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SEMI-COMMERCIAL OR SEMI-PUBLIC SERVICE?
Legitimacy and regulation of commercial television in Finland

1. INTRODUCTION

Public service broadcasting and commercial broadcasting are usually regarded as opposing television systems. This historical dichotomy still influences legislation and regulation – for example, in the European Union. However, Western Europe has also witnessed a number of hybrid models that are blurring the line between public service and commercial television, combining social obligations and private funding. According to previous research, national characteristics and the prevailing political system are always influential in the construction of public service broadcasting\(^1\). Similarly, commercial and hybrid models of broadcasting are shaped by the cultural and societal context.

This article, which focuses on Finland, shows that the development of broadcasting reflects closely the national context, the specific political, cultural, social and economic environments affecting policies taken and organisations built. Specifically Finnish conditions include such factors as the small population, the large area of the country, the tradition of political coalitions, the fast growth of the economy and the separateness of the Finnish language. In addition, this national context is continuously changing, necessitating prioritisation of both the temporal and societal context and the size of the market as factors. We suggest that, when expanding its television services and compromising between public and commercial models, Finland applied an original strategy that might be called “consolidation through balancing”\(^2\).

While focusing on one country, our analysis has relevance in a wider context, too. Past successes, as well as failures, in the organisation of Finnish broadcasting may help us understand the development of European television in general and provide crucial information about how organisational models are historically legitimated. National applications of the hybrid model might serve as examples for other countries as the recent European Union regulation concerning electronic communications directs part of the commercially funded channels to serve as channels of “general interest”\(^3\).

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Broadcasting in Finland was traditionally a monopoly of Yleisradio (YLE), the state-owned broadcaster. In radio, the monopoly prevailed until 1985; but, interestingly, television broadcasting was initiated by a private operator, breaking YLE’s control and making Finland a special case in the European scale. Finland’s solution was not fully commercial; it represented a hybrid model of broadcasting. In our article, we examine three historical variations of hybrid television companies in Finland: TES-TV/Tesvisio (1956-1964), Mainos-TV/MTV (1958-) and Kolmostelevisio (1987-1992). These companies adopted and adapted the public service ethos, deliberately avoiding overt commercialism. For Mainos-TV/MTV and Kolmostelevisio, the strategy was partly due to regulation: those companies were broadcasting under the licence of YLE, whereas TES-TV/Tesvisio, due to its educational and research purposes, spontaneously combined a public service ethos with commercial funding. Our comparative analysis, in addition to showing how these companies have gained legitimacy due to their hybrid status and how the public service ethos has historically been expressed by commercial television, will show how differently these companies have performed and been regulated.

The comparison comprises four dimensions: financing, regulating, ownership, and programming of the companies. The data will be drawn from the documentary analysis and interviews gathered for the writers’ earlier works. The historical analysis will conclude with a short discussion of the changing role of hybrid broadcasting organisations.

2. HYBRID MODEL OF BROADCASTING

The hybrid model of broadcasting can be characterized as a midway application of the two basic paradigms of broadcasting organisation, i.e., public service and commercial. In fact, two variables are enough to define the hybrid broadcasting system: (1) financing and (2) regulation. First, a hybrid broadcaster is, by definition, commercially funded and usually dependent on advertising sales. As is well known, in many countries public broadcasters, too, sell air time to advertisers, but since advertising is not their main source of income they cannot be categorized as hybrid organisations. Second, a hybrid broadcaster is constrained by explicit obligations and favoured by certain privileges. For example, its programming might be required to include newscasts and current affairs programmes, to provide a share of domestic programming or to subtitle their domestic programmes. As for privileges, a hybrid broadcaster might be granted a monopoly on selling national advertising or be favoured by “must-carry” rules.

4 The first year in each case refers to the beginning of regular operation.
However, two more factors need attention when studying hybrid broadcasting organisations: (3) ownership and (4) programme output. As to ownership, both public and private arrangements are possible, as the Nordic examples below will show, which means that ownership *per se* is not a definitive characteristic of a hybrid broadcasting company; however, because private ownership may result in different regulatory arrangements than public ownership, this factor needs to be considered in the analysis. Similarly, programme output needs to be taken into account, since earlier comparisons among public service, hybrid and commercial broadcasters show distinctly different programming patterns for each group, suggesting that a hybrid organisation is a midway solution also in terms of schedules.

Finland was the first country in Europe to follow British Independent Television (ITV) in launching a hybrid television organisation, experimenting in fact with two different midway arrangements, TES-TV since 1956 and Mainos-TV since 1958. In other Nordic countries, it was not until in the late 1980s that Denmark, Norway and Sweden created their own hybrid television services. The Danish application was the publicly owned but commercially funded TV2, launched in 1988; in Norway, the licence for its TV2 was granted in 1991 to a private company jointly owned by two private media companies. Sweden got its hybrid broadcaster in 1992 when TV4, a channel jointly controlled by two private companies, won the prolonged competition for the licence. At the same time, in Finland, the basis for hybrid broadcasting was broadened in 1987 by launching a third nationwide channel, TV3, as a joint company owned by the public service broadcaster YLE, its private companion MTV and electronic industry giant Nokia.

Earlier research has shown that the rationale for the hybrid arrangement in television has often been broadening broadcasting’s financial basis, increasing choice, introducing competition or encouraging efficiency. Also, national industry policy justification was commonly applied in the liberalisation decisions of the 1980s and 1990s when new broadcasting licences were granted to local media firms in order to “make sure that domestic interests were the main winners from commercialisation”, as Humphreys has put it. At the same time it was believed that through state regulation and the incorporation of commercially financed broadcasting into a wider system of public interest, some of the undesirable effects of commercialism, such as ruinous competition, might be avoided. Indeed, in Britain, ITV, founded in 1954, was considered an extension of public service; and although it introduced competition for viewership, rivalry was moderated by the fact that ITV and the British Broadcasting Company (BBC) had separate


9 See Lund, Berg, “Denmark, Sweden and Norway”.


11 Humphreys, *Mass Media and Media Policy in Western Europe*, 189.

sources of revenue. This made the arrangement comfortable for regulators and guaranteed the legitimacy of both companies.13

3. MEDIA SYSTEM, MARKET SIZE AND CULTURE

Television broadcasting can be organized and mandated in various ways, depending on the cultural, political, social and economic context of the country in question. National applications with similar features can be interpreted as specific media systems which then differ from others with a different set of similarities. Hallin and Mancini have suggested14 that the developed liberal democracies of Northern and Central Europe – Scandinavia and Finland, the Netherlands, Belgium, Germany, Austria and Switzerland – represent a Democratic Corporatist Model of media system. The other two models are the Polarised Pluralist Model, represented by the Mediterranean countries, and the Liberal Model, represented by, for example, Great Britain and the United States.

Hallin and Mancini’s typology is ideal-typical, and hence it both accentuates differences between and downplays variety within the systems. In addition, the authors remind us, the systems themselves are not static but characterized by substantial historical change, the main shift underway being a convergence towards the Liberal Model.15 Although the categorization has aroused major criticism16, it has been widely accepted as a basis for various international media comparisons.17

What the Democratic Corporatist countries seem to have in common is the high significance of political parties and organized civic society in the historical development of the media combined with a tendency to consensual decision-making and the common good. A high degree of both journalistic professionalism and political parallelism is one of the “co-existences” of the model, too, although the latter has become weaker. Press freedom is highly respected; but in the Democratic Corporatist Model, unlike in the Liberal Model, the state is regarded not as a threat but as a guarantor of equal opportunities of communication, which accords with the welfare state ideology characteristic of these countries. At the same time, the mass-circulation press has an established status in Democratic Corporatist countries18. In broadcasting, public service ideology has long dominated in the Democratic Corporatist countries. As Hallin and Mancini put it19, broadcasting has been treated “as an institution whose influence on society is too great to be left under the control of private interests and that must be run under the authority of the state as a representative of the general interest”. Hence, in the Nordic countries

13 See Humphreys, *Mass Media and Media Policy in Western Europe*, 128-130.
14 Hallin, Mancini, *Comparing Media Systems*.
15 Ibid., 71-72.
commercial radio and television were introduced relatively late and, with the exception of Finland, public service monopolies were not seriously challenged until the 1980s.

Earlier research shows that Hallin and Mancini’s Democratic Corporatist Model is applicable to the Finnish case and contributes valuably to the understanding of the shifts in Finland’s media system. However, the model must be supplemented with other factors relevant to that country, such as market size, language community, socio-political cleavage structure and the lessons of history.

For example, the fact that Finland is a country of 5.4 million inhabitants and 385,000 square kilometres (i.e., almost 30 per cent larger than Italy) means that there are fewer people to pay for broadcast services and that the cost per capita tends to be higher than in bigger nations. According to earlier research, small nations tend to be more vulnerable and more dependent on big markets, weakening the self-sufficiency in media content provision but, on the other hand, showing high flexibility and creative adaptation. In order to protect and foster their national cultures, small nations, particularly in Western Europe, have both favoured their public broadcasters and allowed cross-media ownership and a high level of concentration in the media industry. A special constraint in Finland is the linguistic division between Finnish and Swedish, with the dominant language being shared by no other nation. The small size of the market further intensifies the problem.

Also, the development trends of Finnish society after World War II must be considered. We find useful the typology suggested by sociologist Pertti Alasuutari naming the three periods in the post-war cultural system of Finland as Moral Economy, Planned Economy and Competitive Economy. Moral Economy, which dates back to the post-war years, refers to a discourse that included concurrent appeals on moral principles. These appeals stemmed from both the wartime efforts to bring the nation together and the post-war concern over the politically unstable situation, reflecting Hallin and Mancini’s idea of a high degree of consensus on standards of conduct and a commitment to a common public interest. The shift to the Planned Economy, which prevailed after the latter half of the 1960s, meant a strong belief in the importance of better, “scientific”, planning in resolving social problems. This period includes also the evolution of the corporatist system, characteristic of the Nordic countries, and a high degree of political partisanship.

The third period, Competitive Economy, took over in the early years of the 1980s, when the discourse on individual, customer and tendering became general in the debates on social policy. These social and cultural shifts within the Democratic Corporatist Model


21 See Humphreys, Mass Media and Media Policy in Western Europe, 117.


24 Hallin, Mancini, Comparing Media Systems, 143-145.
have contributed to the establishment of various hybrid models in terms of regulation and legitimisation of Finnish television broadcasting.

Whereas the cultural legitimisation of television has been an ongoing project since the emergence of TV broadcasting, different processes of legitimisation can be traced within the medium. For public broadcasters such as the Finnish YLE, legitimacy means the trust of both the audience and the policymakers. The economic basis of YLE has until recently been located in the viewing licenses, which, however, did not relieve it from the necessity to legitimate itself in the eyes of the public. Commercial companies, on the other hand, are funded by advertising and thus have to earn the trust of the advertisers and the audience. These two legitimations of television can also be described in terms of two discursive ways of understanding the audience. The audience-as-citizens paradigm is based on the assumption of the audience needing diversity, quality, information, education, and cultural integration. The audience-as-consumers discourse emphasises choice and popular programming – the viability of programming is what counts. In both cases, a certain programme profile can be seen as a way of securing the economics and the legitimacy of the company.

4. CASE 1: TES-TV/TESVISIO

The first Finnish television station was established in Helsinki in 1955 by the Television Club, a group of radio amateurs and engineers who were interested in experimenting with the new technology. The Club had close connections with the Helsinki University of Technology, which offered to house the first studio in their laboratory. As a department of state, the university did not need to apply for a broadcasting license. Within a few months, these pioneers realized that a more permanent organization was needed to ensure the development of the station. Thus, the Finnish Foundation for Technology Promotion (TES) took charge of the station and the channel was renamed TES-TV in 1957.

Since TES-TV was owned by a foundation, it did not aim for profits. However, the station was financed by advertising and sponsored programming. The first broadcasting licence allowed TES-TV to broadcast and receive television transmissions in cooperation with the University of Technology in order to develop and experiment television in Finland. The licence was very general in nature; it did not include any regulations concerning advertising or programming, leaving it to TES-TV itself to decide the degree of its commercialism and to seek the best means of legitimating its operations.

Since TES-TV started as a very small-scale and mainly technical experiment, the programming was developed as a side-product. At first, it was mainly characterised by availability. Gradually, other guidelines started to emerge: the programmes were to be attractive, experimental and diverse. Attractiveness referred to light and entertain-

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26 Hellman, *From Companions to Competitors*, 27-29.
ing with a large audience appeal. Experimentalism was exemplified by commercials and occasional school television, among other things. Diversity meant a wide range of programme genres or types and broadcasting high culture, such as classical music and ballet, alongside popular programming drawing from folk culture. Although the company had no documented programming principles, it emphasised high moral standards implicitly, reflecting the Moral Economy of the era.

The volume of broadcasts of TES-TV was continually increasing in the late 1950s. While the Finnish Foundation for Technology Promotion was not able to secure the enlargement of the station, a company called Tesvisio was founded to manage its programming. The broadcasting licence was still owned by the Foundation. In 1960, Tesvisio started to produce programming for a network of three TES television stations in southern Finland. From the beginning, Tesvisio was more professional and commercial than TES-TV had been. The company was owned by a number of unions and organizations and funded by advertising and sponsorship, but unlike TES-TV it competed for advertisers with another commercial television company, Mainos-TV. The connection with higher education still existed, because Tesvisio delivered a certain amount of the advertising revenue for the TES foundation to support the research on television technology.

Tesvisio was established when Finnish broadcasting policy was still being formulated. The draft of a new broadcasting act in 1960 suggested a return to the YLE monopoly, stirring lively discussion on the freedom of speech and making the future of commercial television seem very insecure. However, the bill never passed and, in 1962, TES was granted a new licence until the end of 1968. As Puppis states, the importance of consensus built on circles of small elites characterizes small nations. In Finland, the smallness of elites resulted in questionable decision-making procedures, as the Director General of the Finnish Postal and Telegraph Administration, granting the licence to Tesvisio, was a member of the company’s Administrative Board. According to the new licence, the programming was to be diverse in content, dignified in performance and accurate and objective, as well as offer decent entertainment. The purpose was to promote education and deliver useful information and news. That exact wording had already been used in the first contract between YLE and the state of Finland in 1927. This can be partly explained by the fact that both YLE (in 1927) and Tesvisio were owned by organisations. But due to these regulations in the licence, Tesvisio was actually encouraged to compete with YLE in public broadcasting.

With the establishment of Tesvisio, even the programme planning became more professional. While in TES-TV the principles of broadcasting were never documented, Tesvisio had official guidelines. Programmes were to be educational, informational and entertaining; the viewing habits of different age groups were to be catered to; educational programmes were to be above the level of an all-round education; programmes on political partisanship were to involve all parliamentary parties; and programming could be transmitted both in Finnish and in Swedish. These principles reflected the general public service ethos formulated already by John Reith, Director General of the BBC, in

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30 Ibid., 103.
32 Keinonen, Kamppailu yleistelevisiosta, 55.
34 Keinonen, Kamppailu yleistelevisiosta, 59-60.
35 Ibid., 29-60.
36 Ibid., 105-106.
the 1930s\textsuperscript{37}, although neither TES-TV nor Tesvisio was consciously following the British model. Tesvisio was seen to represent a small-scale public television alongside YLE. However, with ambitious plans to compete with YLE, the company expanded too fast and ended up in a financial crisis. In 1964 it bought Tesvisio, which eventually served as a basis for the second national TV channel of the public broadcasting company\textsuperscript{38}.

5. CASE 2: MAINOS-TV/MTV

The establishment of Mainos-TV is described as a compromise between the proponents and the opponents of commercial television\textsuperscript{39}. In YLE, financial problems had delayed the launch of the television service. Advertising was seen by many as a way to solve these problems, but the scheme encountered fierce opposition. After a long struggle, YLE was ready to allow television commercials and the company’s broadcasting licence was revised to make this possible. The Finnish Association of Advertisers had been lobbying for television advertising for years, when YLE suggested the establishment of a separate commercial television company. The new firm, Mainos-TV, was owned by advertisers, advertising agencies and film companies. As it was launched to manage advertising and related programming on the YLE television network, it was operating under the broadcasting licence of the public broadcaster\textsuperscript{40}.

However, the struggle over advertising gave rise to clashes for years to come. The programming of Mainos-TV was basically determined by the broadcasting licence of YLE and the contracts between the two companies. The first contract included severe restrictions on the programming: Mainos-TV was not allowed to broadcast current affairs or news. Political, religious or alcohol advertising was also prohibited, and a commercial break was allowed to interrupt the programming only once every 20 minutes. Subsequent contracts introduced further restrictions concerning, for example, the duration of programme blocks\textsuperscript{41}. In the last instance, Mainos-TV was supervised and regulated by the YLE Administrative Council chosen by Parliament, and even its programming schedules were managed by a joint Coordination Committee and subject to approval by a politicised Television Programme Council nominated by the Administrative Council. As is typical of the Democratic Corporatist Model, the regulation of commercial broadcasting, exercised here by YLE, involved detailed decrees on both advertising and programme content\textsuperscript{42}. The Finnish arrangement differed radically from that in Britain, where a separate regulatory body, the Independent Broadcasting Authority (IBA), set the rules and granted commercial broadcasters regional franchises of their own\textsuperscript{43}.

Reflecting Mainos-TV’s aim at self-legitimation, the company wrote out its code for television advertising. In contrast to Tesvisio, Mainos-TV deliberately borrowed its principles from ITV, hopefully to garner some of the prestige of the British TV. In

\textsuperscript{39} Ibid., 135.
\textsuperscript{42} Hallin, Mancini, \textit{Comparing Media Systems}, 165.
\textsuperscript{43} Curran, Seaton, \textit{Power without Responsibility}, 213-219; Humphreys, \textit{Mass Media and Media Policy in Western Europe}, 149-151.
1960, the code was further developed to also touch on the guidelines of programme policy, stating that the varying tastes and needs of the audience stemming from diversity in age, political and religious opinion and level of education were to be catered to. The purpose of the policy was to combine education, information and entertainment with advertising of a high ethical standard. Thus, the public service ethos was explicitly applied by a commercial television company, although there were differences in the emphasis. While YLE concentrated on offering information and education, the programming of Mainos-TV was more entertainment-driven. A couple of years later, diversity in terms of genre and live/filmed programming as well as high quality were also announced as guiding principles. These objectives were implemented by extensive documentary and theatre productions that balanced the entertainment programming such as American telefilms\(^{44}\).

From YLE’s perspective, the main purpose of Mainos-TV was to take part in the financing of YLE, which also legitimated its regulation and hybrid status. The channel rent paid by Mainos-TV/MTV accounted for between 15 and 25 per cent of YLE’s turnover. This compensation, collected through advertising, added resources for the geographical expansion of television operations, but for Mainos-TV/MTV the burden was heavy. At the highest, the payments to YLE rose to 60 to 70 per cent of its sales, until in the 1980s they were set at a more moderate level of 40 to 50 per cent. In 1990 part of the compensation was redefined as a “public service fee”\(^{45}\). On the other hand, the constraint was balanced by Mainos-TV/MTV’s monopoly on the sale of national advertising time. The Finnish arrangement, in which a commercial broadcaster directly financed public broadcasting, remained an innovation not implemented by any other country in Europe\(^{46}\).

The political atmosphere of the Moral Economy and the Planned Economy aroused debate about commercialism. While some suggested that commercial fare harmed the informational purpose of YLE, others claimed that Mainos-TV was not effective enough in gathering advertising income. At the same time, Mainos-TV saw the restrictions concerning programming as the biggest obstacle to its development. In 1974, the company began lobbying politicians for permission to launch its own news broadcasts, but it took seven years for MTV’s\(^{47}\) Kymmenenuutiset (“News at Ten”) to be politically approved by YLE; it first aired in 1981. This was followed by other gradual deregulatory decisions, allowing MTV to launch, for example, current affairs programmes (1987), breakfast television (1989) and party-political programmes and sports programming (1990)\(^{48}\).

These developments represent the new era of Competitive Economy, and illustrate how relations between the companies were pacified towards the mid-1980s, as they detected a common enemy in satellite and cable channels and started to plan strategic actions against them. MTV’s role as a companion and complement to YLE became more legitimate than before. Together the companies were expected to create a strong, diverse and competitive provision of national television content. On the other hand, MTV gradually broadened its output in service of its perpetual goal to create a “semi-public service” programme provision, and to gain legitimacy and trust among both politicians

\(^{44}\) Keinonen, Kamppailu yleistelevisiosta, 104-105 and 179-182.
\(^{45}\) Hellman, From Companions to Competitors, 181-189.
\(^{46}\) In Finland, this funding arrangement prevailed until 2007.
\(^{47}\) Mainos-TV was renamed MTV in 1981.
and the audience in order to become a proper television company with a broadcasting licence of its own. Although the bulk of its programming concentrated on entertainment categories, that is, series and serials, movies, talk shows and lifestyle programming, the daily newscasts afforded the company a serious façade.

For the first time, explicit public service duties were included in MTV’s renewed contract with YLE in 1989 when it was required to provide viewers with a high-quality, diverse range of programmes complementing YLE’s provision. Also, the company was ordered to use domestic independent producers and to provide programmes in Swedish, although no detailed quotas were set. When MTV’s long-time efforts to get a broadcasting licence of its own finally succeeded in 1993, and all its operations were transferred to a channel of its own (MTV3), its semi-public service duties were restated. Even after its independence, MTV was obliged to take part in the financing of YLE, which was meant to appease the competition and accentuate the alliance between the two companies. For four years, MTV was allowed to enjoy its monopoly in television advertising market, until in 1997 a new competitor, Nelonen (Channel Four) was introduced and, after that, obligations typical of a hybrid broadcasting model were gradually relieved.

6. CASE 3: KOLMOTSTELEVISIO

Kolmostelevisio (Channel Three) is one of the most extraordinary examples in the history of hybrid television organisations. Founded by YLE, MTV and Nokia in 1985, the company represented a partnership between the public and the private sector typical of Democratic Corporatist countries. There were three major reasons for launching the new channel, all reflecting the needs embodied in the Competitive Economy. First, YLE and MTV wanted to open up new advertising time to solve their economic problems. Second, they wanted to fight off international satellite channels distributed widely by local cable TV operators in Finland. Third, they also wanted to block the ability of newspaper companies to expand into the television business. While the general political legitimation of the enterprise was to protect national culture against international attacks, protagonists seldom referred to YLE’s and MTV’s attempt to protect and expand their monopoly. For MTV, Kolmostelevisio offered a chance to build a commercial channel that one day could be its own.

The original ownership structure of Kolmostelevisio shows that YLE, with its 50 per cent share, was in front. Thirty-five per cent of the stock was owned by MTV and 15 per cent by Nokia. However, in 1990 the company became MTV’s subsidiary and, after Nokia’s withdrawal, its share of the stock increased to 80 per cent, with YLE remaining a minor stakeholder. While Kolmostelevisio’s business strategy was to open up television as an advertising forum for local and regional advertisers, it was meant to avoid competition with MTV concentrating on national advertising. However, border skirmishes between the companies were inevitable, and these were the main reason for the ownership arrangements in 1990.

Kolmostelevisio’s public service duty was to finance construction of the third national television broadcasting network. For this reason, the company paid channel rent

\[49\] Hellman, From Companions to Competitors, 169-176.
\[50\] Hellman, “Liberal Turn in Media Policy”.
\[51\] Ibid., 173-177.
to YLE, the network owner. Compared to MTV, Kolmostelevisio’s charge was low, accounting only for 15 to 20 per cent of its turnover. The company was not granted a broadcasting licence of its own; but, similarly to MTV, it was regarded as a contributor to YLE. Kolmostelevisio’s contract with YLE included decrees directly defined by the government, the Council of State, and drawn from the extended broadcasting licence of YLE. Primarily, these included the public service obligation to promote domestic programme production, which materialised as a twin duty to provide a 35-per-cent share of programming produced in Finland and to commission it from independent producers. Hence, Kolmostelevisio was regarded as a tool of cultural policy, consolidating and expanding the industry. These duties represented a Finnish reinterpretation of public service principles, explicitly influenced by the founding of Channel 4 in Britain in 1982. What was missing was the minority-interest emphasis typical of Channel 4.

However, with its heavy emphasis on fiction and entertainment, Kolmostelevisio represented scheduling typical of commercial television, as Raymond Williams once defined it. In fact, Kolmostelevisio was the first TV channel in Finland employing a fully commercial schedule, although Tesvisio had also experimented with scheduling strategies typical of commercial television. Foreign, particularly U.S., series, serials and movies accounted for up to 50 per cent of its fare, whereas its domestic programming was dominated by quiz shows, talk shows, light entertainment and lifestyle programmes. Although the channel Americanised Finnish television output by increasing the overall share of U.S. fare, it also managed to increase substantially the domestically produced programming, thus fulfilling the goals set by the licensing authority.

After just three years of operation, MTV and YLE agreed upon the “Big Channel Reform” that reallocated the third channel to MTV alone. This reflected the need to moderate competition between the two commercial broadcasters and to better meet the challenges of the Competitive Economy. The relaunch of the channel as MTV3 on 1 January 1993 was an overnight success, with the MTV Group managing to outstrip YLE in popularity for the first time, indicating that the hybrid model had reached a legitimate status in Finland.

7. COMPARING THREE HYBRID ARRANGEMENTS

Comparison of the three cases discussed above shows that a general economic rationale has been used to justify hybrid arrangements of television broadcasting in Finland. Due to the high fixed costs of infrastructure and programming, commercial financing turned out to be a pragmatic solution for launching, and later to extend, television service in the small market. The hybrid model of broadcasting also forged a compromise between the commercial and public service models by preserving, it was hoped, some of the advantages of each while eliminating some of the disadvantages.

As the data summarised in Table 1 shows, each of the three hybrid organisations seems to have distinctive features. Although advertising was their main source of financing, their ownership structures were diverse and original. Whereas TES-TV/Tesvi-

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55 Hellman, From Companions to Competitors, 381-385; Keinonen, Kamppailu yleistelevisiosta, 123-128.
sio was owned by public interest foundations, Mainos-TV/MTV was co-controlled by numerous advertising agencies, film companies and advertisers. Kolmostelevisio, then, represented a peculiar form of partnership between public and private sectors.

Due to its educational and research-based origin, TES-TV/Tesvisio was not substantially regulated until its last operational year, whereas Mainos-TV/MTV was severely restricted to focus on certain programme categories until the decrees were gradually relieved in the 1980s. In spite of the differences, both companies aimed at increasing their public-service type output in order to gain legitimacy. In contrast, Kolmostelevisio was granted a cultural policy duty of promoting domestic programme production, which, however, resulted in U.S.-dominated fare flavoured with domestic light programming. The status and existence of each company was debated and questioned, but each of them was (and MTV still is) popular among the viewing audience.

Table 1 - Comparison of the three hybrid organisations in Finland

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Company</th>
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<tbody>
<tr>
<td><strong>Tesvisio</strong></td>
<td><strong>Mainos-TV/MTV</strong></td>
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<tr>
<td><strong>TES-TV/Tesvisio</strong></td>
<td>Advertising</td>
</tr>
<tr>
<td><strong>Financing method</strong></td>
<td>Advertising</td>
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<tr>
<td></td>
<td>Pay-TV plans failed</td>
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<tr>
<td><strong>Regulation: obligations</strong></td>
<td>Duty to finance YLE until the 2000s</td>
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<td></td>
<td>Heavy restrictions on programming</td>
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<td></td>
<td>until the 1980s</td>
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<td></td>
<td>Since 1989, duty to provide domestic</td>
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<td></td>
<td>and independent programming</td>
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<tr>
<td><strong>Regulation: privileges</strong></td>
<td>Monopoly on national advertising on TV</td>
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<td></td>
<td>until 1996</td>
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<td></td>
<td>Since 1993, broadcasting licence</td>
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<tr>
<td><strong>Ownership</strong></td>
<td>Public interest foundations</td>
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<td></td>
<td>Advertisers, advertising agencies, film companies</td>
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<tr>
<td><strong>Programming patterns</strong></td>
<td>Semi-public service</td>
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<tr>
<td></td>
<td>Entertainment-oriented</td>
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<tr>
<td></td>
<td>Since 1981, newscasts</td>
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<tr>
<td></td>
<td>Since the 1990s, a broadening variety</td>
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All three companies made efforts to provide diverse programming, and, in particular, Tesvisio’s guidelines created a connection to the European public service broadcasting ethos conceived in pluralist terms at several levels: in the multiplicity of audience types served and audience images catered to; with respect to programme making, striving to match it to the heterogeneity of the viewing public; and with respect to responsiveness
to society. Tesvisio’s guidelines on producing programmes for different age, interest and language groups and political constituencies can be regarded as a rhetorical attempt to ensure the legitimacy of commercial television. Explicit public service duties were also included in the broadcasting licences of Tesvisio in 1963 and MTV in 1994 as well as the contracts of MTV and Kolmostelevisio with YLE in the 1980s.

According to Svendsen, small European countries have used two alternative strategies in expanding their television sector: a consolidation strategy or a balancing strategy. Consolidation refers to an approach in which the country first adds more public channels before opening the system up later to private ownership; balancing indicates an approach in which the second channel is granted to a private broadcaster. For example, Denmark founded its TV2 to consolidate the public broadcasting system, whereas in Norway TV2 was founded to balance between public and private interests. Finland, then, turns out to have applied a third, hybrid, strategy, consolidation through balancing.

Finland, in which a private broadcaster managed to launch television first, was extraordinary in European terms. After YLE had established its own service, TES-TV’s legitimacy was based on a balance of private and public interests. This was also the basis for Mainos-TV’s hybrid status, with the difference that in accepting the company as its “social partner” YLE’s purpose was to incorporate the private interests within the public broadcasting system, thus aiming at consolidating it. As a result Mainos-TV represented an effort to combine balance and consolidation. Similarly, Kolmostelevisio’s overt purpose was to consolidate the prevailing broadcasting structure by enhancing the balanced relationship between YLE and MTV.

The fact that hybrid organizations are regulated to negotiate between their obligations and privileges reflects the underlying idea that they, in one way or other, represent and are expected to serve the public interest – albeit in a less strict sense than public service broadcasters. The means and degree of regulation, however, vary according to the market size as well as social, cultural and temporal contexts. In Finland, the Democratic Corporatist Model has set the framework for television broadcasting since the beginning, but other factors have resulted in variation within the hybrid model. At the moment, there is also a structural transformation going on in the Nordic countries as the welfare state gradually collapses. This will not only challenge the Democratic Corporatist Model but also create new conditions for the hybrid model of television.

One factor creating new conditions for hybrid broadcasting organisations is the recent regulation of the European Union. Because radio and television channels having a major audience – or, to use the wording of the Universal Service Directive, having “a significant number of end-users” using “them as their principal means to receive radio and television” – can be regarded as “services of general interest”, they are allotted a special legal condition. Regardless of whether they are public or commercial, they can be required to provide, for example, subtitling to the hearing impaired. Similarly, cable operators can be required to carry their signal free of charge. At national level, it is in the quorum of the member states to decide which radio and television services are constrained with the obligations, or granted the privileges, of this general-interest status.

58 Svendsen, “From Sovereignty to Liberalisation”, 131-132 and 136-141.
In Finland, only 7 of the 13 free-to-air channels are required to provide a gradually increasing share of subtitling services. In addition to YLE’s four channels, the decree concerns three private stations, MTV3, Nelonen and Fox, all of which also have an obligation to provide newscasts. Implementing the EU Directive, the Finish legislation calls these channels “channels of general interest”\(^{61}\). At the moment, cable operators are obliged to deliver all free-to-air channels, but the Ministry of Transport and Communications plans to restrict the must-carry rule to the general-interest channels only and to balance the privilege by introducing new duties for these channels, such as Swedish-speaking fare, drama and documentary productions and current affairs programming\(^{62}\). If this is ruled, the specific status of the commercial channels will accentuate. However, compared to the economic burden caused by the obligations, the privileges are few, making the choice unattractive. The hybrid arrangement may be losing its allure.

**SUMMARY**

The article examines the historical variations of hybrid models of broadcasting by focusing on three Finnish television companies, TES-TV/Tesvisio (1956-1964), Mainos-TV/MTV (1958-) and Kolmostelevisio (1987-1992). The significance of the temporal and social context of broadcasting is emphasised in the analysis, suggesting that the development of broadcasting reflects closely the national context, i.e. the specific political, cultural, social and economic setting that explains policies taken and organizations built. A conclusion is that, unlike other Nordic countries, Finland applied a strategy of consolidation through balancing in expanding its television sector.

**RIASSUNTO**

