratory path to Approach A: Aggregation, the fourth objective (the discouragement of concentration of ownership and control) could be achieved, but only if the ownership and control rules were changed to categorise licences according to population reach, instead of the current numerical basis. This development would encourage larger and stronger entities to develop outside Sydney and Melbourne. Objectives two and three (Australian content and local content) would face only a modest future and the government would probably want to legislate to prevent a net decrease in localism from average current levels of around seven percent.

The Underlying Rationale

How was this position reached? The FDU stressed, correctly, that the policy of equalisation raised major financial issues, a point which had been anticipated by the Minister in his 28 May 1985 speech to FACTS when he noted that, as well as being a daunting task, equalisation would involve large capital investments and operational expenditures. It would also involve risks.[109]

Under Aggregation, licensees would expand into service areas, other than their own, thus introducing direct competition with other broadcasters in the same regional market area. Under the MCS approach, existing broadcasters would provide extra services, but they would not be faced with competition. They would retain a monopoly in their local service area.[110] The problem was that three different reports provided substantially different estimates of profitability.

[108] Op cit, pp. 118.
[109] Op cit, pp. 69.
[110] Ibid.

The paper by Nigel Dick and Associates (commissioned by the FDU) found that equalisation and viability could be achieved only by the staggered introduction of supplementary licences and, although aggregation would not provide sufficient revenue in the immediate future, it could be a possibility in the longer term. One supplementary service could be supported in most markets immediately and a second supplementary service could be phased in between five to eight years. At this stage, aggregation could be introduced to encourage new entrepreneurs and it would allow market forces to dictate ownership arrangements thereby providing, in the longer term, a viable competitive broadcasting system. It was estimated that, in a two station market, advertising revenues would increase by an additional ten percent and that they would rise by fifteen percent in a three station market. The paper warned, however, that these figures should be treated cautiously. It may well be the case that two or three licences in a market may actually serve to decrease revenue because three services would have to compete vigorously for the same, finite portion of advertising revenue. It was almost inevitable that severe rate card attrition would occur.[111]

As one would expect, the cautionary element in the Nigel Dick report was not confirmed by the network submission. Their report which had been prepared by Coopers & Lybrand suggested on the basis of forward financial estimates furnished by the networks, that under aggregation each of the three licencees examined would continue to enjoy a highly satisfactory return on revenue. Further, each could service with comfortable profit margins the capital costs and increased operating costs, and that other licensees in other areas would continue to be profitable and financially viable.[112] Clearly, it was in the interests of the networks to promote a regional structure offering three services, because reduced profitability would force the regionals to align with one of the networks, leaving the latter to control production, distribution and pricing arrangements.

In response, RTA commissioned BT Australia to prepare another report, which questioned the very basis of the Coopers and Lybrand submission. It accused Coopers & Lybrand of

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[111] Op cit, Volume 2, Appendix D, pp. 50-3.
[112] Op cit, Volume 2, Appendix E, pp. 132.

not yielding an independent assessment, of relying heavily on unsubstantiated financial projections furnished by the networks, of including non-operating income in calculations which inflated final profit figures, and of making unsubstantiated assumptions about the future growth in advertising revenue from national advertisers.[113] To further discredit the Coopers & Lybrand view, BT Australia had commissioned Merchant and Partners Pty Ltd and Mitchell and Partners Pty Ltd (advertising media consulting groups) to obtain independent assessments of the likely effects of aggregation on the revenues of the regional sector.

Merchant and Partners advised that advertising revenue would not grow either through aggregation or the supplementary licence plans; that the supply of airtime would outstrip demand and total viewing audiences would not increase. Furthermore, marketing information demanded by advertisers would be too expensive to provide, and that, of the two options, the supplementary licence route appeared to offer regional broadcasters greater control over rate cards and over the price of air-time.[114] Mitchell and Partners advised similarly. Advertising in Australia was no longer in a growth phase, the regional advertising dollar would no longer grow at the same rate, growth would be reversed in any situation which would affect the current balance between supply of air-time and demand for advertising space, and the operation of three stations in regional markets, especially in the aggregated scenario, would set in motion a pattern of over-supply which would lead to savage rate-cutting and an ultimate decline in the revenue base.[115] BT thus submitted that the financial results under Aggregation were 'nothing less than disastrous', that each area examined would suffer a severe decline in profitability, that smaller broadcasters could not finance capital expenditure, and that four of the six companies assessed experienced losses in the post-aggregation period.[116]

RTA then commissioned BT Australia Limited to prepare a further evaluation of the viability of equalisation via the Multi-Channel Services approach. It was found that this

[113] Op cit, Volume 2, Appendix F, pp. 184-7.
[114] Op cit, pp. 188.
[115] Op cit, pp. 189.
[116] Op cit, pp. 229.

plan would achieve significant economies by operating three channels under the one roof. Reductions could be achieved in management, staffing and other operating costs, and the opportunity to sell advertising on a joint three-channel basis may offer more stable market conditions than aggregation.[117] BT Australia also stated that the majority of companies could not remain viable under MCS, and that a staged introduction of additional services should be considered.[118]

Multi-Channel Services: Approach B then became the RTA preferred option on the grounds that regional broadcasters would be better placed to control their rate cards, and hence to maximise advertising revenues. However, there was the unavoidable conclusion that considerable financial risk would still be involved.[119] Ultimately, the FDU concurred with this position, but added on the long-term Aggregation option gleaned from the Nigel Dick submission to drive the system towards a three-way competitive and viable regional structure. Like the BT report, the FDU reckoned that the comparative reductions in capital costs under MCS would protect the regional broadcasters from immediate threat. However, operating costs under both approaches would remain similar.[120] As for comparative estimated revenue under both approaches, MCS would attract greater revenue than under Aggregation, at least for the two largest stations reviewed. For the smallest station, however, the reverse would be the case,[121] and it was obviously this latter calculation that led to the 'opting out' scheme, whereby smaller stations could initiate an appeal to be included under the Remote Area Scheme, instead of MCS.[122]

It was clear, then, that the MCS approach took heed of the fragile economic position facing the regional sector. The FDU ruled out those options of optimal benefit for the networks (new, independent licensees or immediate aggregation) because none of the regional markets could support three independents, and only a few could support aggregation in the short-term. The RTA, too, continued to support the MCS option with the migratory path

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[117] Op cit, Appendix G, pp. 286-7.
[118] Op cit, Volume 1, pp. 72.
[119] Ibid.
[120] Op cit, pp. 80-1.
[121] Op cit, pp. 83.
[122] Op cit, pp. 116.

towards competition, but their enthusiasm was tempered by the dismal forecast projected by both Merchant and Partners, and Mitchell and Partners, which warned of a contracted revenue base under either option.

In summary, the FDU scheme reflected a directive by the government to achieve, above all else, three commercial television services in all regional areas by 1990. Empirical evidence had shown that only the larger regional stations could afford the considerable capital outlay and higher operating expenses involved in equalisation (roughly half of the total number of regional stations). It is argued here that even this expectation was unduly optimistic. First, the FDU had adopted the premise that the total expenditure on local programs would remain the same, and that the total advertising revenue from three services would remain equal to that yielded by the present solus service.[123]   At a conference sponsored by the Department of Communications later that year, broadcasters, advertisers and public interest groups gave further evidence which pointed to the grave uncertainty of those assumptions.

'Australian Commercial Television: The Future' - a public conference sponsored by the Department of Communications, September/October 1985

At this conference, the Chief Executive of RTA, K. Stone, showed convincingly the disproportionate expenses the regionals would incur as a result of equalisation. He went on to say what had then become a commonplace understanding, namely that the regionals would have to take a large proportion of their program feeds from the networks. How they would feed their transmissions would 'sit at or between' two concepts - 'straight-up networking' (like the US model), or totally independent feed (making use of satellite delivery, tape and program delivery from an RCTS service).   He also stressed the importance of localism, especially local news and community announcements, but he warned that, because the program feeds from the networks would carry a national news service, the local licensee's own proportion of news content would necessarily decrease.

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[123] Op cit, pp. 12.

Stone underlined the concern felt by the regional sector towards the government's accelerated time-frame. It was not possible to develop equalisation by 1988. Most regional stations could provide an additional service within one year and a third service only at the end of a five year period. As for a competitive three-way service, that should be adopted only after it could be shown that sufficient revenues flowed into regional areas, and only through commercial entrepreneurship and appropriate changes to the ownership and control rules.[124]

These views were endorsed by two larger broadcasters, Telecasters North Queensland Limited and Greater Northern Television Limited. Indeed, opinion from the regional sector railled comprehensively against the longer-term move towards a competitive three-way situation. It was argued consistently that economies under MCS would not necessarily save the smaller broadcasters from succumbing to a subordinate relay role, and that to sustain any degree of autonomy the stages should be staggered over a longer time-frame. If the government decided to force Aggregation immediately, or to introduce new, independent licensees, or if the government decided to force the regionals to expand too rapidly, then the regional structure in its present form would collapse. It would herald the end of independent programming and the beginning of 'straight up' networking.[125]

These claims were underscored persuasively by the advertising industry. According to the Federal Director of the Advertising Federation of Australia, three-way expansion under either approach would damage severely the revenue base of regional broadcasters. First, the size of the audience would not increase because population growth in Australia would remain at a low level. Furthermore, additional commercial stations might attract regional audiences away from the ABC. However, this was unlikely to represent more than ten percent of viewers, since ABC viewers were dedicated followers and the ten percent figure was almost insignificant when spread across three stations. Households using television would not increase greatly, because television usage was already high and only one progam could be watched at any given time. Viewing time may increase, but not dramatically

[124] Stone, K. (1985), 'A Regional Perspective', Address given to Department of Communications Conference, op cit, pp. 1-9.
[125] Astley, D. (General Manger, Telecasters North Queensland Limited), op cit, pp. 10.

because regional viewing was highly correlated with traditional lifestyles and conventional mores. Moreover, regional areas tended to have a higher penetration of video-cassete recorders which further detracted from television usage. Second, Australia already ranked as one of the world's highest societies in terms of per capita advertising expenditure, which meant that there would be little prospect of a rise in real levels of expenditure. Third, television's share of the national advertising pool was not likely to increase, nor would the share for regional television expand beyond the twenty percent average from the last five years. Fourth, when the above factors (showing constant levels of revenue for regional markets) were taken in combination with an expansion in the number of stations in the same market area, the result would be higher costs to advertisers to reach the same audience numbers, because the audience would be fragmented into three separate spheres. It was true that under MCS the licensee could demand higher prices for the same audience coverage, because he would not have to compete against two other operators in the same area so he would be able to avoid the savage rate card cutting which would occur under Aggregation. However, higher operating costs would demand higher prices for air-time and this would most likely act as a disincentive to advertisers with the consequence that other, more cost-effective, modes of advertising would be investigated.[126]

The Director concluded by saying that while advertisers would continue to seek equalisation, they would seek another course of action which had not been canvassed in the FDU deliberations. He referred, of course, to Direct Broadcasting Services or, in its absence, the construction of a system which demanded direct reliance upon, and affiliation agreements between, regional broadcasters and the three major networks. The latter constituted the preferred option of the networks and it was that scenario also that invoked Greater Northern Television Limited, a potential new 'player' in the regional stakes, to advocate a long-term shift towards a two-service system within a mild, two-region aggregation, instead of three. The spectre of US-style networking also provoked a similar suggestion from The Australian Federation of Consumer Organizations (AFCO), a signatory to the larger umbrella group, Communication Action.

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[126] Cormack, B. 'Is the Cake Big Enough?' op. cit. pp. 1-17.

Greater Northern had much to gain and much to lose from regional reorganisation, and in their own interests had undertaken a perspicacious examination of the question of regional viability.[127] Like the ABT, Greater Northern admonished the role of the regional sector, mainly because it had enjoyed astonishing profits in return for little responsibility towards audiences. The lack of a competitive stimulus had resulted in an almost non-existent contribution to higher levels of national production and had been the singular most significant cause of poor local performance. It was pointed out that, while the regionals accounted for forty-five percent of profits, thirty-five percent of the total population and twenty-one percent of revenue, as a group they accounted for only thirteen percent of overall expenditure on program production.[128] Nevertheless, it was the case that the ability of regional markets to support three services remained contestable, so their group had turned the question around to ask: what markets could support which level of services?

Starting with potentialities, rather than with imperatives, had revealed that existing structures could be tailored to a market and still yield competitiveness, viability and accountability, but only if two fully competitive operators were installed, rather than three, within a mild two-region aggregation – aggregations that already existed in many parts of Australia. Thus, the proposal would allow two independent regional stations in each region providing three services through a mixture of base stations, MCS's, relays and mild two-region aggregations.[129] It would mean that twelve new companies could be injected into the system within three years, and that there would exist a hierarchy of competition at the local level. In larger areas, competition would be provided through two full base stations, although in most regions competition would occur through a relay station competing with a base station. In the very small regions, the only possible competition would be through the RCTS service.[130]

[127] The Working Committee, Greater Northern Television Ltd, 'A Role for New Players?', op.cit, pp. 5.
[128] Op.cit, pp. 3.
[129] Op.cit, pp. 15.
[130] Op.cit, pp. 19.

The Australian Federation of Consumer Organisations (AFCO) also supported a variation of the two-station scheme so that, like Greater Northern, a viable regional structure could be sustained. AFCO eschewed the notion that equalisation under either Aggregation:Approach A or Multi-Channel Services:Approach B would be in the public interest. In their view, the FDU solution constituted such a 'blind and overwhelming commitment to "diversity of choice" ... the four other objectives [were] only fleetingly considered and ... in fact effectively abandoned...'.[131] AFCO pointed out the inconsistencies which had confused the whole debate over viability. In their estimation, taking current revenue and costs of equalisation by MCS (including minimum rates on commercial loans) the rate of return based on the current advertising base would be equivalent to ten percent. The disturbing factor in the calculation was that that level, according to diverse sources, was not likely to be sustained. Thus, the conclusion was inescapable that marginal proprietors would most likely withdraw to more profitable ventures, and that subsistence operators would develop even closer links with the networks.[132] Their objections lay not with networking per se, but with the kind of networking that limited the capacity of regional stations to make independent programming decisions in the interests of local communities, and which in the Australian climate would even further entrench market concentration across all media outlets, including newspapers, newsagencies, magazine publishing, radio, music and video.[133] In this regard, AFCO merely supported what the ABT had argued all along and which had been reinforced by submissions from the advertising industry, Mitchell and Partners Pty Ltd and Merchant and Partners Pty Ltd. Like Greater Northern, AFCO maintained that it was possible to increase regional services in the pursuit of localism, but only by working from 'the ground up', or by looking first at the capacity of a particular market area to provide an appropriate level of services, instead of vice versa. By reverting to the idea of supplementary services, larger areas could support three services and an independent 'player', whereas smaller ones could have an extra service provided by the existing operator. It was the case that some areas

[131] Everingham, R., Assistant Director, Australian Federation of Consumer Organisations, 'Equalisation and the Public Interest', Op cit, pp. 2.
[132] Op cit, pp. 5.
[133] Op cit, pp. 8-9.

would enjoy three services and others only two, but the already high penetration of video in regional areas now made the imperative for three services less significant.[134]

The AFCO submission was interesting in one additional aspect. As one would expect from an organisation concerned primarily with consumer needs and services, it was the only one in which the notion of 'quality' was brought to the foreground. The government's obsession with the equation between equalisation and 'diversity of choice' was not only misplaced, according to AFCO, but unsubstantiated. What viewers could look forward to under MCS was not more quality Australian material, but more likely reruns of cheap American 'sit-coms'.[135]   Essentially, raising the number of services did not equate with diversity of choice. This latter argument was certainly valid. At no point had the issue of servicing elements been raised seriously, despite the convincing evidence contained in the Hart and Frankel Company submission to the FDU inquiry regarding production and employment opportunities. Their study had shown that, of all the options under review, only the 'Mix Between regional and state options' involving the creation of five regions (the nearest to the ABT consortia scheme), would there be an opportunity for the independent production and acquisition of independently produced material outside the Sydney and Melbourne metropolitan stations, and only then if combined with 'window' requirements for certain program categories and local material.[136]

Thus, from the consumer end, the original submission by Communication Action to the ABT SPS Inquiry accorded with the Hart and Frankel study that structural changes were not enough. Closer regulation in the form of 'window' requirements, prime-time access rules, syndication rules, independent access rules, financial interest rules and 'quota' arrangements were necessary if better quality programs were to prevail. Further, a regulatory framework would have to be applied prior to, or contemporaneously with, the commencement of aggregation and other rules introduced on a staggered time-scale to accommodate the creation of service areas, and the buying and selling of regional

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[134] Op cit, 10-1.

[135] Ibid.

[136] Hart and Frankel Company (1985), Submission to FDU, Op cit, Appendix II, pp. 445-6.

licences.[137] These rules would apply to domestic arrangements, but there was also the problem of foreign purchases. AFCO reiterated the necessity for a single buying agency to overcome the competitive bidding between networks. Indeed, the Tariff Board inquiry into Motion Picture Films and Television Programs had reported over ten years earlier that this situation had been directly responsible for inflated prices and unjustifiably high costs to the viewing public.[138]

The imperative for closer regulation of services has been supported by other evidence. The ABT SPS inquiry cited several studies, emanating from the US, revealing that market activity would not necessarily increase diversity of choice. That is, unless five competing stations operated in one market, the preferences of minority audiences, those of high value to relatively small audience groups, or those which were relatively expensive to produce, tended to be neglected.[139] These findings have been replicated in Australia. Withers[140] has argued in support of Steiner's study (carried out in 1952) that broadcasting in advertiser-funded, limited frequency spectrum allocation system is likely to limit substantially diversity of types of programs broadcast. Although the main thrust of his study was to advocate a complementary, rather than competitive, role for the ABC viz-a-viz the commercial sector, the argument concerning the lack of diversity across commercial stations remains valid for the present purpose. He has argued that adding more commercial stations (which in Australia has meant up to three commercial stations in any one metropolitan market) has not significantly increased program diversity vis-a-vis the ABC. Further, in citing a body of US research, he indicated that substantial increases in diversity by program type occur only after more than four commercial stations compete in the one market, or if they are accompanied by a public broadcasting station.[141]

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[137] Op cit, pp. 458-9.

[138] AFCO, Address given to DOM Conference, op cit, pp. 11-2.

[139] The Australian Broadcasting Tribunal, op cit, Volume 1, pp. 105.

[140] Withers, G. (1985), 'Television Viewing and ABC Program Policy: An Econometric Study', Discussion Paper No. 126, The Australian National University, Canberra, Centre for Economic Policy Research, pp. 1.

[141] Op cit, pp. 17.

These findings certainly substantiate the AFCO thesis and provide grounds for their continuing demand for quality and diversity in the face of imminent equalisation. Undoubtedly, MCS will deliver neither if left to market forces alone. When combined with the Labor government's general commitment to deregulation (spearheaded by the deregulation of financial markets), the prognosis for Localism Type I (locally relevant services) is not encouraging. The Chief Executive of RTA, in fact, predicted this outcome. Although he described local news services as 'vital, social organs' which should not be threatened under any circumstances, including equalisation, he warned that the level of local news and current affairs would decline under MCS, because program feeds taken from the networks via satellite would contain a network news service, reducing the local licensee's own proportion of news content.[142] Nor should viewers count on Localism Type II being sustained with regard to servicing elements. As mentioned earlier, viewer accountability (the old 'positive program standards' in the 1954 Royal Commission, or the ABT 'adequate and comprehensive service' provisions 1983/4) could only be heightened by close regulation of the servicing elements and, again, the government's deregulatory stance does not auger well for retaining the norms of localism.

The Government's Response: MCS and Immediate Aggregation

In May 1986 the Minister announced a new scheme. It incorporated the FDU decision regarding MCS, but it showed an exasperation with the longer-term migration towards a competitive situation. Rather, the government opened the way for immediate aggregation so that existing operators could opt to amalgamate from the outset, thereby forcing neighbouring stations to follow. However, immediate aggregation was still seen as optional.

The plan adhered basically to the FDU recommendation of phased-in competition, in which regional operators had a period of five years to add two new services to their existing monopoly market, and ten years to arrange themselves into three-way competition. Mr Hawke, in particular, was anxious to have three competitive services in place before the

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[142] Stone, K., op cit, pp. 3.

next elections. The merger of sixteen existing commonly-owned stations into eight single licences is seen to be an important part of this strategy because it places owners in a position whereby they could buy an extra licence under the existing two-station rule.[143] The real inducement for aggregation, however, was the government's decision to waive the sales tax on Ultra High Frequency equipment (necessary for equalisation) and to rebate licence fees for those who decide to aggregate. It is anticipated that smaller and ambitious stations will grasp the opportunity to participate immediately in the larger markets of their neighbours. Either way, regional operators were required to hand to the government their plans for MCS or aggregation by early in 1987. The government intends to grant an MCS licence for one year only, although it is understood that this will not compromise those stations which have opted for that course in the medium term.[144]

The government's announcement was a triumph for the networks and an unexpected outcome for the regional sector. Of course, they could close ranks and decide as a group to opt for MCS, in which case their local monopolies would be preserved, at least for a time. However, the Labor government seems to be working on the assumption that the regional lobby will be split between those more ambitious, and capital-rich smaller stations wishing to break into larger, more lucrative markets, and those who wish to phase in equalisation and three-way competition over a longer time period.[145] Evidence from media analysts, advertisers, potential broadcasters in regional areas and public interest groups has shown that aggregation would be too costly for the majority of broadcasters and that, even if higher audience numbers could be achieved, the inevitable rate-cutting war precipitated by advertisers in a three-way competitive market would reduce in the long term the ability of regional broadcasters to provide any programming of an independent nature. Thus, the government's decision at that stage marked the end of Localism Type I.

The demise of the structures and servicing elements of Localism Type I was unambiguously confirmed when in November 1986 the government announced new

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143 The Australian Financial Review, 21/5/86.
144 The Australian Financial Review, 21/5/86.
145 The Australian Financial Review, 21/5/86.

changes to the two-station rule. Under this arrangement, one person or group can now own an unlimited number of television stations covering not more than seventy-five percent of the national audience. For the first time in Australian broadcasting history, these changes also introduced a clause dealing with cross-ownership and control of different media outlets. Under these rules, new television stations cannot be bought where the purchaser already owns a newspaper or radio station with a monopoly in the station's service area. A monopoly is defined as an organisation which commands more than fifty percent of the market share. The seventy-five percent limit was proposed by the Treasurer, Mr Paul Keating, and received the backing of the Prime Minister and other ministers supporting the government's monetary stance on economic rationalism and deregulation of the business sector. In supporting the Packer media empire, in particular, the new arrangements surpassed the generous proposal previously supported by Hawke for a thirty-five percent share of the market for the Fairfax organisation, and a larger forty-three percent share for Packer and Murdoch. The new scheme rejected Minister Duffy's scheme. Duffy's scheme would have allowed all three networks equal opportunity to capture forty-three percent of the market. It was alleged that Caucus agreed to the seventy-five percent limit as a trade-off to ally the implementation of a scheme, proposed by Treasury and adopted by Keating and Hawke, for total access to the national market; this arrangement would have allowed the networks to operate Direct Broadcasting Services. The seventy-five percent limit means that the total number of television groups will be reduced from thirty to approximately six or eight major groups. However, the largest groups will continue to be those who own stations in Sydney or Melbourne, where each station can command slightly more than twenty percent of the total market. Under a no-limits scheme, the number of groups would be reduced in principle to three major companies.[146]

The announcement led to a frantic spate of market sales and takeovers in the electronic and print media. It was expected that Mr Kerry Packer would be among the first to expand into regional markets, since Consolidated Press owned Channel Nine in Sydney and Melbourne, but did not hold substantial metropolitan newspaper interests. The newer, but

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[146] The Australian Financial Review, 25/11/86.

smaller television entrepreneurs Skase, Holmes a Court, Stokes, and Bond were also in this category. However, Packer chose to sell his television and radio holdings to Bond, who by the late 1980s possessed the first real ownership network in Australia. This situation is likely to prompt other mergers and takeovers in order to create competitive networks to bargain for overseas programs and advertising. It will also mean that regional operators will be unable to compete for the inflated prices of other regional stations, and it is likely that all stations will be taken over by the major players within three years.[147]

The news commentary on this flurry of market activity, involving millions of dollars and huge media holdings, centred around who would, or who would not, enjoy preferential treatment by Keating and Hawke on the grounds of their demonstrated Labor-sympathies. The new scheme was seen to be detrimental to both the media-diversified Fairfax organisation and the Murdoch (Herald and Weekly Times) organisation. These companies but especially Fairfax were perceived to be hostile or unsympathetic to Labor.[148] These companies would be forced to choose to become either print moguls or television moguls, but not both. The seventy-five percent rule and the cross-media restrictions were especially fortuitous for Packer (before he sold to Bond), as well as the newer players. However, their sympathies are as yet unknown, although it has been surmised that as younger, self-made entrepreneurs they would judge governments on performance and policy issues, rather than on the grounds of traditional class-based bias.[149]

The new media rules had yet to be passed by Parliament at the time of writing this thesis. Their passage through the parliamentary process does not appear to be problematic. The Liberal Opposition does not support Labor's scheme, but because it involves interference with unrestrained market activity in terms of cross-media ownership and control. The Opposition policy would allow television owners who reach the seventy-five percent limit to also own newspapers in the same city as their stations, and it is possible that the Opposition could back a policy advocating no limits to the television audience share, which

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[147] The Australian Financial Review, 26/11/86.
[148] The Australian Financial Review, 23/2/87.
[149] The Australian Financial Review, 31/1/87.

is the Treasury, Keating and Hawke preference. The Australian Democrats have welcomed the cross-ownership restrictions.[150]

There is little evidence that rural communities want or welcome the 'equalisation of services' policy. The Localism Review Committee noted the overwhelming evidence indicating that, although rural residents sought extra broadcasting services, they were not prepared to accept the loss of a local station in order to achieve these services.[151] An additional five separate studies of regional television services showed that people did not want local services replaced by metropolitan-based relay services. It was consistently found that people wanted decentralised services as a means to foster community identity and self-image, to promote local employment opportunities, and to promote local commercial activity.[152] Further, the Broadcasting Needs Study commissioned by the Department of Communications showed that people wanted to influence the planning and development of communications systems.[153]

The government's 1987 proposals are consistent with the trend towards deregulation. In relation to broadcasting, there is no doubt that protectionism has been the basis of unusually high regional sector profitability, unmatched by efficiency of output or quality. However, total decimation is hardly the remedy for a better regional service. Following criticisms expressed within the Labor Party, one is led to the inevitable conclusion that those who ultimately control Labor policy are making decisions with an acute regard to the future political patronage of the networks and of the vast print conglomerate now owned by Murdoch. (Murdoch subsequently took over the Herald and Weekly Times thereby gaining control of approximately sixty percent of all Australian newspapers).

Conclusion

The vital issue, namely the role of broadcasting in Australian cultural and political life, has been at the heart of political debates over the last sixty years. This problem has been

[150] The Australian Financial Review, 2/2/87.
[151] The Department of Communications (1984), Localism ...., op cit, pp. 211-8.
[152] Op cit, pp. 220-1.
[153] Op cit, pp. 221-3.

conceptualised as a tension (but not a contradiction) between Localism Type I and Localism Type II. I have argued that Localism Type I is no longer a reality in the commercial sector in either the structural or servicing elements under the Labor government's scheme for equalisation of television services to country areas. Radio will also be networked nationwide, although some new stations may offer local services. Opinion survey evidence shows that regional communities do not want equalisation, if it is conditional upon the sacrifice of local content, particularly in news and current affairs. The government is either indifferent to these findings, or it seeks above all else to capture the political patronage of its allies in the television industry and to punish those who have consistently criticised Labor Party policies.

I have argued that the tension in the future will revolve around Direct Broadcasting Services (a policy supported by the Liberal coalition opposition party, the Prime Minister, Mr Hawke, Treasury and the Treasurer), and a version of Localism Type II. Localism Type II will now legalise more extensive ownership arrangements, allowing the three networks to cover up to seventy-five percent of the national audience. The existing television owners will be reduced from thirty to around six to eight major companies, controlling three national networks.

What of Localism Type II services? Withers has argued that a single market with less than five commercial stations will not deliver diversity of program material.[154] Without controls over programming output (specific 'window' and quota requirements on production categories), the industry will remain as it is, a cost-inefficient and expensive set of structures providing imitative, derivative and bland material for audiences, who have regularly indicated their preference for an altogether different product. It is possible that the Tribunal's review of Australian content programming requirements planned for mid-1987 may find that further regulative measures are necessary to induce commercial licensees to invest their surplus in more diverse programming material, and possibly in material specifically relevant to residents in regional areas. However, without the rule of law these recommendations may prove fruitless, since they have proved inadequate in the past. The

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[154] Withers, op cit.

only other possibility is that advertisers will pressure the networks to produce programs for those specialist audiences at present not catered for, but whom advertisers wish to reach through the television media. There is evidence that advertisers are becoming increasingly dissatisfied with the advertising opportunities available through current television practices and that some may be willing to adopt a more aggressive role.[155] Australian audiences should hope so, for without either of those options, and with the sharp devaluation of the Australian dollar between 1985 and 1987, which has almost halved the purchasing power of the Australian industry, they are in for a bleak time, indeed.

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[155] The Australian Financial Review, 7/10/86.

CONCLUSION

INTRODUCTION

The purpose of this conclusion is to provide in a concentrated discussion the linkages which I have established in this thesis between political theory, state policy for broadcasting and empirical evidence (with special reference to government reports). The conclusion will be presented in three sections. First, I will elaborate the central theoretical argument concerning the character of the state and state power. This section will consider T.H. Marshall's analysis of the various components of citizenship and it will also address contemporary Marxist and other theories of the state. It is argued that an expanded version of Marshall's notion of citizenship provides an explanation of the contradictory dualism of state activity in contemporary liberal democracies.[1] In order to enscapsulate this dualism, I have constructed a thesis which argues for an understanding of state intervention in terms of the quest for social and political unity. As I have shown throughout this thesis, the achievement of this unity is necessarily problematic and furthermore it is an unstable and fragmented unity.

The second part will consider the methodological basis of the thesis. The notion of citizenship is linked with

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[1]   The thesis has assumed that Marshall's approach is valuable as one aspect of my general framework. It is equally clear that Marshall's theory has, particularly in retrospect, a number of limitations. For a critique, see Roche, M. (1987), `Citizenship, social theory and social change', Theory and Society, Volume 16, pp. 363-399.

empirical changes in Australian broadcasting policy from the 1920s to the 1980s. The policy of Localism, in all of its permutations, will be used to make this connection. I will also connect Localism with the state's interest in social and political unity.

The third part of the conclusion will analyse in detail the current status of Localism in the face of major structural changes within the broadcasting industry which have been precipitated by the introduction of the satellite-distribution of programs. It is this singular event (the decision to appropriate technology requiring a far greater degree of industry centralisation than has been the case in the past, along with Australia's general economic decline), which will curtail localist principles in the formulation of broadcasting policy in the future.

The theoretical argument

In Chapter One I located the state in the terrain between the economy and civil society. Despite the legal, formal separation between the state and the economy, there has been in twentieth-century capitalism an unparalleled interpenetration by the state with the economic sphere and civil society. This interpenetration has occurred in response to economic crises of accumulation, structural crises, social contradictions, and various political struggles, particularly in the post-war period. This interpenetration is indicated by the emergence of

unique institutional phenomena such as corporatist forms of political bargaining and welfare-state institutions. The state has to be juxtaposed to both economic and civil spheres, and cannot be reduced to either, despite the state's dependence on them. It is dependent on private forms of capital accumulation, because the state is a redistributive institution and requires revenue from taxation to carry out its administrative and redistributive activities. It is dependent on securing and maintaining the loyalty of the electorate, because the mandate to govern obtained from the electorate provides its base of political legitimacy. This legitimacy is also determined by the ways in which classes and social groups in the electorate discern how, why and to what effect the national income is reinvested and redistributed. Political legitimacy becomes a problem for state power primarily when subordinate groups and classes possess a legal right to exert their preferences in a system of representation, and when a competitive party system has over time supported the transformation of expectations into entitlements.

The state is thus faced with two contradictory processes. Constitutionally, it must support a capitalist economic system from which it derives its material base of power. Coterminously, it must support a political system of individual representation which has over time resulted in shifting alliances and loyalties among classes and minority political groups. These changes in class

loyalties, and the development of `catch-all' political parties have been effects of changes in the class structure away from a large working class towards an expanded service class of white-collar workers; these changes are also associated with the expansion of the state bureaucracy and the development of international banking, finance and communication technologies. The internationalisation of these sectors of capital makes them less amenable to control by individual nation-states.[2]

A major problem facing contemporary nation-states is the dilemma of increasing burdens and responsibilities from the economic sphere and civil society, which have increased in a period of diminished resources. There is thus a continuous search for political stability in the context of perpetual and unresolved structural instability. The state must support an economic system which by definition produces social inequality, but it must also support a democratic political system which promises, at least formally, the universal realisation of equality. It is for this reason that Claus Offe refers to modern capitalism as disorganized.[3] The current constriction of the welfare- state and the dismantling of

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[2] Lash, S., and Urry, J., (1987), The End of Organized Capitalism, Oxford, Polity Press in association with Basil Blackwell, Chapters, 6,7,8,9 and 10.

[3] Offe, C. (1985), Disorganized Capitalism, Cambridge, Polity Press, p. 6. For a critique of crisis theory, see Holton, R.J. (1987), `The idea of crisis in modern society', British Journal of Sociology, Volume 38(4), pp. 502-520.

corporatist forms of bargaining are symptomatic of the asymmetry between the economic and civil spheres; capital has been internationalised, but citizenship remains principally bounded within the nation-state framework. At the international level, nation states have attempted to forge supra-national forms of co-operation and to control fluctuations in international exchange-rates. At the national level, nation-states have attempted to divest themselves of the economic burdens and responsibility of the social infrastructure by 're-liberalising' or privatising those responsibilities, which the state incurred under post-war Keynesian economic policies.

I argued that the key to understanding the basis of state activity (and the underlining social and political struggles which inform state policy) rested on the notion of citizenship. The concept of a rational and autonomous agent is common to theories of market activity (which presuppose rational agents entering into exchange relations) and to theories of liberal democracy (which presuppose rational actors entering into social contracts to maintain personal security). However, it was stressed that, although market contracts and citizenship require rational and autonomous social actors, the development of a market economy and the later imposition of a liberal variant of democracy were historically separate issues.

The rise and transformations of citizenship:

T.H. Marshall dates the evolution of national citizenship, or the civil component of citizenship, from the twelfth century, when "royal justice was established with effective power to define and defend the civil rights of the individual' based not on local custom, but on the common law of the land.[4] Marshall's conception of civil rights depends on the creation of national, as opposed to local, rights. This is why he identifies civil rights in the twelfth century, although in their more mature form civil rights are assigned more appropriately to the eighteenth century.[5] Other historical sources locate the origins of citizenship in an earlier period. For example, the equation of the term 'rights' with fairness and justice, rule-making, a justifiable claim on legal or moral grounds and a moral title or claim to the possession of property or authority can be dated as far back as 900 AD.[6] Turner[7] dates

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[4] Marshall, T.H. (1964), Class, Citizenship, and Social Development, (reprinted), Connecticut, Greenwood Press, Publishers, p. 73.

[5] Marshall, op cit, p. 74.

[6] The Compact Edition of the Oxford English Dictionary (1971), Volume II, P-Z, USA, Oxford University Press, p. 2546.

[7] Turner, B.S. (1986), Citizenship and Capitalism: The Debate Over Reformism, London, Allen and Unwin, pp.13-21 has further developed Marshall's thesis by arguing that if one defines citizenship as social participation involving defined boundaries, with assertions about inclusion and exclusion, then citizenship is as old as human society. Turner discusses citizenship in the works of Plato and Aristotle where citizenship denoted the capacity to govern as a consequence of self-discipline and education. Aristotle argued that workers, slaves,

citizenship as a much earlier concept, although he agrees
with Marshall that the critical expansion of citizenship
can be located in the eighteenth century. For Turner,
the French Revolution linked the notion of social
fraternity, human equality and community, and political
liberation. Turner's version of Marshall's theory of
citizenship has been further supported by recent
scholarship on the debates preceding the French
Revolution.[8] The decline of feudalism and the rise of
mercantilism meant that, by the seventeenth century in
England, all men were `free' at least from customary
ties. They were then `free' to sell their labour-power
within the market-place to the highest bidder. Thus,
the nascent rights of citizenship, those rights protected
by national courts of justice, were also embodied in the
principles of individual freedom of market exchange —

freed slaves, women and children could not be included
under the rubric of citizen, because a true citizen must
know how to obey and how to command. Finally, a citizen
is `one who has a share in the privileges of rule`.
Inevitably, this demanded ownership of property enabling
the citizen to survive without physical labour and thus
to devote his energies to public service. Turner also
links the development of citizenship with the Abrahamic
faiths. He then discerns three elementary meanings of
citizenship as entailing first, the inhabitant of a city
(this is evident as early as the fourteenth century);
second, a citizen is merely an occupant or inhabitant of
a place; and third, a citizen is a member of a state.
All of these elements presuppose a decline in the
dominance of hierarchical social structures where
religion no longer dominates and where there are growing
freedoms of exchange, belief and choice and the
development of formal, rational law. Thus, the notion of
citizenship is commensurate with achieved, as opposed to
ascribed, status. For a critical evaluation of Marshall,
see Roche, op cit.

[8] See Baker, K.M. (1987), `Representation' in The French
Revolution and the Creation of Modern Political Culture,
Volume 1: The political culture of the old regime, (ed)
K.M. Baker, Oxford, Pergamon Press, pp. 469-492.

that is, the freedom of speech, thought and faith, the rights to own property and to conclude valid contracts, and the rights to justice.[9]

Civil rights could only hold out a promise of equality. In reality, the achievement of equality would always be denied, because of the very nature of the unequal exchange between buyers and sellers of labour-power in the marketplace. Without access to property rights, subordinate classes would consistently be denied the right to engage in the political realm in those debates about the government of every-day life. Further, it is evident that, although there was in principle equality before the law, class prejudices and judicial bias inevitably demolished the principle in practice, and by the end of the nineteenth century legislative change had done little to reduce social inequality.[10] Social rights stopped short of economic rights.

Indeed, the rise of mercantilism from the fifteenth and sixteenth centuries wiped out the concept of economic justice from European economic and political theory.[11] By the seventeenth century, mercantilism had ushered in the idea that the national interest and the accumulation of wealth were identical goals of state policy. The

[9] Marshall, op cit, p. 71.

[10] Marshall, op cit, p. 88;92.

[11] Macpherson, C.B. (1985), The Rise and Fall of Economic Justice and Other Papers, Oxford, Oxford University Press, pp. 1-20.

role of the state in this new social order was to promote and protect market motivations in order to build the strength of the nation. With the development of commodified labour-power under mercantilism, medieval notions of economic justice declined. This doctrine held that social norms and ethical values should prevail over impersonal market forces. It had been institutionalised in the prohibition of usury and monopolistic market-rigging. In the seventeenth century, however, medieval economic justice was replaced by commutative justice (a `just price' proprotionate to the status customarily enjoyed by a person of that occupation or skill) and distributive justice (justice in the distribution of society's whole product). Both forms of justice were centrally related to the emergent bourgeois relations of exchange. The relations of production were typically taken as given.

Many of these assumptions were challenged by Marx who argued, against the classical political economists and liberal-democratic political theorists of the eighteenth and nineteenth centuries, asserting that all theories concerned solely with distribution, or the sphere of circulation and exchange, were fundamentally misguided. While Marx's precise status in the history of classical economics and political economy is a controversial issue (especially in relation to Ricardo), there is in Marxist exegesis the view that his distinctive contribution to economic, political and social theories was to point to

the fundamental injustice inherent in the structure of relations of production.[12] Hitherto, `Ricardian socialists' and liberal political theorists had ignored the relations of production as the root source of inequality. J.S. Mill and T.H. Green, for example, could see no alternative to the capitalist market even though they were morally horrified by the injustice brought about through the market distribution of material rewards. The Ricardian socialists did argue in terms of the injustice of commutative justice, but they had appealed to a vision of a classless society.[13]

Political rights of citizenship:

It has been argued that civil rights provided for due process before the law, but did little to guarantee substantive equality before the law. Combined with the depoliticisation of the relations of production under mercantilism, economic justice outside of the wage-labour relation virtually disappeared. The limited development of political rights in the nineteenth century is directly associated with the inequality experienced by subordinate classes in the economic sphere. The historical origins of political rights can be found in the philosophical

[12] For a discussion, see Rowthorn, B. (1974), `Neo-classicism,' neo-Ricardianism and Marxism', New Left Review, No. 86, pp. 63-87.

[13] For a general account of political economy in Victorian England (with special reference to the tension between utility and happiness), see Collini, S., Winch, D. and Burrow, J. (1983), That Noble Science of Politics, A study in nineteenth-century intellectual history, Cambridge, Cambridge University Press.

tenets of early liberalism, although these classical liberal theorists (especially Locke) were certainly not radical defenders of working-class rights. Hobbes and Locke had argued that only the privileged and propertied classes should exercise political power. However, their theories were radical in the context of European absolutism in the era of Baroque culture in the sense of positing a struggle against the absolutist state and political tyranny. Liberalism denoted a separation between the state and civil society. The latter included individual and family affairs; it was constituted as a private sphere independent of the state, and thus `free' from political interference.[14] The idea of popular representative government stemmed directly from Locke, who argued that the best way to secure individual rights and liberties for all citizens was through membership of a political community. In this schema, the state must remain subordinate to civil society comprising private individuals because they alone were competent to judge how to secure their own best interests.[15] For Hobbes and Locke the state was merely a regulator and protector whose legitimacy was sustained only by the consent of the governed. However, political membership — Marshall's political rights of citizenship — was reserved for a small minority, excluding for example women and slaves,

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[14] Held, D. (1983), `Introduction: Central Perspectives on the Modern State', in D. Held, J. Anderson, B. Gieben, S. Hall, L. Harris, P. Lewis, N. Parker and B. Turok (eds), States and Societies, Oxford, Martin Robertson in association with The Open University, p. 3.

[15] Held, op. cit., p. 13.

and probably the labouring classes.[16] While at one level Locke's philosophical intention was limited (namely to justify the innovations of the Convention Parliament and to criticize the patriarchal theory of authority in the royalist writings of Sir Robert Filmer), the Two Treatises of Government[17] were an early and cogent statement of political rights in a context of private property.   Nevertheless, the rudiments of popular representative government were rooted in Locke's theory of the minimalist state.

Political rights also remained attenuated in the writings of the nineteenth-century utilitarian-liberals, Bentham and James Mill.   This attenuation was somewhat incongruous with the general thrust of utilitarianism, which assumed that representative democracy would achieve the greatest good for the greatest number.   In practical terms, however, the Bentham/Mill idea of democracy was a partial one, resting on political participation which excluded women and the working class.   Further, democracy was a means to an end - the maximisation of private gain - rather than the development of an active and informed citizenry.   The liberal component of the theory advocated elections, abolition of the power of the monarchy, the division of state powers and freedom from arbitrary use of power over private citizens.   It has been called a

[16]   Held, op. cit., p. 12.

[17]   Locke, J. (1986), Two Treatises of Government, London and Melbourne, Everyman's Library.   See also the Introduction by W.S. Carpenter, pp. v-xv.

`protective' democracy, because the state was seen in the role of umpire or referee defending the operation of the competitive, free market. It should intervene only to uphold the laws of justice, that is, those protecting private property and market relations.[18]

The idea that popular political participation was in itself a worthwhile goal emerged only with the social liberals in the mid-nineteenth century. J.S. Mill advocated a `developmental democracy', rather than a `protective democracy'. Developmental democracy held primary the principle of the moral self-development of individuals into an active citizenry through their direct participation in political life. For Mill, it was only through the state that individuals could develop as wiser citizens capable of subsuming private greed in the pursuit of the public interest. Being a wise citizen meant the development of human reason or rationality. This moral component was the quintessential element of citizenship and liberty. Liberty in civil society, including freedom of thought, discussion and economic exchange, promoted `the development of independence of mind and autonomous judgment'.[19] Thus, like the early liberals, Mill justified the separation between state and

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[18] Held, op. cit., pp. 14-7. For a general discussion, see Sabine, G.H. (1963), A History of Political Thought, London, Harrap; Wolin, S.S. (1961), Politics and Vision, continuity and innovation in Western political thought, London, Allen and Unwin, Chapter 9.

[19] Held, op. cit., pp. 17-9. Robson, J.M. (ed) (1963), The Collected Works of John Stuart Mill, Toronto, Toronto University Press, Volume XVIII, pp. 49-90 and 153-204.

civil society on the grounds that there should remain a private economic sphere, free from government interference. In that sense, it was a theory of negative freedom. With an emphasis on self-development through active participation, however, Mill's theory also contains elements of positive freedom. The idea of extending the franchise to the working classes was, in addition, a response to the open violence and conflict which Mill attributed to the paucity of reward suffered by the working class under the exploitative conditions of competitive capitalism. Mills' anxieties about British political life were partly motivated by the analysis of conformity within a mass society in Alexis de Tocqueville's Democracy in America of 1835. Direct political participation would render the masses more compliant and responsible, whilst the plural vote - a system of voting which would yield a greater weight to the vote of the propertied, privileged and professional classes - would leave the old class order intact.[20]

It was axiomatic for Mill that liberty, in the sense of negative freedom (the sanctity of `self-regarding acts' to be protected by the state), and equality (in the sense of universal franchise) were logical contradictions. The

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[20]   See Macpherson C.B. (1977), The Life and Times of Liberal Democracy, Oxford University Press, pp. 21; Macpherson, C.B. (1973), Democratic Theory: Essays in Retrieval, Oxford, Clarendon Press, pp. 24-57; and Brugger, B. (1983), `Classical British and European Liberalism and Democracy' in Liberal Democratic Theory and its Critics, (ed), Wintrop, N., London, Croom Helm, pp. 25-6.

logical compatibility between liberty and equality of all citizens can be found first in Rousseau's theory of self-government and later in the more radical critique of bourgeois democracy by Marx, Engels and Lenin.[21] Thus, under liberal theory, political rights were accorded primarily to the propertied and privileged classes.

The fact that a political franchise was granted in the early part of this century was the outcome of a number of historical circumstances. However, in this thesis I have taken the view that citizenship is a consequence of political action, especially on the part of the working class in their struggles against the power and privileges accorded to the propertied and leisured classes. The growth of working-class militancy, the spread of literacy, the development of trade unions and mutual benefit societies were important aspects of the measures taken against the inherent inequality experienced by the working class under the conditions of market exchange. Thus, when equality was denied consistently in productive relations, the struggle shifted to the political plane — the sphere of distribution and the state — and to the realisation of genuine universal suffrage. Marshall locates these developments with the political struggles of the nineteenth century, and with social rights

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[21]   Held, op. cit., p. 23. On the general question of the relationship between individualism, liberalism and the development of capitalism, see Abercrombie, N., Hill, S. and Turner, B.S. (1986), Sovereign Individuals of Capitalism, London, Allen and Unwin, Chapters 4 and 6.

developing more acutely in the twentieth century under the welfare state – although as he states there is considerable overlap between these two phases.[22] It must be emphasised that Marshall's characterization of these changes as an evolutionary progression from civil to political (and later to social rights) should not be seen as *necessarily* evolutionary. There is no causal necessity in these linear developments, even though one might be able to observe these changes empirically over time. Indeed, there are good theoretical reasons for regarding Marshall's schema as a heuristic device rather than as an empirical generalization. For example, Therborn's typology of the history of democracy in seventeen countries has registered reversals in citizenship rights in many instances. The most obvious is Germany, but also Italy and Switzerland are examples, while the United States is shown to be the last democracy to emerge in the 1970s.[23] Moreover, capitalism can exist under many different political `shells' ranging from facism to liberalism[24]; it is possible for democracy

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[22] Marshall, op. cit., p. 78.

[23] Therborn, G. (1977), `The Rule of Capital and the Rise of Democracy', New Left Review, No. 103, May/June, pp. 3-41. The very late democratisation of the USA is attributed to the application of literacy tests to voting eligibility. This test obstructed many blacks from voting until the 1970s. An account of the erosion of social and political rights for the Jewish community in the Habsburg empire is given in Wistrich, R.S. (1987), `Social democracy, Antisemitism and the Jews of Vienna' in I. Oxaal, M. Pollack and G. Botz (eds), Jews, Antisemitism and Culture in Vienna, London and New York, Routledge and Kegan Paul, pp. 111-120.

[24] Jessop, B. (1978), `Capitalism and Democracy: the Best Possible Political Shell', in Power and the State,

to exist without capitalism; and empirically obvious that high levels of economic growth under capitalism can exist with minimal political rights (a situation which exists currently in many South-East Asian countries such as Singapore, in South Africa and South American countries, for example, Chile, and which existed in many developed Western countries during the early stages of capitalism).[25] Clearly the relationship between the political `shell' and the mode of production in many societies in the Eastern bloc (such as the DDR) is equally variable.[26]

Despite notable reversals, democratic political rights and representative government emerged during periods of what Lash and Urry[27] call `organized' capitalism. However, the timing of the restructuration from liberal, to organized and then disorganized capitalism has depended upon whether organization occurred first `at the top', `at the bottom', or simultaneously. Organization `at the top' is defined as the `concentration of industry, increasing inter-articulation of banks, industry and the state, and cartel formation' and organization `at the bottom' is specified by `the development of national trade union bodies, working-class

G. Littlejohn (eds) London, Croom Helm and reprinted in Held et al (eds), op cit, pp. 272-89.

[25] Turner, op. cit., p. 57.

[26] Bahro, R. (1978), The Alternative in Eastern Europe, London, NLB.

[27] Lash and Urry, op. cit., pp. 3-4.

political parties, and the welfare state'. According to Lash and Urry, both the period of organized and liberal capitalism can be associated with the downward phase of the Kondratieff long wave in the mid-1870s.

The emergence of social rights of citizenship

The emergence of political rights under universal franchise resulted in a qualitative advance for subordinate classes and groups, but the right to vote and to organise workers' unions, with concurrent representation in Parliament, did not transcend the capitalist requirement of universal freedom of contract, fair exchange and economic individualism.[28] At the outset, universal franchise was still conceived in terms of individual rights - the right for every (isolated) individual to vote at election time. The significant point is that the class system of economic inequalities and capitalist dominance remained intact. By contrast, a 'true' democracy would imply the collective control by the producers of the conditions under which a social surplus is created, the extent of that surplus and the uses to which it is put. In other words, it requires an expansion of economic rights of production. This form of citizenship is negated by the dominance of a market economy, where unequal power in the economic sphere gives unequal power to a minority in the sphere of politics; there is a division of labour between representative and represented. Under these conditions, democracy can only

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[28] Turner op. cit., p. 25.

be partial. It is also negated where political rule is dominated by an elitist bureaucracy.[29]

The analytical question remains: how to evaluate the shift from limited civil and political rights to the new social rights of the twentieth century? Marshall argues that civil and political rights corresponded approximately to an early phase of capitalism when an individualistic culture was dominant. For Marshall, the essential difference between political and social rights is that social rights do not depend on the economic value of the individual claimant. Further, he asserts that the limited nature of individual rights was used by subordinate classes through the formal political process to claim a legitimate right to social justice.[30] More recent legislation (in welfare provisions to include a wide range of social service payments, equal opportunity legislation, laws relating to sexual and ethnic discrimination, workers' compensation and minimum levels of health and education) supports his assertion that the working classes and minority social groups have experienced a measureable improvement in their material conditions of existence. For example, while there are still major inequalities in health and health care between social classes, there was a significant improvement in the health of the working class (as

[29]   Beetham, D. (1981), `Beyond Liberal Democracy' in R. Miliband and J. Saville, (eds.) The Socialist Register, London, The Merlin Press, pp. 190-206.

[30]   Marshall, op. cit., p. 103.

measured for instance by infantile mortality rates) in the post-war period with improvements in welfare provision.[31] These benefits are now part of a general social infrastructure and do not depend solely on economic status. Moreover, alongside the development of the welfare state there has been the emergence of corporatist forms of political representation. Corporatism offers an alternative to parliamentarism because representation occurs at the level of the corporation (either trade union or firm) in an effort to influence state policy and citizens exercise their vote as economic agents, rather than individual voters represented by geographical constituency.[32]

The strongest denial of the causal efficacy of citizenship rights in the struggle for power by the working class (and other minority political groups) is associated with Marxism. In Marxist literature, rights are often dismissed as `bourgeois rights' which serve only to hide the real dominance of capitalist social relations. Welfare-statism and corporatism merely reform the conditions under which capital accumulation takes place, and in so doing cement the rule of capital. Few Marxists would deny the positive advances gained by the working class and subordinate groups in this century, but many would maintain the argument that the

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[31]   Wilkinson, R.G. (ed) (1986), Class and Health, research and longitudinal data, London and New York, Tavistock, especially Chapters 1 and 2.

[32]   Jessop, op. cit., p. 285.

institutionalisation of class struggle within the state, and the alliance between the state and various fractions of capital, has blocked the emergence of revolutionary class struggle which would destroy capitalist relations of production and yield a true democracy of popular self-government. Thus, the capitalist state, as the embodiment of bourgeois rights, is seen as intrinsically bound up with continuing dominance by the capitalist class. These debates can be found in Chapter Two of this thesis.[33]

The point reaffirmed here is that Marxist accounts of state power have claimed an important theoretical advance over liberal, pluralist, conservative and social-democratic arguments by firmly denying the state's neutrality. Rather, despite many differences between them regarding exactly how the state secures the conditions for the continuation of class rule, Marxists have focussed on the role of the state in underpinning the requirements of capital accumulation, or its class-bias towards capital. This thesis generally supports that view. However, it firmly rejects the notion that

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[33] A critique of A. Przeworski's and L. Panitch's works (which argue that reforms within capitalism cannot challenge capitalist dominance) can be found in Higgins, W. and Apple, N. (1983), 'How Limited is Reformism?: A Critique of Przeworski and Panitch' in Theory and Society, Vol. 12, No. 5, September, pp. 603-30. Another version of the critique of the reformist position relating to the sociology of law can be found in Pashukanis, E. (1978), Law and Marxism, a general theory, London, Ink Links. For a general critique of conventional marxist approaches, see Cohen, G.A. (1981), 'Freedom, Justice and Capitalism', New Left Review, No. 126, pp. 3-16.

political struggles by the working class, minority political groups and other social collectivities have been necessarily functional for capitalist accumulation, and it refutes the assertion that all forms of social-welfare provisions and positive changes in working conditions can be summarily dismissed as `reformist'. In other words, the argument here is that the contradiction between capitalism as an economy and democracy as a political system has meant, over time, an encroachment into the accumulation process by the state and by subordinate classes based on citizenship rights. Bell[34] describes this dynamic as a change from the `revolution of rising expectations' into the `revolution of rising entitlements', which are claims for a basic minimum income, free education, and assurance for employment (or at least compensation for unemployment), drawn by all groups in society for protection against hardship and deprivation. These developments equate with Marshall's concept of the social rights of citizenship in this century, the empirical documentation of which can be found in Marxist accounts of the duality of state spending, and arguments about `fiscal crises of the state'.

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[34] Bell, D. (1976), The Cultural Contradictions of Capitalism, London, Heinemann Educational Books Ltd, pp. 233-236. For a critical commentary on the socio-political context of Bell's social theory, see Bloom, A. (1986), Prodigal Sons, the New York intellectuals and their world, New York and Oxford, Oxford University Press.

The question is whether the growth of social rights has consolidated the conditions for capitalist accumulation, or whether there has been a dilution of managerial prerogratives associated with ownership of private property or whether there has been some erosion of individual property rights as a consequence of legislation on inheritance and as an outcome of tax reform. By arguing that social struggles have the unintended effect of aiding capitalist accumulation, Marxist accounts of the state provide only one component - the capital accumulation side - of the full political equation. It is the structural juxtaposition of the state between the economy and civil society which renders economistic and reductionist accounts of state power and state policy partial and inadequate; they tend to collapse the state, or the political realm, into either civil society or the economy. Thus, for many Marxists (whose arguments have been examined in Chapter Two), there is no conceputal area for political action by either the state or subordinate groups and classes, except by virtue of their incorporation into or alliance with capitalist dominance. This is characteristic of, for example, Poulantzas who posited the `relative autonomy' of the state as a structural requirement of the cohesion of fractions of capital; of Miliband and C. Wright Mills who offered an elite account of class rule;[35] and of O'connor, who argued that the

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[35] Urry, J. and Wakeford, J. (eds) (1973), Power in Britain: sociological readings, London, Heinemann Educational Books.

legitimation and accumulation functions of the state
(although often contradictory in policy) can be derived
from the logic of capitalist accumulation. For O'Connor,
therefore, the political legitimacy sought by the state
is not the consequence of a strong civil society which is
able to exert pressures on state policy-making. The
logic of O'Connor's position is that the search for
political legitimacy can be reduced to a necessary level
of social harmony required for unimpeded accumulation.[36]
For those economistic and reductionist accounts, there is
no recognition of the `causal powers' exerted by
subordinate class and minority groups upon the liberal
democratic state, whose very structuration demands the
recognition of the sway of social citizenship and, in a
reciprocal relationship, the increasing reliance by
citizens on the welfare state with associated negative
consequences in terms of increased levels of social
surveillance.[37]

The arguments of Jessop and Urry are notable exceptions
to economistic and reductionist theories.[38]   Both

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[36]   O'Connor, J. (1984), <u>Accumulation Crisis</u>, Oxford,
Basil Blackwell, Chapter 4.

[37]   For a discussion of this position see Offe, C.
(1987), `Democracy against the welfare state?:
Structural foundations of Neo-Conservative political
opportunities', Mimeo copy. Also published in <u>Political
Theory</u>, November, 1987, pp. 501-537. I am grateful to
Claus Offe for a copy of this paper before it was
published.

[38]   In Chapter Two I have detailed a fairly full list of
state theory debates. The best contributions by Jessop
and Urry can be found in Urry, J. (1981), <u>The Anatomy of
Capitalist Societies: The Economy, Civil Society and the</u>

theorists have maintained that the state is an
irreducible political entity in relation to the economy
and civil society and that its role in maintaining the
bases for social stability is broader than the exigencies
of capital accumulation and the class order. The state
does not always dominate the production process, in terms
of directing the course of investment and reinvestment,
but it does possess the political authority and the
electoral mandate to create and sustain the conditions
for accumulation.[39] These requirements mean that state
policy can be directed against the immediate interests of
fractions of capital, thereby altering the path of
accumulation. Corporatism is an example of this.
Corporatism cannot transcend the separation between the
state and the economy, but it attempts to bridge the gap
in order to achieve a unity between contesting class
forces. Of course, this will be a fragile unity, because
the alliance is voluntary, it is partial (it leaves out
weaker and smaller unions and firms) and it cannot
transcend shifting alliances between capital and labour
at different levels.[40] The unity created by the state is

State, London, The Macmillan Press Limited and Jessop, B.
(1982), The Capitalist State: Marxist Theories and
Methods, Oxford, Martin Robertson.

[39] For a case study of the British steel industry
showing the degree to which the state is able to exercise
autonomy to sustain conditions of accumulation see,
McEachern, D. (1980), A Class Against Itself: Power and
the Nationalisation of the British Steel Industry,
London, Cambridge University Press.

[40] Various writers now believe that the corporatist
consensus of the 1970s has collapsed with the recession
of the 1980s. See Goldthorpe, J.H. (ed.) (1984), Order
and Conflict in Contemporary Capitalism, Oxford,
Clarendon Press.

(given the circumstances of disorganized capitalism) necessarily fissiparous.

It is not suggested that corporatism implies an equal power relationship between capital, labour and the state. On the contrary, the recent dismantling of corporatist accords (in Britain and in Australia, for example) with reductions in real wages for subordinate classes, shows that labour has not achieved parity in status or power to capital. Nevertheless, the social rights of citizenship underlying corporatism and welfare-statism have had profound effects on traditional relations of dominance. Bowles and Gintis[41] have shown that the `citizens' wage' (that part provided by the state rather than directly acquired though the sale of labour power) has led to a redistribution of the social product away from capital. Second, the `citizens' wage' has greatly reduced the negative impact of the reserve army on money wages. Third, popular access to the liberal democratic state has enabled the working class to thwart attempts by capital to pass on the effects of adverse trading terms with the consequence that there has been a considerable fall in both before-tax and after-tax corporate-profit rates.

For Bowles and Gintis, the liberal democratic state (the state most characteristic of advanced capitalism) has

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[41] Bowles, S. and Gintis, H. (1982), `The Crisis of Liberal Democratic Capitalism: The Case of the United States', Politics and Society, Volume 11, Number 1, pp. 51-93.

vested rights in persons by virtue of citizenship as a result of working class struggle following World War II. Because the working class has access to the state via formal enfranchisement, the modern state reflects the contradiction between property rights in the sphere of production and individual rights in the sphere of distribution. These individual rights have found pre-eminence in modern political life, and the very existence of the capital-labor accord and the welfare state may be taken as evidence of their impact. The utilisation of personal rights through the state was made possible by postwar economic expansion up to the oil crisis of 1973. During that period, some redistribution of power and wealth from capital to labor was achieved (although in retrospect some of these achievements were clearly fragile and temporary).

An important aspect of this argument relates to the calculation of the real advances made by subordinate groups and classes through the auspices of citizenship. However, Bowles and Gintis are unable to conceive of the dynamic of social change in other than strictly class terms; that is, while they argue that citizenship does inform class struggle in late capitalism and comes to dominate the political process through the liberal democratic state, it is not clear that citizenship is active on any other basis than class. This implicit argument is evidently related to their theoretical framework, which stresses the structural separation

between the state and the economy, 'whose articulation may be described as a contradictory totality'.[42] However, their theory allows for no conceptual space within which there could arise rational social actors, whose demands for equality could be separate from the accumulation process. These groups would include, for example, women, blacks, ethic groups, pensioners, and advocates of children's rights.

Offe, on the other hand, begins with the premise that civil society comprises an additional sphere to the political and economic realms. It is an autonomous sphere in which citizens exercise social, cultural and economic liberties, which posit limits to state authority. Further, citizens are the ultimate source of the collective political will, or state authority. Yet they are also clients, who depend upon state-provided services for securing their material, social and cultural means of survival.[43]

It is this patron/client relationship between citizen and state which commands Offe's attention, because he seeks to understand the current trends, now universal in developed Western economies, towards the demise (or at least the attrition) of the welfare state and corporatist forms of political bargaining. He concludes that the social postulates, or normative dispositions underlying

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[42]   Ibid, p. 60.

[43]   Offe, op. cit., p. 1.

the provision of collective goods (that is, `the relationship of trust, reciprocity, sympathy, and fairness that they have experienced between themselves and their fellow-contributors'), have disappeared, or been eroded, because there has been a `process of destructuration of collective identities based on social class'.[44] Further, the absence of a political vision within the broad European Left has meant that the welfare state is exposed to ideological attack by conservative and market-liberal elites.[45] In summary, Offe argues that there has been a `destructuration of self-conscious interest communities'.[46]  Clearly, for Offe, citizenship has ceased to offer a significant basis for political liberation.  This is because `self-conscious interest communities' (those exercising liberal political freedoms in civil society) are, by definition, class-based communities. It is logical, then, for Offe to argue that the welfare state must disappear along with the disappearance of its original source of social support — the traditional working class.

It is argued here, in contrast to Offe, that citizenship has not suddenly become emaciated as a political tool for on-going social and political struggle, despite the decline of a traditional working class. Offe's theory

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[44]   Ibid, pp. 26-8.

[45]   Ibid, pp. 40-5.

[46]   Ibid, p. 40.

is implicitly based on the Hegelian-Marxist assumption that the working class is the only class which can pursue or develop the universalist interest of the entire society. By contrast, it can be argued, following Marshall, that civil and political rights in contemporary capitalism were originally achieved by middle-class political conflicts in the middle of the nineteenth century, for example, over the right of property owners to enjoy the franchise. As Bell argues, the revolution from `expectations' to `entitlements' indicates a radical cognitive shift from value based on economic contribution, to the belief that value should be based upon personhood, regardless of social status. Thus, the social rights of citizenship are claims by all groups in society, not just minorities, the poor, or disadvantaged, for protections and rights. Because citizenship was not historically tied simply to the rise of the urban working class, there is no necessary reason to accept Offe's pessimistic political conclusion.

If one accepts this more widely-spread basis of citizenship, then Lash and Urry's insistence on the continued viability of oppositional struggles is far more plausible. Lash and Urry have adopted a more macroeconomic and comparative historical method to explain the current `disorganisation' perceived by Offe. The difference in their argument, however, is that they do not accept the ultimate disappearance of working-class and subordinate-group solidarity. It is the case that

economic change (the simultaneous internationalisation and regionalisation of capital) has brought about changes in the occupational structure (the decline in the absolute and relative size of the working class, and the rise of a white-collar, service sector) with concommitant effects on the disorganisation within civil society. The latter is visible in the multiplication and fragmentation of interest groups and is the basis of the disorganisation of coherent political support for the state. This effect can be seen in `the decline of neo-corporatism, the development of the `catch-all' party, and class dealignment'.[47] However, these authors stress the point that oppositional social forces have not disappeared, as Offe asserts. Rather, `qualitative social change [is possible] through some sort of alliance between working-class and `new' social movements ... based on the development of a transformed oppositional political culture'.[48]

If this is the case, however, how can one explain why the welfare state could suffer its present erosion? The answer may not lie so much in Offe's analysis of the destructuration of interest communities: in any case these interest groups appear to be more rather than less strong today and more cohesive (for example, women's, blacks and ethnic groups). My thesis suggests that the answer may lie in the structured and contradictory nature

[47] Lash and Urry, op. cit., pp. 5-7.

[48] Lash and Urry, op. cit., p. 8.

of the relationships between the economic, political and civil spheres. Following Bowles and Gintis, it can be argued that the social rights of citizenship have successfully made inroads into capitalist prerogatives to determine the level of wages and conditions of employment. Over time these decisions came under the auspices of the state - in corporatist forms of political bargaining, and in the provision of a social infrastructure which, among other innovations, turned unemployment into a problem of the social structure, rather than a deficiency of lazy and irresponsible individuals, and guaranteed minimum levels of security for all claimants, regardless of economic status. Under Keynesian economic management criteria, the strict division between the economic and political realms, and the political and civil realms were blurred as the state assumed more economic and social responsibilities formerly left to either the market or to voluntary-aid associations, on the other. The developments cannot be ruled out in advance as evidence of the failure of working-class politics; on the contrary, they point to the successful impact of citizenship rights on the social structure.

The state is able to sustain a commitment to these social and economic burdens so long as there is an economic system capable of producing a surplus, upon which the state must rely for its redistributive activities. The state must remain a redistributive institutional

ensemble, because the liberal component of both the constitutional state and the economy provides political limits to state intervention. Should the economic sphere disaggregate and restructure in ways which take it outside the control of the state (as Lash and Urry have suggested), then the ability of the state to continue to collect an income from the national wealth and then redistribute it, will be constrained. The erosion of former welfare benefits and the radical restructuring of the welfare state are consequences of the political strains involved in the structured relationship between the state, the economy and civil society. The internationalisation of capital has diluted local state control and state resources, but the political forces behind citizenship are still largely intact. These forces are no longer organised along traditional class lines, but have been reorganized into minority group politics. The point is, however, that alliances between these groups under an `umbrella cause' such as the peace movement, or under `a new social movement` remain very much on the political agenda. We can approach the contemporary history of Australian broadcasting and the policies associated with it as specific examples of these very broad changes in so-called `disorganized capitalism'.

Nevertheless, there are serious impediments to political opposition in a climate of economic uncertainty where nation-states are unable to control the reorganisation of

capital along supra-national lines. Under these conditions nation-states have attempted to forge international trading agreements, to control wild fluctuations in exchange-rates (although not entirely successfully) and to plan for some regulation of financial markets. New fiscal and monetary tactics have been developed at the level of the nation-state. These measures can be typically described as the `re-liberalisation' or reprivatisation of those economic and social responsibilities which the state acquired under post-war Keynesian economic conditions. New ideologies will, of course, accompany these changes (such as the claim that the welfare-state has undermined community solidarity.)[49] These arguments typically call for deinstitutionalisation of social services to be shouldered `privately' by the family (which in practice means primarily by women within the family). In addition, we can see in contemporary economic thought after the 1970s, the declaration of a crisis in Keynesian economic theory, an abandonment of Keynesianism and a reversion to a `rational expectations' model taken partly from classical economic theory.[50] Variations on this theme have emerged in political theory, for example, in

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[49] Offe, op. cit., pp. 4-7.

[50] Willes, M.H. (1981), `"Rational Expectations" as a counterrevolution' in The Crisis in Economic Theory, (eds) D. Bell and I. Kristol, New York, Basic Books, Inc., Publishers, pp. 81-96.

Olson's theory of rational collective action[51], and the application of game theory to Marxian concepts, such as class, collective action, revolution and exploitation.[52]

These arguments and debates in economic and political theory have direct relevance for my analysis of Localism and democracy. My thesis has focused on the contradiction between real economc inequality and the promise of political equality, embodied in the state and therefore its defining characteristic. It is possible to argue that it is the liberal component in both the economic sphere and civil society which determines how the state will respond, or what limits will be exerted on possible state responses. By contrast with `state-socialist societies', the market in liberal capitalist economies is, _in principle_, free from direct political interventions by the state and the political citizen is differentiated from the economic agent. The separation of the state from the economic sphere means that the state cannot be held directly responsible for the operation of the economy. The separation of the state from civil society also creates a political space free from government interference, wherein citizens may practice dissent without necessarily experiencing

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[51]   Offe, _op. cit._, pp. 19-36. Offe has shown the logical deficiency of rational collective action theory as an explanatory tool.

[52]   For a discussion of Lash and Urry's analysis of rational choice theory applied to Marxism see Brewer, J. (1987), `Exploitation in the new Marxism of collective action', in The Sociological Review, Volume 35, No. 1, February, pp. 84-96.

automatic political repression. This political space is institutionalised in voting, the secret ballot, guarantees for freedom of association, religion, and speech (including guarantes for a 'free' media). This separation has always been regarded as a defining characteristic of `bourgeois' society. In periods of severe economic downturn, therefore, governments can claim to be relatively `innocent', because they do not appear to be causally responsible, projecting blame onto other economies or the international financing of capital (the famous `gnomes of Zurich'), thus preventing automatic political destabilization.[53]

The interpenetration by the state into both the economic and civil realms occurred after the social and economic crises of the Depression of the 1930s and the Second World War, including struggles by subordinate classes for the right to guaranteed conditions of existence. Keynes had provided the theory, while social struggles and destablilisation through war and depression had provided the conditions for these changes. The state intervened, because it sought to construct politically a social unity from a situation of structural destabilisation. Exactly how it intervened (that is, what policies were adopted) depended upon the efficacy of class and other struggles. The limits of intervention were reached when the social rights of citizenship imposed an increasingly high level

[53] Lowith, K. (1965), From Hegel to Nietzsche, the revolution in nineteenth-century thought, London, Constable, pp. 235-247; Turner, op. cit., pp. 40-1.

of demands from multivarious political groups in civil society, and when capital (especially finance, banking and commerce) restructured simultaneously along lines which took it outside of the jurisdiction of any one nation-state. The relocation of capital also depicts the limits to Marshall's notion of citizenship. Citizenship is a political force within national boundaries only (except perhaps for European Economic Community members). As a consequence of these shifts in location and structure of class forces, debate has centred on how responsible the state should be in both economic and civil matters.

It is open to question how these political battles over the welfare state, personal taxation, and state intervention in the economy will be resolved (that is, to what extent the welfare state and corporatist bargaining will be attenuated), but it is valid to argue, as this thesis does, that the state will continue to search for ways to achieve social and political unity. This is not a functional unity in the conventional sense that it is forged in the interests exclusively and wholely of capital accumulation in the absence of a unified ruling class. Nor does it mean that the state is a neutral actor in the pursuit of the `public interest' (as in pluralist assumptions about umpiring). I have argued that the state has a structured interest in unity because unity is a structural requirement of a system comprising

a contradictory totality.[54]   Unity (political compromises between conflicting class and subordinate groups) can be achieved only on the basis of short-term alliances which must collapse under the cycles of business activity, economic restructuring and political responses to crises mounted under the auspices of citizenship.   However, it is a goal which the state must pursue if political legitimacy is to be sustained. Following Therborn's argument, I have posited the emergence of the modern state as 'the struggle for a new divided unity' against the competitive division between the economy and civil society.[55]   The assignment to the state of 'an interest' in this quest for unity denotes both the considerable autonomy of the state and its constitutional limits in seeking ways to balance class and other demands, and the constitutional necessity for the state to continue to secure a taxation basis for its redistributive activities.   These activities are carried out in order to sustain its own legitimacy and existence. It must achieve this legitimacy from both capital and labor, because the constitutional theory of government which gives it the powers to create stability, at the same time prevents its power from becoming arbitrary.[56] The definition of what might comprise an abitrary use of

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[54]   Therborn, op. cit., p. 271.   Therborn argues that the market and the national-state comprise a 'unity-division' from which democratization originated.

[55]   Therborn, Ibid, p. 270.

[56]   D'Entreves, A.P. (1967), The Notion of the State: An Introduction to Political Theory, Oxford, Clarendon Press. p. 114.

power can range from a progressive taxation policy to the imposition of seat-belt leglisation (that is, policies which neither hinder accumulation nor which ostensibly interfere with human freedoms). Clearly, there is a great deal of scope for interpretation.

CITIZENSHIP AND BROADCASTING

The Research Goals and the Research Method:

The thesis sought empirical evidence for three major hypotheses. First, commercial entrepreneurs and organisations would be able to exert considerable influence on the policy process, although not always in ways which were directly in their immediate interests. Secondly, minority political groups (independently of direct class alliances) would, under the auspices of citizenship and relatively autonomous from direct class alliances, also be able to exert influence on the outcome of state policy. Thirdly, the state would seek to support the interests of both private capital and minority groups, despite their contradictory interests, in the search for social unity. Thus, the thesis, far from perceiving political unity in functionalist terms as a stable, integrated equilibrium, has analyzed political life as unstable, fractured and uncertain.

By looking at the policy process to uncover the underlying dynamic between class and political minority

groups, I utilised the insights of both neo-Marxists and pluralists, for whom the crucial issue was neither the `corporate identity' of state organisations nor the interests of state personnel, but

> how social struggle is "inscribed" into the organization, administration and policies of the state — the extent, for example, to which parliamentary forms themselves are the outcome of conflicts over the old powers of the monarchy, landed nobility and bourgeoisie.[57]

This thesis is a study of the formation of public policy through the medium of official records and public documents. My central interest in particular has been to use public policy documents to see how social processes are `inscribed' in the policy process. The policy outcome itself was only significant from my point of view in terms of the underlying struggles which determined it. Thus, it was the evidence submitted to inquiries which was the major source for identifying the patterns created over time by class organisations (and divisions between them) and by a multitude of minority political groups.

The final inquiry reports were significant insofar as they signified to what extent, and why, the state intervened in ways that it did to sustain or deny the interests of various claimants. It should be made clear that the policy itself or variations in a particular policy (what ultimately transpired in legislative or

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[57] Held, op. cit., p. 43.

administrative form) were clearly not the most significant determinant of social change. To assume such a position would be to posit a rarified autonomy to state activity. Rather, it was the underlying struggles which informed the policy outcome, which this thesis sought above all to uncover via variations in public policy. These official documents (rather than interviews, questionnaires or other research instruments) provided the most accessible, coherent and continuous data base for a study of policy formation over a period of approximately sixty years. Having said that, it was useful to chart the permutations of the policy called Localism as a result of those contextual struggles because the *goals* associated with Localism remained endemic to government policy-makers, although the ways or *structures* by which it was achieved changed dramatically over time. I argued that the tension between a commercial logic and struggles by minority social groups resulted in the Localism policy and that the localist goals were achieved by the creation of alternative public sectors. The commercial sector ignored most of its obligations under the Act, and remained a set of private companies pursuing the interests of shareholders.

Before discussing those structural changes, and how they related to the political and social rights of citizenship, it should be stated again exactly what is meant by citizenship - a concept which proved to be the most useful as the crucial link between the abstract

concepts of `state autonomy' and the empirical data on policy formation. I noted in the theoretical chapter that citizenship rights, following Marshall, had developed from limited civil rights, to formal political rights and in this century to broader social rights which are most clearly expressed in the institutions of the welfare-state. Civil rights are limited, referring to social membership of a nation-state, and the right to due process of law. Civil rights do not guarantee equality of outcome, but the right to appear before courts of justice. Political rights (those rights which defend universal representation and participation in the formal political process, for example the traditional liberal freedoms, such as the freedoms of thought, association and movement) are particularly important for understanding legislation on broadcasting. The freedom of the press and other media is important, because the liberal insistence that only autonomous, rational social actors can participate in the political and economic spheres, also requires that these actors be well-informed about political life. According to liberal philosophers like J.S. Mill, the construction of competent citizens required government intervention in order to develop both personality and rationality. Well-informed citizens are therefore synonomous with liberal democracy.

In broadcasting, therefore, the protection of political rights is brought about by policies which guaranteed a `free' media, that is a media free from direct government

interference, and a media which was required to provide `unbiased' or at least balanced news and current affairs reporting. It would be expected to give equal time to political parties, and to show over a reasonable period of time a full range of social and political opinion. Freedom of expression, and the right to be informed is now enshrined in the United Nations Educational, Scientific and Cultural Organization (UNESCO) Declaration of 1978 which speaks of `the freedom of opinion, expression and information, recognised as an integral part of human rights and fundamental freedoms'.[58] The idea that the citizen has to be educationally competent and informed is furthermore not peculiar to liberal philosophy. Habermas' notion of communicative rationality also presupposes `free' and open discourse. My thesis explored the limitations imposed on a free media by the contradictory pressures of capitalist profitability and state intervention through the policies of Localism.

The social rights of citizenship, according to Marshall, are associated in this century, with the adoption of Keynesian macroeconomic management in response to business crises and the expansion of the welfare state after the Second World War. , Marshall defines these social rights as

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[58] Report by the International Commission for the Study of Communication Problems, UNESCO, (1980), Many Voices, One World, Southampton, The Camelot Press Ltd., pp. 18-9.

> ... the whole range from the right to
> a modicum of economic welfare and
> security to the right to share to the
> full in the social heritage and to
> live the life of a civilized being
> according to the standards prevailing
> in the society. The institutions
> most closely connected with it are
> the educational system and the social
> services.[59]

According to Bell, social rights are claims for a basic minimum income, free education, and assurance for employment or compensation for unemployment, drawn by all groups in society for protection and rights. That is, they are *not just expectations, they are entitlements.*[60] Under the social rights of citizenship, the media would be expected to fulfil what the International Commission for the Study of Communication Problems (a branch of UNESCO) called the fostering of diversity and pluralism; values which are `inextricably linked with steps to make society itself less oppressive and unequal, more just and democratic'.[61] Insofar as democratic institutions have any effect at all, one would expect to find policies which demanded the creation of programs reflecting the great range of diversity of life-styles, attitudes, opinions and cultural values. One might also anticipate the development of policy recommendations for access to media facilities by a diversity of community groups in the articulation and representation of their own world-

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[59]   Marshall, op. cit., p. 72.

[60]   Bell, op. cit., p. 233.

[61]   Ibid.

view without overt professional or editorial interference. The development of media policies in modern societies is therefore a crucial illustration of both liberal and neo-Marxist theories of the relationship between the state, civil society and the economy. I shall show later in more detail how the various dimensions of Localism incorporated the social rights of citizenship, as defined above.

Originally, broadcasting was chosen as an area in which to examine the tension between the unstable interests of the state, the private economic sector and the public, because the introduction of the satellite-supply of programs was then imminent; this thesis sought to examine how far the state would intervene in this enormously costly and politically complex venture, what changes this new technology would exert on traditional modes of delivery; for example, would Australia follow the path of US networking, resulting in uniformity of program output, centralisation of delivery and negotiation of advertising rates? I wanted to analyse what responses would occur from a variety of audience sub-categories as well as from the various fractions of capital, and what changes would occur to state policy as a result of these economic and political pressures.

It became clear from a detailed historical analysis of public policy statements that the issues involved in the future of broadcasting were in fact issues that had

plagued governments since the 1920s. The critical issues involved the juxtaposition of public and private sectors of broadcasting where, historically, minimal standards and strategies to achieve maximum profitability had been left largely to the private sector. The more costly `public' services had been almost totally shouldered by the public sector(s). Thus, public-policy formation was a critical area to examine empirically the contradictory interplay between the economic, political and civil spheres outlined in the theoretical section. The struggles which were inscribed in the public-policy documents provide evidence for an analysis of the premise that the state intervened to forge (at least temporarily) relations of social and political unity.

It was also an area which offered a plethora of research sources which were directly related to the tenets of liberal political theory, which hold as sacrosanct the freedoms of thought, association and speech, rely heavily on the provision of information through an ubiased and `free' media, including radio and television. The provision of `suitable' programs in the broader sense of educating as well as entertaining, and the commonplace role of the media in everyday life, meant that the media remained an area of considerable controversy, particularly after the Second World War. It was especially in this period that allegations abounded about the possible effects of the media on the audience, whether overt in terms of politically-related

information, or covert in terms of possibly subversive effects on social stability. As a politically sensitive area, there have been a multitude of public inquiries which have more often than not solicited wide public participation. Verbatim evidence from these inquiries was made publicly available after the 1960s, while the earlier evidence was available from archives or from comprehensive government reports. Where the evidence was edited, such as an official report of a Royal Commission, it nevertheless provided a precise duplication of the original submission(s). These submissions were ratified on several occasions by comparing the original evidence found in government archives with a record of the evidence contained in a final government report. It was therefore a field of research which offered a wealth of material from which to evaluate the various claims made by class and other minority political groups. Because the thesis sought to analyse social changes and political struggles over a relatively long and continuous period of modern Australian history, these public archives were one of the most appropriate sources of data which were both readily available and relevant to the underlying theoretical argument. The use of government reports is a standard procedure in political science. It has proved an effective method in previous research in communications policy. The studies cited below represent a particular research tradition which creates a clear precedent for

the careful use of public documentation, such as government reports.[62]

For these specific reasons and following the model of previous research in this area, the research project was carried out on the premise that it would be possible to derive adequate and appropriate material from various public sources: the final reports of commissions of inquiry and royal commissions; original submissions or excerpts from original submissions; parliamentary debates; newspaper reports; conference proceedings; and

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[62] The use of government reports is a standard procedure in political science. It has proved an effective method in previous research in communications policy. See for example, Schiller, H.I. (1971), Mass Communications and the American Empire, Boston, Beacon Press; Ferguson, M. (ed.) (1986), New Communication Technologies and the Public Interest, Comparative Perspectives on Policy and Research, London, Sage Publications; , Kuhn, R. (ed.) (1985), The Politics of Broadcasting, Great Britain, Croom Helm; Tunstall, J. (1983), The Media in Britain, London, Constable and Co. Ltd.; Curran, J. and Seaton, S. (1981), Power Without Responsibility, The Press and Broadcasting in Britain, Great Britain, Fontana; Hopkins, M.W. (1970, Mass Media in the Soviet Union, New York, Pegasus; Michiewicz, E.P. (1981), Media and the Russian Public, New York, Praeger; Clodualdo Del Mundo, Jr. (ed.) (1986), Phillipine Mass Media, Manilla, Communication Foundation for Asia; Kuo E.C.Y. and Chen, P.S.J. (1983), Communication Policy and Planning in Singapore, London, Kegan Paul International; Robinson, G.E. (ed.) (1978), Communications for Tomorrow, Policy Perspectives for the 1980s, New York, Praeger Publishers; Rice, R.E. and Paisley, W.J. (eds.) (1981), Public Communication Campaigns, California, Sage Publications Inc.; McPhail, T.L. (1981), Electronic Colonialism, The Future of International Broadcasting and Communication, California, Sage Publications Inc.; The Report by the International Commission for the Study of Communication Problems, UNESCO, op. cit.; C.H. Sterling (1984), Electronic Media, A Guide to Trends in Broadcasting and Newer Technologies 1920-1983, New York, Praeger Publishers.

`in-house' publications.[63]   The thesis also drew

systematically on existing studies (theses, academic

publications and journal articles) of the media in

Australia and elsewhere.   It was envisaged that

interviews with politicians and other parties involved in

relevant debates would be undertaken only in

circumstances where insufficient material was available

from other primary sources.   Since it was possible to

follow the complexities of the policy process through

original submissions and other materials cited above, it

was eventually deemed unnecessary to undertake such

interviews. In addition, I was less concerned to uncover

personal dispositions and perceptions of policy history,

and more interested to calculate policy preferences of

class organisations and political groups in relation to

policy outcomes. Certainly, the opinions of politicians

and industry leaders were important, but in every major

inquiry these opinions were made known through official

reports, conference proceedings, or newspaper sources. I

considered (and had learnt through past experience) that

interviewees are unlikely to yield more than their

[63]   `In-house' publications, such as SCAN (the ABC
internal staff journal), were cited where they contained
verbatim interviews with ABC Chairmen or functionaries,
or where results of surveys on the public's evaluation of
the ABC were reported. However, this kind of evidence
was also substantiated by similar evidence from other
sources. For example, where SCAN reported overwhelming
support for the ABC among 90 percent of the population,
the same chapter contained similar references to that
level of support. I showed that the O'Connor inquiry
found an 80 percent `audience reach' obtained by the ABC
(compared to the private sector's 90 percent).
Similarly, the Dix Committee findings reported in the
same chapter showed that only 7 percent of Australians
neither watched nor listened to ABC services.

`public position'. It was assumed that political leaders and politicians would merely rehearse and restate positions which had been outlined in detail in submissions and other documents. It was also recognized that a panel study would be problematic as an instrument, given the well-known problems of securing an initial sample.[64] In the final instance, in-depth interviews were considered inessential to the general thrust of accumulative evidence.

This evidence spanned over approximately sixty years, across thirty-nine major inquiries (not including industry and departmental inquiries or annual reports) and across the formation and political fluctuations of four separate broadcasting sectors. The majority of these inquiries were reported in detail and pages of evidence ran into the thousands. It was considered more significant, from the perspective of the theoretical framework, to trace over a long period of time the patterns shaped by various social groups and classes, and the response by governments, rather than to include evidence from personal interviews on a select topic within a limited timespan. Moreover, there were practical issues (such as the length of the thesis itself) which placed de facto limitations on the reportage of evidence from different data sources.

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[64] For a general discussion of the problems of sampling, see Moser, C.A. and Kalton, G. (1979), <u>Survey Methods in Social Investigation</u>, London, Heinemann Educational Books.

Nevertheless, personal interviews with key personnel may have generated additional evidence to enlighten my own view as to the inevitable nuances involved in the policy process at any given time. However, it was also assumed that many key witnesses (especially from the early period of policy development) would no longer be available for interview as a consequence of illness and death. It may well have been the case, however, that I sacrificed depth for breadth in this thesis, but in terms of the theoretical framework under consideration and the vast amount of primary and secondary sources at my disposal, it was, I believe, a justifiable decision. In short, the aim of the thesis was to explain the broad pattern of government broadcasting policy over a long time-span as an effect of the tensions between citizenship and capitalism. It was assumed, following Held, that these tensions are inscribed in these government reports.

Localism and Citizenship:

Broadcasting in Australia occurred from the beginning in a context of private economic activity and considerable government intervention. In terms of Lash and Urry's theory of patterns of economic development in capitalism, Australia was one of those economies which was a late industrializer. It had to begin at higher levels of concentration to compete on overseas markets.[65] Capital

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[65] On the early incorporation of Australia into the world economic system, see McMichael, P. (1984), Settlers and the Agrarian Question, capitalism in colonial Australia, Cambridge, Cambridge University Press.

formation was itself a result of government initiatives and protection. Organisation `at the bottom' also occurred comparatively early. Universal franchise had been introduced by 1903, and the basic outlines of the welfare state had been established by 1920.[66]

The broadcasting industry first emerged as a means to sell radio sets and components. It developed only later into a medium of entertainment. It also became clear at a later stage that private provision would not be adequate to serve communities in outlying areas. Private-sector inefficiency was combined with a strong defence by country dwellers of their right to receive the same service enjoyed by urban populations. When the government was unable to persuade private operators to extend a satisfactory service to all country areas, half of the private installations were nationalised. By 1932, the nationalised sector became a fully-run government enterprise under the umbrella of the Australian Broadcasting Commission. By the early 1930s, therefore, there were two broadcasting sectors, a public and a private one. The public sector was to address itself to the needs of all Australians, regardless of location, while the private sector was to fulfil the needs of local residents in the station's service area. Thus, the structure of broadcasting reflected the overarching objective delineated by government:

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[66] Jones, M.A. (1980), The Australian Welfare State, Sydney, George Allen & Unwin, pp. 6-25.

broadcasting, whether a local (and private) or a national (and state) concern, should serve the needs of audiences. Private operators should reasonably seek profits, but policy-makers stressed that part of their operating surplus must be reinvested into the provision of high quality services which had to be applicable to the particular needs of residents in their service area. This policy is known as Localism.

The term `Localism' was derived from the reports themselves; it is not a term generated directly from the theory of liberal democracy, but it is nevertheless a useful concept when properly understood. There are, however, two possible sources of confusion. First, the concept of what constituted `an audience' expanded over time - as I have documented in this thesis. Second, the term came to be used as a defence of Australian audiences and an Australian national culture; it became a strategy to protect Australian interests from foreign (especially English and American broadcasting) competition. It was first recorded in a Cabinet minute dated 1928. It is important to stress that the goal of the policy was to protect the local and national orientations of Australian audiences and to make available equal access (where possible) to public and private broadcasting services. It should be noted that the audience was initially conceived in geographical terms - it was a local entity, or a national entity, or both. The everyday meaning of `localism' (with regard to

a particular place) should not be confused or equated
with the more complex meaning of Localism in this thesis.

I attempted to show that Localism in its structural and
servicing elements changed from this early interpretation
from Type I to Type II. Type I envisaged a decentralised
set of private structures owned at the local level, which
would offer a decentralised set of services designed
specifically for local residents. Type II indicated that
various structural arrangements were possible, including
private networking and extra-local ownership, but that
the needs of audiences should remain paramount. What
Type I and Type II have in common, therefore, is the idea
that broadcasting exists primarily to satisfy the wants
and needs of audiences rather than the profit motive of
suppliers of services. However, Type II in the servicing
elements encompassed an expansion, or a shift, in the
identification of the audience. The media audience was
no longer a mere geographical entity, but a complex set
of sub-groups based on sociological characteristics, such
as age, religion, ethnicity, gender, as well region.
Whereas regional location was the critical feature of the
notion of an audience in Type I policies, Localism in
Type II was a more complex and expanded notion.

I explained in the Introduction[67] that these were not
dichotomous categories, but overlapping ones. Depending
on contextual political factors, various aspects of

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[67] See Introduction, page 6.

Localism could be used to promote sectoral political advantage. For example, in 1984 the Department of Communications reverted to the earlier and limited formulation, because the Regional Television Authority had been able to capture its sympathy, and the Department wanted to recommend the retention of a private regional broadcasting sector in the shadow of the imminent introduction of the satellite. In the same inquiry, the commercial networks argued that only they could provide local services, if Localism meant Australian-produced programs. In the issue of television licences in the 1960s, Localism came to mean either Type I or Type II, and in different stages of the proceedings depending on contextual forces and the nature of the social struggles.

Localism Types I and II were used as heuristic categories to indicate when an expansion or a shift (not a dichotomous break) occurred in both the structures[68] and the servicing elements which indicated an expansion in the concept of the audience.[69] Services were to expand (that is, to become more diverse and of higher quality) to accommodate a more diverse and demanding audience. I argued that these changes in the notion of Localism (even though the policy itself was never called

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[68] See Chapters 2 and 5 dealing with changes from local, decentralised ownership and control of structures in radio and television respectively.

[69] See Chapters 3, 4, 6 and 7 dealing with the social struggles underlying the expansion in the concept of the audience and the development of policies relevant to the provision of suitable programs.

anything else than Localism) was a result of underlying struggles and conflicts by private operators, minority political groups and government agencies. To summarize, the concept of Localism gives a priority to consumer needs over supplier profitability. It originally referred to local community needs (Type I), but was subsequently expanded to refer to a national Australian audience, as well as the specific sub-groups within a station's service area (Type II) which embraced various explicitly sociological criteria.

One conclusion of my thesis is that between the 1920s and 1980s, while there have been major changes in the structures of broadcasting, the goals of government policy have not changed dramatically. The needs of audiences, in all of their dimensions, were held to be paramount. The objective of government, defined in terms of Localism, was

> to ensure that broadcasting services
> are attentive to the specific needs
> and interests of each local
> community.[70]

To achieve this objective, however, broadcasting structures changed radically - from a singular reliance on the private sector in the 1920s, to various components of the public sector in the 1980s. It will be useful to restate very briefly the major conclusions of the empirical chapters.

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[70] See Introduction, page 4.

The Evolution of the Concept of Localism: Radio Policy

Chapter Two showed that it had taken six years of experimentation with various arrangements for policymakers and audiences to come to the conclusion that the commercial sector would refuse to service unprofitable. country areas, despite a series of government interventions during that time to encourage voluntary pooling of resources and income.   In 1928 the government announced that it would nationalise all A stations at the end of the licensing period and that it would create a public broadcasting sector to be operated under private contract.   This policy too proved unsatisfactory, and in 1932 the Australian Broadcasting Commission (ABC) was created with a charter to serve all Australians, regardless of location and to provide services which the private sector refused to supply.   The private sector rapidly developed from a set of decentralised structures into a series of centralised national networks.

Ownership or program networking denoted a reasonable response (in financial and operating terms) by private operators to the extreme difficulties posed by Australia's comparatively small population, its asymmetrical population spread, the vast distances to be serviced, and the overwhelming effect of strong foreign competition.   However, in terms of the government's original policy of Localism, which demanded autonomous and locally-owned units, networking comprised the direct

alternative. Governments were powerless to prevent networking arrangements, if profitability was to be sustained. Nevertheless, over time government agencies continued to insist that a licence carried with it the obligation to provide relevant services to the district in which it was located. Private operators were expected to use the technical and economic advantages of networking to provide better and more sophisticated services, without relinquishing their statutory commitment to local audiences.

In 1984 the ABT found that most stations were not locally owned. The real importance of this finding related only to what kinds of *services* rationalised private structures were able to provide. If, for example, rationalisation improved a station's capacity to provide local and general services, then surely the demise of decentralised structures could not be lamented by governments or audiences? The Department of Communications found that local radio stations were indeed `local'. They had included adequate amounts of local news, information and community-service announcements. Further, they were financed in a major way by local advertising. Local radio could thus be local in services, even if not in structural terms. Yet it remains arguable that the services of private radio stations were truly `local'. The majority of air-time was devoted to playing music not of local origin, and even regional managers admitted that there was little local programming on non-metropolitan

outlets. The recent development of AM radio as a series of national networks means that the existing meagre amount of `local' radio broadcasting will be further eroded. In the wake of national networking and at a time when advertisers are carefully reviewing their communication budgets in the face of higher rates for television advertising, radio is being labelled the `medium of tomorrow'. It is also being earmarked as the global marketing tool of the future.[71]

The interpretation of the concept of `the audience' is also critical in determining whether or not commercial radio can be said to have fulfilled localist objectives. From at least the 1940s, governments and government agencies have prescribed a much more elaborate composition of the audience than that envisaged in 1928 and the one adopted for specific political reasons by the Department of Communications in 1984. In their final assessment of private sector accountability, the Department of Communications adopted a definition of Localism which defined the audience in geographical terms because the report wanted to argue in favour of the retention of a regional radio and television sector.

In the body of the report, however, the `audience' was seen in more complex terms, as a set of sub-groups categorized by gender, race, ethnicity, and age, as well as by region. If one examines the history of government

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[71] The Financial Review, 15/12/87.

inquiries in terms of this wider concept, then the commercial sector has incontrovertibly failed to provide programming `attentive to the specific needs and interests of each local community'. This empirical study of radio policy provides further support for the heuristic value of Localism to show that, although the policy remained of central concern in government inquiries over sixty years, the concept of the audience had expanded very considerably. The larger or more elaborate meaning of Localism was termed Type II in this thesis. As the concept evolved in broadcasting policy in Australia, geographical region comprised only one aspect of what became a multidimensional and sociological understanding of Localism as a consumer-based policy.

In Chapter Three I examined this conceptual enlargement from Localism Type I to Localism Type II. The analysis of the development of Localism as a policy showed clearly the severe implications of private sector deficiency when measured against policy objectives and standards which had been developed by various governments. These objectives and standards were in fact aspects of the political and social rights of citizenship.

By the 1940s, the private sector had developed into a series of national networks. Evidence brought to various inquiries and commissions showed that networks did not offer local communities (especially in country areas where these services were particularly more important)

services relevant to local residents (as suggested in the Deniliquin case). Furthermore, local stations were not important outlets for local advertisers, because national accounts dominated the advertising income of the radio networks. Local stations were mainly relay outlets for capital-city stations and carried city-oriented programming. Chapter Three showed that the Gibson Committee inquiry and the many inquiries undertaken by the Parliamentary Standing Committee on Broadcasting had demonstrated the failure of the commercial sector as a whole to comply with even the minimal standards set by their own industry organisation, and their total orientation towards mass audiences. This outcome was clearly an unacceptable situation in terms of the criteria of service which were inscribed in the policy of Localism, since an active citizenry under a liberal democracy required a balance of political information, comprehensive news gathering and accurate news reporting. According to the Gibson Committee,

> an enlightened and informed
> electorate is the best safeguard for
> the successful operation of our
> democratic forms of Government.[72]

Further, according to this Committee and the PSCB, Australian audiences had a right to expect high program standards which reflected and respected Christian values, and which did not expose young adults and children to

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[72] Report of the Joint Committee on Wireless Broadcasting (1942), (The Gibson Committee), Canberra, Commonwealth of Australia, p. 60.

material which might undermine `stability of character and all those other qualities which make for good citizenship'. The notion of `suitable material' excluded `blues', jazz, and `boogie-woogie' as well as drama serials which featured `murder, crude violence, mystery, family feuds, domestic quarrels, sophisticated sex entanglements, horse-racing, ghosts, torture and low comedy'. In addition, programs should `educate as well as entertain'. Audiences should have the right to exercise control over broadcasting standards (through the government), because they paid for commercial services by virtue of the price-loading imposed on commodities.

I showed also in Chapter Three that the political rights of citizenship - the right to balanced news gathering and news reporting and fair access to air-time by political parties at election-time - were secured in the main by expanding the activities of the ABC. The commercial sector was required to provide equal air-time for political parties and free air-time for major religious broadcasts, and it also carried out news reporting functions. In 1935, the government also passed legislation, limiting common ownership of radio stations; there was a basic fear that widespread newspaper control would seriously impair democratic freedoms. However, news reporting without sensationalism or bias could not, according to a Labor Government, be entrusted to the private sector. By the late 1940s, the ABC had inherited all of the `public service' functions for which it is

currently responsible. According to both the Parliamentary Standing Committee on Broadcasting and the Fitzgerald Committee, the ABC must continue to shoulder all of these responsibilities. According to the PSCB, the ABC must `broadcast talks and discussions for the benefit of all classes of the community, designed to promote and maintain well-informed public opinion in pursuit of the ideal of real democracy and higher cultural standards'. For the Fitzgerald Committee, the ABC should `develop through radio a sense of national unity and to aid in the breaking down of excessive parochialism'. The financial cost of these burdens became overwhelming. The Fitzgerald Committee recommended that the ABC should be funded from national revenue, like other government departments, rather than depending on income derived only from licence fees.

I stressed the fact that the official inquiries carried out by various government agencies during the 1940s denoted only the surface ripples of an underlying and continuous political process in which the major social actors included church groups, women's associations, rural communities, educational authorities, the Post Office, the Treasury, the Federation of Commercial Stations and radio manufacturers. Despite consistent criticism of inadequate private-sector performance, the governments of both major parties showed great reluctance to impose more stringent controls on private activity except to enforce minimal standards. These controls

included religious programs, equal access for political parties, and standards of `decency and good taste' in advertising and entertainment programs. The provision of other than light entertainment (political and information programming, serious discussion and talks, comprehensive and balanced news gathering and news reporting, classical music, and educational programs) was left entirely to the ABC.

The history of radio broadcasting until the introduction of television in the 1950s provides evidence for the hypothesis that the state in a liberal democracy will be forced to sustain the conditions of private accumulation (despite in this case its unambiguous failure to honour its statutory obligations imposed by state legislation). The state will also be forced to take cognisance of the political and social rights of citizenship, because the franchise in principle forces governments to take account of electoral support. The state will also have to consider demands from groups in civil society which must have made available to them the political and educational conditions which would produce reasoned and rational social actors.

It was argued that the state could be seen as involved in the reconciliation of conflicting struggles or, in other words, in the search for social and political unity. The emergence of the public sector is a good example of this issue. In addition, the state is inextricably bound up

with the creation of a national framework for its operations[73] and to this end in securing national security and stability. One aspect of this activity of the state could be seen in the emphasis on religious broadcasts in the quest to build a spiritual basis for good citizenship ... `in a nation which aspires to be truly great'; in laying stress on standards of conduct `which are the mainspring of healthy family and national life'; in the censorship of material which was `inimical to the development of an Australian national sentiment'; in fostering productions `conducive to the inspiration and fostering of patriotism'; and in projecting onto the ABC the tasks of building `Australians into a race of thoughtful people of the good taste and behaviour conspicuous in a model democracy'; as well as to `develop through radio a sense of national unity and to aid in the breaking down of excessive parochialism'.

However, the state can only achieve a fragile unity, because business cycles and socio-political struggles are renewed under different conditions and under different ideologies. This fragile unity can be seen in the emergence of public broadcasting in the 1970s. I have already stated that the ABC was established to serve country areas, and to provide more diverse and serious educational programming, because the private sector

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[73] Habermas calls this the internal aspects of state activity, or `nation-building'. See Habermas, J. (1979), Communication and the Evolution of Society, London, Heinemann Educational Books.

consistently avoided such responsibilities, despite the fact that governments had demanded these provisions under the conditions of licence. The creation of a public sector was a suitable solution to both private-sector inefficiency and the demands for Localism associated with citizenship agitation. However, over time the ABC itself became overburdened and was unable to respond to the new demands which arose in the 1960s and 1970s.

In Chapter Four I showed how the creation of a new public sector in radio provided a new solution to the ever-increasing tension between the logic of private profitability and renewed demands from social groups for a service compatible with Localism and citizenship. In the 1960s these groups comprised educational authorities, `fine music' enthusiasts (who also wanted more current affairs programs), and country residents (who complained about the limited rural service compared with city residents, and about the lack of local content). These groups also complained bitterly about the mass-program orientation of the private sector and the inability of the ABC to respond more adequately to `specialised' programming needs.

The new technical possibilities offered by FM were canvassed to expand the broadcasting system to accommodate these specialised audience demands. The Australian Broadcasting Control Board (ABCB) conducted two inquiries into FM, the Senate Standing Committee on

Education, Science and the Arts conducted three inquiries and the government appointed an `independent' inquiry to advise on the matter. At the same time, a plethora of minority interest groups had organised themselves as The Public Broadcasting Association of Australia (PBAA) which wanted political independence from the ABC and commercial stations, a diversity of political views and program format, open access to facilities, freedom from party-political control or government supervision, and partial funding from government for establishment costs. The aims of this organisation represented more than simply a demand for equal access to information. In the 1970s, these groups demanded the right to have access and control over the institutional structures of broadcasting themselves, because they claimed that neither a private broadcaster, nor a professional body (one which *interpreted* what it thought audiences wanted) could properly replace the rights of audiences to determine for themselves what programs they wanted and how they should be made.

For the PBAA, it was a long, complex and frustrating process during which many more inquiries were held, all of which in one way or another endorsed the need for a new public broadcasting sector. The Department of the Media, for example, strongly emphasised the democratising aspects of public radio, particularly `access radio':

> Access appears to work best on the
> community at the grass roots level.
> Its aim is to foster democracy on a
> more local and therefore increased
> level for the citizen... It could
> signal the decline of the electronic
> mass media or herald an alternative
> structure such as cable TV or both.[74]

Of course, it did not signal the end of the private-radio sector, because that would have been politically capricious for any government. Indeed, even a Labor government showed more concern for granting FM licences to private operators, rather than diversifying the system. The Labor Government under Whitlam in the 1970s was concerned, however, to utilise public broadcasting for ethnic groups under its new campaign, called `Multiculturalism', which recognised the electoral advantages of being seen to be an advocate of ethnic rights.

This perception was also shared by the incoming Liberal Government under Fraser in late 1975, which preserved the public broadcasting sector (except the blatantly anti-rightist stations). Yet further inquiries under Liberal Government administration confirmed the necessity for a new sector, catering for special interest and minority groups, and allowing community participation in management and programming decisions. As Minister Staley explained in 1978, the Australian system was `one of the best systems in the world', because governments

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[74] Planning and Research Section of the Department of the Media (1974), The Public and the Media, pp. 123-4.

had intervened to reconcile two dichotomous goals —
commercial viability and social diversity. The new
public broadcasting sector was the embodiment of this
reconciliation. A survey carried out in 1986 showed that
this reconciliation was based on an exploitative and
fragile financial base. Nevertheless, the value of the
public broadcasting sector for local communities cannot
be overestimated. It has flourished in the 1980s, with
growing demands for more stations in both city and
country areas to undertake services which the profit-
bound logic of private-sector activity cannot sustain,
and which the public-service oriented ABC cannot include
in its already over-stretched budget and staffing
limitations.

One can see, therefore, in the history of public
broadcasting the way in which the state was forced to
seek a new reconciliation of the structural tensions
between private profitability and social citizenship.
Public broadcasting is unlikely to disappear, but it
struggles to survive on limited funding, sparse income
from sponsorship and ever-present lobbying by the private
sector to prevent public broadcasters encroaching on
advertiser patronage. These general problems have been
aggravated in Australia by the structural weakness of the
Australian economy and its foreign debt problems in a
period of global economic recession.[75] The heuristic

[75] For a general discussion of global economic changes,
world indebtedness and political reorganization, see
Keohane, R.O. (1984), After Hegemony, cooperation and

device I chose to examine such changes - Localism Types I and II - is useful here. Public broadcasting represents a return to Localism Type I in the structural elements (decentralised ownership and control of local radio stations) combined with Localism Type II in the servicing elements (the provision of diverse program categories) reflecting the underlying plurality or diversification of groups in civil society which saw access to information and program-creation, not as a privilege, but as an indisputable social entitlement.

The Evolution of the Concept of Localism: Television Policy

As with the history of radio, the development of television services failed to conform to the original plan for decentralised broadcasting structures which were to be owned at the local level. Indeed, the costs of television were so high compared to the costs of radio, that it was financially surprising to find that the government adopted the dual scheme of private and public provision for television. Yet the legislation for the provision of television continued to refer to private operators in terms of local units as effective providers of services for local communities. Thus, the ABCB conducted licence-issue inquiries in terms of localist Type I criteria. Despite the adoption of this criterion, local ownership and control did not eventuate as

discord in the world political economy, Princeton, New Jersey, Princeton University Press, pp. 135-242.

principal characteristics of the service. Like radio, the private-sector television system was once again rapidly transformed into a series of nationally-coordinated networks which were based on common ownership of stations and/or program-distribution agreements. Networking occurred for two main reasons. On some occasions (like the Adelaide and Brisbane cases where non-local entrepreneurs sought control over a licence) the government overturned its original guidelines for local control and granted the licence to a company closely associated with an existing licence holder. The second reason was related to the fact that even where local control did develop (such as in country markets), there were insufficient legislative controls in place to prevent the sale and transfer of shares (despite the existence of the two-station rule). This rule was to have prevented common ownership of more than two stations, but legislative amendments in 1960 prohibited the Minister from disallowing share transfers; the effect was that companies could control by various means more than two television licences. The alarming degree to which newspaper companies flouted the two-station rule compelled the Liberal Government to introduce additional amendments in 1965. However, they were not made retrospective, and the undesirable effects of networking could not be reversed. Although the rationalisation of television broadcasting structures was an almost inevitable response to Australia's unique demographic and geographical problems, the centralisation of control

implied by networking represents a serious compromise of political freedoms, especially when it is recognised that the three major city networks also own much of the Australian print and allied electronic media. Centralised control has meant centralised information sources, and a characteristic blandness and uniformity in mass-oriented programming. These outcomes were against the original (or, at least the overt) intention of both Labor and Liberal governments. Indeed, the Liberal government originally intervened to limit the number of licensees in order that private operators might profit from limited competition and thus achieve the economic basis to produce diverse, high-quality programs. I looked at this problem in Chapter Six in the servicing elements of Localism.

In 1954, the Liberal Postmaster-General described television in terms of the great educational, cultural and entertainment benefits which it would offer to Australian audiences. The ABCB was invested with the power to ensure that it would be used for these purposes. Accordingly, commercial broadcasters were charged with the statutory obligation under the conditions of licence to provide 'adequate and comprehensive programmes ... to serve the best interests of the general public'. From the very beginning, audiences were skeptical. As they had observed with radio, mediocrity and sameness exemplified the standards associated with commercial programming. In their written submissions to the Royal

Commission, managers of radio stations had admitted that this failure to achieve appropriate standards was brought about by the fact that advertisers sought to buy air-time surrounding the most popular programs - that is, programs which attracted the largest audience numbers measured by `ratings'. It was therefore illogical in terms of sound business practice to produce programs appealing to a limited number of audience categories.

Submissions to the Royal Commission on Television displayed a clear degree of sophistication and an awareness of the pitfalls involved in the dual system. The final report not only reflected these concerns, but enjoined them. Nevertheless, the government had decided before the appointment of the Commission that the dual system would be adopted regardless of the outcome of the inquiry. In order to reconcile the vociferous demands from minority political groups for better programs and a more responsible private sector, the government accepted the need for some administrative instrument to achieve public accountability. This institutional safeguard was introduced in the form of the licence renewal procedure, whereby the Board would review a station's performance at regular intervals and would exercise the opportunity to revoke the licence should the station have failed to comply with the `adequate and comprehensive' criteria laid down under the conditions of licence.

This instrument of control proved to be ineffective. The history of both private radio and television operation shows that the commercial sector successfully avoided the imposition of qualitative controls on program output. As in the case of radio, a tension existed between a private-sector logic of profitability and an increasing demand by numberous audience sub-categories for programs which would reflect and satisfy their particular interests. I have analysed this relationship in terms of a tension between commercial profitability and Localism Type II in the servicing elements. Contrary to the naive intentions of government, the rationalisation of broadcasting structures, and therefore the enhancement of opportunities for greater profitability, *did not* translate into better quality, or more diverse, programs for the plurality of audience categories which responded in depth to the Royal Commission inquiry.

This lack of symmetry was nowhere more apparent than in the inquiry into Australian productions for television which was held in 1963. The Committee's report was scathing in its attack on the poor quality of program output in the commercial sector and on various elements of the system as a whole. The persistent and abysmal failure of the commercial sector prompted a radical interpretation of the `adequate and comprehensive` clause in the conditions of licence which demanded unambiguously from private operators, a responsibility for high-quality programs of an artistic and technical nature; for

programs to `inform, educate and entertain'; and for
programs which did not cater merely for majority
interests, but programs which included special interests
and minority interests as well. In general, the `best'
interests of the public would be served by using
television to influence and enrich the emotional and
intellectual values of the people and to improve moral
standards in society'.

This advice was ignored by the Liberal government and
none of the recommendations of the Committee were
institutionalised. In 1972, 1973 and 1975 the Senate
Standing Committee on Education, Science and the Arts
faced similar complaints against, and problems with, the
dual system. In this era, the concept of pluralism had
come to dominate Labor government administration and it
also penetrated the broadcasting arena. In the 1970s,
broadcasting audiences, like the voting public generally,
were conceived in terms of minorities with special tastes
and preferences, all of which, moreover, deserved
consideration in the program planning of both sectors,
not just the public sector. The Liberal-appointed
Green inquiry endorsed these sentiments with the
embellishment that the `Australian broadcasting system
should offer varied and comprehensive programs catering
for diverse tastes within mass, special interest and
minority audiences on a national, regional and local
basis... [and] ... there should be regular pursuit of

high standards, innovation and experimentation...'.[76]
This comprehensive and astute clarification of the aims
of the system in accordance with the social rights of
citizenship was not directed in any major way towards the
commercial sector. Licensees should provide `a measure'
of innovation and experimentation to `sizeable', but not
mass, audiences under a new mode of control, which was
called self-regulation. The public sector, in Green's
estimation, could provide a greater measure of
responsibility for experimentation, innovation and
especially diversity.

It was left to the Australian Broadcasting Tribunal in
1984 to apply the concept of `self-regulation' in
practice. The Tribunal denied its utility in areas such
as Australian content, children's programs or advertising
where stations' `... necessary and justifiable desire for
profits could be in conflict with their acknowledged
social responsibilities'.[77] For minority program
categories, a Promise of Performance criterion was
imposed upon the commercial sector to be assessed at
licence-renewal time. Like the licence-revocation
powers, it proved inadequate, since the Tribunal was

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[76]   Postal and Telecommunications Department (1976),
Australian Broadcasting, (The Green Report), Canberra,
Australian Government Publishing Service, p. 42.

[77]   The Australian Broadcasting Tribunal (1977), Self-
Regulation for Broadcasters?: A Report on the Public
Inquiry into the Concept of Self-Regulation for
Australian Broadcasters, Canberra, Australian Government
Publishing Service, p. 6.

forced to acknowledge that it had the power to determine standards, but not to enforce them legally.

In 1981, the government changed the legislation relating to conditions of licence so that the `adequate and comprehensive' clause would no longer refer to programs, but only to services. This change implied broader but more specific responsibilities. The Tribunal specified in a Policy Statement issued to all licensees that a `local community' meant a geographical community as well as a `sociological' community. This combination had in fact been entailed in the concept of the audience from the inception of television in all discussions about accountability and responsibility. The broader concept can be identified in all official reports, although the Tribunal's Policy Statement was the clearly the most specific statement about private sector responsibility. Nonetheless, private broadcasters have insisted that their responsibility ceased with the provision of mass programs for all Australians. They agreed that minority audience categories did exist and should be catered for, but that it was the responsibility of the system as a whole (that is, the public sectors' responsibility) to provide specialised programs.

The heuristic device of using Localism I and II was again useful in this context, because legislation continued to see television ownership and control in terms of decentralised units (that is, in terms of Type I

categories), yet in practice broadcasting structures were centralised and ownership and control were extra-local. Programs were supposed to cater for the specific needs of audiences in the station's service area (Type II services, which also includes Type I). However, I showed in Chapter Six that the commercial sector had failed consistently to satisfy the diverse needs of audiences, despite over thirty years of government remonstration. This failure to provide a diversified range of programs was very evident from the Department of Communication's review of Localism in 1984 which found that people all over Australia saw virtually the same programs. The commercial sector had complied with the Tribunal's policy statement only insofar as it had fulfilled the specific quotas placed upon Australian content, children's programming and religious material. By contrast, the specialised, innovative, and experimental programming requirements had not been followed. These requirements, of course, are the most expensive to provide on a regular basis.

Like radio, it is possible to see television broadcasting structured around the dilemma faced by governments of both major political parties. On the one hand, governments must support a private system, because the state is merely a redistributive entity. On the other hand, the state must respond (in however limited a fashion) to the demands by minority political groups in civil society. With regard to television, the demands of

minority groups were already well-formulated in the 1950s; they were further orchestrated over the next thirty years. In 1981 the struggle to achieve a quality service for minority groups received its fullest expression in the Tribunal's unambiguous demands for diversity, innovation and experimentation. Since the private sector refused to honour their obligations, these functions were gradually absorbed by the public sector. In the late 1970s, in fact, the public sector expanded under a Liberal government in order to deal with the growth of demands by the then well-organised and vocal ethnic communities of Australia.

The search for social and political unity can, once again, be identified in the creation of the Special Broadcasting Services (SBS), and the expanded functions of the ABC. The public sectors thus absorbed the Localism Type II services which had been promoted under the auspices of the social rights of citizenship and which remained outside the ambit of the profit-bound logic of the commercial sector. Government policy is the effect of contradictory pressures from commercial interests and social groups who seek an improvement in services. This struggle has taken place around the shifting notion of Localism.

I showed in Chapter Seven that the social rights of citizenship, most obviously encompassed under the rubric of Localism Type II services, were almost entirely the

province of the public sectors - the ABC and the newly-created SBS. I argued that diverse programming was closely associated with democratic values, since the `adequate and comprehensive' clause ennunciated by the Tribunal highlighted the need to present material which conveyed the full panoply of human diversity in such a way as to promote debate on the social and moral dilemmas which underlie political choice and self-determination. The SBS was also closely associated with Multiculturalism. I argued that Multiculturalism reinforced the concept of the social rights of citizenship. In the words of Professor Zubrzycki, and endorsed by other notaries and institutions, multiculturalism implied a need for adjustment in the mainstream of national life and a recognition of government responsibility in such areas as social security, health and education. It was also seen as a potential agent of social unity at a time when economic downturn and rising unemployment had produced a cultural back-lash against recently-arrived migrants.

This chapter also showed, importantly, the limits to the expansion of social rights under the umbrella of citizenship. I argued that the SBS was created at a time when both political parties saw the electoral advantage of being identified with ethnic rights. By truncating its potential to create a truly community-based public television sector (like public radio) and by reserving its resources in a very major way for ethnic groups only,

SBS became a prime target for subsequent budget cuts in response to the 1970s oil crisis, Australia's severe balance of payments difficulties and economic decline. In the course of government austerity measures, it was recommended that the SBS should be merged with the ABC. This measure had already been recommended by the O'Connor inquiry, which had in fact acknowledged and supported the role of the SBS, but not as a separate ethnic entity. The O'Connor inquiry had endorsed the goals of Multiculturalism. However, Multiculturalism was seen to be better achieved by `mainstreaming' ethnic programming within the wider and traditional responsibilities of the ABC. This `mainstreaming' was a longer term plan, however, because the ABC was not then ideally suited for the task. According to the Dix Committee, the SBS and the ethnic community, `past neglect and insensitivity' towards ethnic groups meant that much modification would be necessary before a successful ABC/SBS amalgamation could occur.

The O'Connor inquiry recommended that the question of amalgamation be considered seriously for the future, although neither the SBS nor the ABC agreed to co-operate towards that goal. Despite great reluctance on both sides, the Labor government's budget proposal for 1986/7 included arrangements for amalgamation. Although there is a strong argument for `mainstreaming', the merger must be assessed in the context of the many other cuts to the

multicultural project at that time, and the associated decline of welfare-state expenditure.

I showed in Chapter Seven also that the ABC came under severe threat as a result of government cuts in public expenditure. Both the merger and the cuts to ABC funding can be seen, therefore, in the light of the limitations in the concept of citizenship. It is a `limited' concept, because citizenship and government activity are limited to national jurisdictions, while much private sector activity has become global especially the communication, entertainment and information industries. It has been noted[78] that the welfare state and the social rights of citizenship have been associated with steady rates of economic growth and expansion because it is generally easier to extract demands from governments which are not under severe fiscal constraints. It has also been noted that this fortuituous marriage is no longer so assured in the wake of slower rates of growth throughout the international economy. In Australia, where growth rates are expected to fall even further in 1988, we should not be surprised to find a concommitant contraction in spending on government services and facilities. Proposals for the ABC/SBS merger can be seen in this light. The merger did not, in fact, go ahead, because the government faced

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[78] See for example, Bowles and Gintis, op. cit.; Offe, op. cit.

strident opposition from migrant communities[79] and because the merger would not in the end have represented significant savings in expenditure. However, the ABC did come under severe attack, although this too should be seen as a continuing trend, initiated by the Fraser Liberal government in the late 1970s and pursued energetically by the federal Labor government in the 1980s.

The second half of Chapter Seven showed in detail the severe restrictions applied to ABC finances, staffing and output in the 1980s. It also detailed the attacks and counter-attacks on ABC competence and opened yet again the perennial question of whether the ABC should compete with or complement the commercial sector. These were academic questions, since the cuts in ABC budgets from the late 1970s (which were especially severe under a Labor government) posed the question in terms of basic survival rather than artistic direction or social diversity. More recently, the ABC's relatively new managing director (a Labor appointee) has launched a public appeal to alert audiences to the $40 million budget cuts and shedding of several hundred staff over the past three years, and to the proposed cut of a further $18.7 million for 1988. The ABC is now seeking public support to halt the cuts to its services; these cuts include fewer television hours, increased radio networking and reduction in local program production, a

[79]   The Financial Review, 1/9/87.

contraction of the geographical regions to be covered, and limitations to funding of State symphony orchestras.[80]

I argued that the functions of the ABC and the SBS can be equated with the social rights of citizenship, and therefore with Localist Type II services. The ABC was first created in the 1930s to provide programs for all Australians, regardless of location, because it proved almost impossible in the early decades of this century to persuade private broadcasters to service non-profitable country areas. Within a decade, the ABC became synonomous with the creation of an Australian cultural identity. Its role in the creation of social unity was to provide the same programs to all Australians, as well as specific programs for those who were not covered by commercial fare. With the increasing social and political fragmentation of audiences over time, the ABC was forced to take on more and more tasks to cater for these specialised minorities, because the commercial sector avoided these responsibilities, despite government insistence to the contrary. The SBS was created to shoulder some of those burdens. It also represented a visibile political gesture to the increasingly organised and vocal ethnic communities. The social rights of citizenship have declined as they related to programs reflecting diversity and innovation. Further, the

[80]   The Australian Financial Review, 22/12/87; The Advertiser, 22/12/87.

political rights of citizenship will also decline because, in the debates over the introduction of satellite-delivery of programs, the Labor government restructured the commercial industry in such a way as to centralise even more the ownership and control of media networking in newspaper and electronic media industries. These industries are international conglomerates or subsidiaries of international companies; the problem has become one of how to reconcile demands from minority groups based on national citizenship with the profit logic of private capital organised on an international scale. Since deregulation of the financial sector, governments are forced even more to put financial stability long before minority group pressures.

These developments do not mean the end of Localism, or the forces which have always promoted Localism, but it does mean that those voices will find it more difficult to find expression in the heavily centralised context of Australian broadcasting in the future. Critics of Habermas have argued that a rationally discursive society is no longer possible, given the growth of an international monopoly of communication industries.[81] In this thesis, I have tried to argue that provided minimum citizenship rights are preserved, some oppositional debate may be expected to take place.

81 Lyotard, J-F. (1986), The Postmodern Condition: a report on knowledge, Manchester, Manchester University Press, pp. 65-66. See also Bauman, Z. (1987), `The philosopher in the age of noise', Theory Culture and Society, Volume 4(1), pp. 157-165.

The demise of Localism and the internationalisation of broadcasting:

I examined in the final chapter what would be the likely shape of broadcasting in Australia after the 1980s. I showed that early in these series of debates the Tribunal[82] took the position that greater centralisation of control of the whole commercial system currently exercised by the Nine and Ten networks should at all costs be avoided. The Tribunal stressed that without re-structuring of market areas the utilisation of Satellite Program Services (SPS) would further entrench market inequalities and Australian broadcasting would develop along lines similar to the United States, where programs were shown simultaneously throughout the country without any genuine opportunity for localised input or regional advertising. The Tribunal noted the tension in broadcasting structures between the legislation which saw ownership and control in terms of decentralised units (Localism Type I) and everyday reality, which recognised the actual existence of informal national networks (that is, distribution agreements) and considerable extra-local ownership and control (Localism Type II structures). The Tribunal proposed that the necessity for rationalised structures (networking) should no longer be ignored in

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[82]   The Australian Broadcasting Tribunal (1984), Satellite Program Services: Inquiry into the Regulation of the use of Satellite Program Services by Broadcasters, Volume 1, Canberra, Australian Government Publishing Service.

government policy.   Networking should continue, but in a balanced and competitive system, which would equalise market areas and voting rights among all stations (city and regional).

The Tribunal had identified five major (and conflicting) government objectives.   First, the government sought equalisation of services (the same number of channels for city and country viewers);   second, maintenance of commercial viability in city and country areas;   third, promotion of Australian productions;   fourth, provision of locally relevant services;   and fifth, discouragement of concentration of ownership and control.   The Tribunal's scheme would have achieved all of these objectives and it would have also encouraged the diversification of production outside Sydney and Melbourne.   The main objective of the Tribunal was to preserve the <u>servicing</u> elements originally conceived under Localism Type I (at least to the modest degree being achieved in the 1980s and hopefully at higher levels) which were, over time, incorporated into a wider conception of Localism.   This Type II variation was enscapsulated by the Tribunal's policy statement in its 1983/4 Annual Report, although this expanded version of Localism can be identified as early as 1942 in the Gibson Committee's report to the government on the status and future of Australian radio broadcasting.   Localism Type II then became synonomous with 'positive program standards', and this concept became incorporated into the

Act under the `adequate and comprehensive' clause relating to `suitable' program material. The Tribunal's criticism of centralised networking, was endorsed by Communication Action, an umbrella group which had been formed from a myriad of `public interest' groups to protest against the poor performance of the commercial sector, to urge the government to break down the vertical integration of the commercial system, and to promote alternative sources of independent production. They also wanted a separate agency for the purchase of overseas material in order to diminish the monopoly power of the networks over Australian rights and to control the price spiral which resulted from competitive network purchasing of overseas products.

At the servicing level, Communication Action sought to inject `window' requirements (program quotas) for local and specialised program categories. Of course, the industry's association body, FACTS, and the networks, rejected these schemes. In the final instance, the Tribunal saw that schemes for an independent supplier would be problematic in terms of administrative regulation, but they were cognisant of the necessity for services to be closely regulated. However, program content was not within the ambit of the inquiry, except insofar as broadcasting structures would either impede or promote greater program diversity under the SPS.

The Forward Development Unit (FDU) of the Department of Communications examined the Tribunal's scheme and responses by the industry, unions, consumers and other interested parties.[83]   At this time the Minister announced that the government had decided to adopt as its highest priority the equalisation of services to all Australians within three years if possible, and certainly not later than 1990.   The FDU identified two major options (with variable possibilities within them) which were referred to as Aggregation and Multi-Channel Services.   The essential difference between these options was that Aggregation provided for three competitive services (three different owners) in every market area (including regional ones), while Multi-channel Services provided for only one operator in a three-way channel system.

The Tribunal had earlier rejected the Multi-channel option, because it had been established by an internal working party that the profitability of existing stations would decline if the number of outlets were to be expanded significantly.   This constraint on profitability arose because Australia already supported proportionally the same number of outlets as the more prosperous US market, television penetration in Australia was already high, and income from advertising was not expected to

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[83]   Department of Communications, Forward Development Unit (1985), Future Directions for Commercial Television, Volumes 1 and 2, Canberra, Australian Government Publishing Service.

rise because Australia had already reached one of the highest levels of advertising saturation in the developed world. As an alternative, the Tribunal proposed a variant of the Aggregation option, although the Tribunal's variant demanded an equalisation of market areas and an equalisation of relations within the network consortia. The FDU, on the other hand, had to reject the Tribunal's Aggregation plan because of the new time constraints imposed by the government. The Tribunal's proposal would have taken much longer than 1990 and would have entailed costly compensation payments to those companies required to divest themselves of excess interests in more than one mainland city licence.

The government had also announced a new, deregulated approach to industry reorganisation, which definitely ruled out the Tribunal's radical and interventionist model. The FDU noted that equalisation of services could only be achieved within the limited time frame if the other policies (encouragement of Australian production, local services for local communities, and anti-monopolisation) were relinquished. In fact, the Multi-Channel Services option would actually encourage local monopolisation in the short term, although the option did include a longer-term alternative path towards a competitive three-way system. Financial viability would be maintained by changing the two-station rule so that licences would be categorised according to the size of the population which would be reached, thereby enlarging

the station's market area. However, the FDU was aware, as the Tribunal had been, that most market areas could support one extra supplementary licence, but that two extra services could be supported only after seven or eight years. Even under these circumstances, the existence of three services may well decrease revenue because stations would be forced to compete vigorously for the same, finite portion of advertising revenue. It was almost inevitable that severe rate card attrition would occur.

The networks were acutely aware of this scenario which they welcomed and had in fact submitted a report arguing for three-channel services. In the absence of American-style networking (in these reports it was called `Direct Broadcasting Services'), the networks wanted a marginal, regional sector which would be forced to align with each of the networks to take advertising and programming, leaving the networks to dictate the terms of production, distribution and pricing arrangements. The Regional Television Authority (RTA) had commissioned their own report to demonstrate the uncertain financial future facing them in the event of forced aggregation of market areas and a three-channel service system. Three reports were finally commissioned on their behalf, all of which reaffirmed the findings of the FDU's report, the Tribunal's report, and the Australian Federation of Consumer Organisations' report, namely that the government's plan would be financially disastrous for

regional autonomy, and would result in a subordinate relay role for the regional stations.

Alternatively, it was possible to introduce a more modest two-way aggregation and two competitive services in larger markets, with a mixture of relays, multi-channel services and competition in the smaller market areas. This scheme may well have imposed some public accountability on the regional sector, while leaving regional autonomy as a realistic goal.

The Australian Federation of Consumer Organisations (AFCO) had been a signatory to the broader umbrella group, Communication Action. It was predictably the one organisation which raised the questions of program quality and diversity. Their submission to the inquiry accorded with the Hart and Frankel Company submission to the FDU inquiry that, only under the ABT consortia scheme, would there exist an opportunity for independent production and acquisition of program material produced outside the Sydney and Melbourne metropolitan stations, and only then if combined with `window' requirements for certain program categories and local material. Furthermore, a regulatory framework would have to be applied prior to, or contemporaneously with, the commencement of aggregation and other rules. It has been shown by American and Australian research[84] that market

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[84] See Withers, G. (1985), `Television Viewing and ABC Program Policy: An Econometric Study', Discussion Paper No. 126, The Australian National University, Canberra,

activity will not necessarily increase diversity of choice. The preferences of minority audiences or programs, which are expensive to produce, will be neglected unless five commercial stations (or alternatively four commercials and one public broadcasting station) operated in one market.

These findings were apparently ignored by the Labor Government, which exhibited considerable frustration with any scheme that would take more than three to five years to implement. The government also rejected any scheme which required continuous government or administrative intervention. In this context, the Hawke government announced an immediate voluntary option for aggregation (to be followed by enforced aggregation by 1988). With this announcement, the government negated any commitment to localised programming autonomy by the regional stations. This lack of interest was confirmed when changes to the two-station rule allowed any person or group to own an unlimited number of stations and up to seventy-five percent of the national audience. The frantic spate of takeovers in the industry rapidly produced the first real *ownership* networks in Australia. All three networks changed hands and the number of companies in Sydney was doubled to six, and increased from four to six in Melbourne. It is anticipated that all stations will be taken over by six to eight major

Centre for Economic Policy Research. His research supports several studies cited by the Tribunal in the SPS inquiry, op. cit., p. 105.

commercial groups by the end of the decade. The majority of regional stations simultaneously opted for immediate aggregation (rather than the interim option of MCS) and proceeded to negotiate to align with one of the networks to take program `feeds' direct from the city producers.[85] A situation comparable with American networking (Direct Broadcasting Services) has been achieved in all but name. The strong possibility of future Australia-wide networking explains why the television stations were bought and sold for substantial sums of money when TV owners in 1986/7 earned a mere $A23.3 million after-tax profit.[86] Indeed, figures show that eleven television stations lost money in 1985/6, (including one station in Melbourne, one in Sydney, and two out of three in Adelaide). Further, real advertising revenue (taking account of the CPI inflation rate of nine percent for 1986) showed a decline of 4.2 percent.[87] Of the thirty-five country stations, twenty-nine stations made a profit, amounting to $46 million in 1985/6.[88] One must exercise caution in interpreting these figures, because it is possible for media empires to offset profits from some enterprises against losses on

[85] The Financial Review, 22/9/87.

[86] Times on Sunday, 26/7/87.

[87] The Financial Review, 8/9/87.

[88] The Financial Review, 11/8/87.

other enterprises (and thereby achieve very low levels of taxation).[89]

The Liberal Opposition is clearly skeptical of low profit figures, arguing that new stations should be introduced in all capital-city areas in order to inject diversity into Australian program services. (Research carried out by Withers which was earlier cited shows that four commercial stations plus one public station in one area would increase diversity of minority programming). For example, given the estimated corporate assets of the Skase and Bond empires ($200 million[90] and $720 million,[91] respectively) it could be assumed, as the Liberal Opposition have done, that an extra station in all cities is warranted. Former Communications Minister Duffy has argued that reductions in profitability across the entire television sector would make it difficult for stations to meet the Australian-content provisions,[92] but of course this depends on what set of figures one is prepared to use. These arrangements do not currently

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[89] For example, research conducted by the Stock Exchange Research Service, Statex, showed that on average the top 150 companies in Australia paid only 26.7 cents in the dollar towards tax and that this proportion had declined in comparison with previous years. Lowy's Westfield Capital Corporation (49 percent shareholder in the Ten network) paid only 4.24 cents, and Bond's Bond Corporation paid only 9.95 cents in the dollar tax. See The News, 29/11/87.

[90] Times on Sunday, 26/7/87.

[91] The Advertiser, 21/10/87.

[92] The Age, 13/5/87.

auger well for diversity or localism in the television industry.[93]

The Labor government's broadcasting regulations are serious impediments to the democratic process in Australian political life. Localism, in both the narrow and wider meaning, has been removed from the policy agenda of Australian governments in the late 1980s. The erosion of Localism is commensurate with an adverse balance of payments position, a weakened Australian dollar and a pessimistic outlook for economic growth in the foreseeable future. Social rights have declined with the welfare state and with the return to deregulation of market activity characteristic of pre-Keynesian economic policies.[94] In other words, government has withdrawn from a role which it undertook since the Second World War to protect the needs and rights of audiences in their smaller and larger fragmentations. The history of broadcasting shows that unless governments intervene, these claims will be ignored by a commercially-driven system. Political rights - of which one of the most

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[93] At the same time as the `seventy-five percent rule', the government announced new rules restricting cross-media monopolies. These rules have merely created the conditions for huge monopolies in either television or the print media.

[94] These changes are clearly not specific to Australia. Economic decline in Britain raises similar problems for the continuity of a political consensus around welfare-state institutions and social democracy. See Gamble, A. (1987), `The weakening of democracy' in M. Loney (ed.), The State or the Market, Politics and Welfare in Contemporary Britain, London, Sage, pp. 189-202.

important is the right to have access to a range of
information sources - have also been threatened, if not
undermined by the quest for unfettered-market activity
which, as this thesis has shown, produces uniformity and
monotony in program content and range of material, rather
than experimentation, diversity and enlivened debate.
By contrast, Britian's Channel Four has provided a model
for all governments - the combination of market forces
and legislation which ensures access to broadcasting
facilities by independent producers, including community
groups, and a charter which demands the widest possible
choice of information to be made available to the viewing
public.[95]   The legislation for Australia's SBS also
possesses the capacity to encourage diversity,
`independent' access, experimentation and excellence,
although the full potential of the legislation has never
been used.[96]   The point is that governments must
intervene in this process, because private operators must
of necessity adopt conservative business practices.

The question remains whether, and to what extent,
expectations and entitlements of minority groups have
simultaneously declined, following the general economic
decline and a contraction of public expenditure. Lash

[95]   The Observer, 27/12/87.

[96]   It is somewhat paradoxical to hear the new
Communications Minister, Senator Evans, suggest that a
new station constucted along lines of the British Channel
Four model could replace the flagging SBS when the SBS
legislation already contains the capacity to operate as a
fully-fledged public `access' and experimental station.
See The Financial Review, 1/9/87.

and Urry argue that the social and political importance of minority groups in civil society has not declined, and that it is possible for new alliances to emerge through 'new social movements' and the traditional working class. The relative success of the public broadcasting movement in Australia is compatible with their hypothesis. The formation of Communication Action and the Australian Federal Consumers' Organisation and the organised reaction by Australia's ethnic communities against the ABC/SBS merger (as examples in broadcasting) also provide evidence of minority-group cohesiveness. It has been argued in this thesis that the claims of these groups have remained remarkably consistent for over fifty years, and the only noticeable changes are those which relate to an increase in the intensity of demands for social rights and freedom of access to information and program decision-making.

There is also a different question to pose in the citizenship debate. To what extent has the government abandoned its responsibility to citizenship pressures? Many social scientists have noted a decline in welfare payments, and welfare programs which would suggest a negation of the social rights of citizenship by governments following monetarist policies. However, figures published for actual government expenditure in Australia show that Commonwealth spending on its own functions has increased twenty-two percent in real terms since 1982-3, and that reductions to the budget deficit

can be accounted for by sales of public assets to private investors.[97] This would suggest that governments find it very difficult to adjust their programs in ways which entirely ignore traditional claims and expectations, or in Bell's terms, entitlements because in the last analysis they depend upon electoral validation and some degree of public legitimation. One can only speculate about how far the social rights of citizenship can be eroded; the question must remain a topic of future empirical research. My research would suggest, however, that these social expectations relating to citizenship entitlements are not easily destroyed.

SUMMARY

I have argued in this thesis that broadcasting policy must be seen in the context of a tension between an economic system which produces inequality and a political system which, at least ostensibly, promises formal social equality. The gap between these two systems is illustrated by the rise and transformations of citizenship from limited civil rights to political, and later to social rights. The social rights of citizenship were expanded in the period of social reconstruction after the Second World War; in this period, government policies in one way or another sought to direct broadcasting services in the interests of local communities. These developments in broadcasting policy

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[97] The Financial Review, 19/1/88.

gave rise to the complex and shifting commitment to Localism.

The goals of governments of both major parties (until the 1980s) had not changed; however, the concept of `the audience' and the structural arrangements for achieving Localism had changed quite profoundly over this period. Private broadcasters opposed the policy of decentralisation and formed themselves into ownership and distribution networks; they also refused to honour their obligations under the Act to serve audiences either in the narrow or wider concept of Localism (which I have equated with political and social citizenship). In order to respond adequately to the growing number of audience sub-groups which were not adequately serviced by private-sector programs, governments intervened to provide those services through publicly-funded arrangements. I argued that this intervention could be explained by reference to the state's interest in social and political unity.

The interest in socio-political unity is a structured interest because the state relies on both the economy and civil society for economic and political legitimacy respectively. In addition, the state promotes what Habermas calls `nation-building', or the development of a collective identity, because it is on that basis that states can claim statehood and political legitimacy in the international context. This internal unity is clearly difficult to achieve because there is a

considerable tension between economic inequality and political equality. The state is the lynchpin of co-ordination and representation of all class and non-class social struggles in the economy and civil society.[98] Furthermore, this function of reconciliation follows from the fact that the state is also the repository of common law; law is the primary connection between the state and civil society insofar as it constitute subjects first as legal subjects with a consciousness and will.[99] The creation of the nation-state is historically bound up with the rights of citizenship.

The causal efficacy of citizenship in the struggle for equality has been identified in this thesis with the policy called Localism. Localism, in all of its permutations, was constructed against the interests of the private sector and against the logic of private profitability. Localism is identified with the emergence of the public sectors, the ABC and the SBS, because private broadcasters failed to put the needs and interests of audiences before the interests of shareholders. The state's interest in social and political unity is also associated with Localism insofar as it responded to the demands of minority social groups

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[98] Urry, J. (1982), `Some Themes in the Analysis of the Anatomy of Contemporary Capitalist Societies' in Acta Sociologica, (25), 4, p. 410.

[99] Urry, op. cit., p. 115. For a discussion of the related problem of the autonomy of law, see Nelken, D. (1988), `Changing paradigms in the sociology of law', in G. Tuebner (ed.), Autopoietic Law: a new approach to Law and Society, Berlin, Walter de Gruyter, pp. 191-216.

by creating the public sectors alongside of and, it could be argued in competition with, the private sector. Nevertheless, the state's reliance on private sector activity is indicated by the preservation of commercial broadcasting, despite the private sector's abysmal failure over the past sixty years to comply with government and administrative requirements for ˉadequate and comprehensive' services. The demise of Localism in all of its dimensions as indicated in government policy priorities and in the attrition of public-sector expenditure, does not signal the decline of oppositional groups under the auspices of citizenship. The government's reliance on the private sector to ˉequalize services to all Australians' merely increases the number of channels. It will not increase diversity. Thus, one would expect to find the tension between commercial profitability and citizenship struggles to intensify, rather than decline, in the future scenario of the broadcasting arena.

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GLOSSARY

AANA	Australian Association of National Advertisers
AAP	Australian Associated Press
AAT	Administrative Appeals Tribunal
ABC	Australian Broadcasting Commission Changed in 1980s to Australian Broadcasting Corporation
ABCB	Australian Broadcasting Control Board
ABT	Australian Broadcasting Tribunal
AFA	Australian Federation of Advertisers
AFC	Australian Film Commission
AFCO	Australian Federation of Consumer Organizations
AJA	Australian Journalists' Association
AIMA	Australian Institute of Multicultural Affairs
ALP	Australian Labor Party
AM	Amplitude Modulation
ANOP	Australian National Opinion Poll
ANPA	Australian Newspaper Proprietors' Association
APRA	Australian Performing Rights Association
ATEA	Australian Telecommunications Employees' Association
ATN	Amalgamated Television Services Proprietary Limited
AUSSAT	The name given to the Australian-owned satellite
AWA	Amalgamated Wireless (Australasia) Limited
BBC	British Broadcasting Corporation
CWA	Country Women's Association
DBS	Direct Broadcasting Services

DOC	Department of Communications
EMI	Electrical and Musical Industries Limited
FACB	Federation of Australian Broadcasters
FACS	Federation of Australian Commercial Stations
FACTS	Federation of Australian Commercial Television Stations
FARB	Federation of Australian Radio Broadcasters
FCC	Federal Communications Commission (USA)
FDU	Forward Development Unit (of the Department of Communications)
FM	Frequency modulation
GTV	General Television Corporation Limited
HSV	Herald and Weekly Times Limited
IMBC	Independent and Multicultural Broadcasting Corporation
MBC	Multicultural Broadcasting Corporation
MCS	Multi-Channel Services
NEBA	National Ethnic Broadcasting Advisory Council
PBAA	Public Broadcasting Association of Australia
PBF	Public Broadcasting Foundation
PRS	Priorities Review Staff
PSCB	Parliamentary Standing Committee on Broadcasting
RCTS	Remote Commercial Television Services
RTA	Regional Television Authority
SEBAC	State Ethnic Broadcasting Advisory Committee
SBS	Special Broadcasting Services
SPS	Satellite Program Services

TCN	Consolidated Press Limited
UHF	Ultra High Frequency
UNESCO	United Nations Educational, Scientific and Cultural Organization
VHF	Very High Frequency