IN FOCUS:
THE CASE FOR PRIVATISING THE BBC

EDITED BY PHILIP BOOTH
with contributions from
RYAN BOURNE
TIM CONGDON
STEPHEN DAVIES
CENTO VELJANOVSKI

iea
Institute of
Economic Affairs
CONTENTS

The authors viii
Foreword x
Acknowledgement xiii
Summary xiv
List of tables, figures and boxes xvii

1 Introduction: broadcasting in the twenty-first century 1

Philip Booth and Stephen Davies

The origins of the licence fee 1
The evolution to a hypothecated television tax 3
The collapse of the justification for licence fee funding 4
Television broadcasts are not a public good 6
The licence fee debate should be dead – at least among economists 8
What might replace the licence fee model of funding the BBC? 8
Public service broadcasting 10
Bias and the BBC 12
Privatising the BBC 16
Conclusion 19
References 21

2 Public service broadcasting: ownership, funding and provision 23

Cento Veljanovski

Background 24
The structure of public service broadcasting 26
CONTENTS

What was and is public service broadcasting? 30
Where does the PSB concept stand today? 36
Market failure 38
Can a case be for public service broadcasting? 48
Funding of PSB 49
Structural reforms 57
Conclusion 61
References 62

3 The problem of bias in the BBC 67
Ryan Bourne
Introduction 67
Does bias matter? 69
Absolute or relative bias? 71
Bias by omission 72
Bias by selection 78
Bias by presentation 87
Conclusion 96
References 98

4 Why is the BBC biased? 100
Stephen Davies
Is the BBC biased to the left? 100
Institutional bias and the BBC 101
Shared values of BBC staff 103
The BBC, 'conventional wisdom' and the problem of nuanced views 108
Conclusion 110
References 112

5 Privatising the BBC 114
Tim Congdon
Setting the scene 114
The case for ending the licence fee 117
The BBC in the digital era 126
Common defences of state funding of broadcasting 128
Final remarks on the licence fee 132
The case for the privatisation of the BBC 133
A possible alternative approach: a smaller BBC? 140
References 144

About the IEA 146