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The Formation of Television in Finland: 
A case in pragmatist media policy

Heikki Hellman

Introduction

The history of television broadcasting in Europe, and especially in Scandinavia, is typically a history of national, state-owned broadcasting monopolies. Finland is among the few exceptions. On the one hand, Finland has been in the vanguard of mixed or dual organization of the national television service (Lange and Renaud, 1989; Meier and Trappel, 1992; Tapper, 1992). On the other hand, the Finnish system is quite exceptional with its ‘undogmatic’ co-operation between public and private services (Noam, 1991) and division of labour in programming (Hellman and Sauri, 1994).

In terms of legislation, there has never been a broadcasting monopoly in Finland. In terms of the institutional arrangement of television, the Finns have relied on a more or less regulated competition from the very beginning. Although Kivikuru (1988) probably exaggerates, and ignores British influences while claiming that television was introduced in Finland in its ‘American form’, it is true that television became, from the very outset, a medium with a strong emphasis on entertainment. During the early years of the new medium, the Finns were familiar with TV advertisements and American programme formats.

Historically, the development of the Finnish duopoly is a result of specific political, economic and cultural conditions, including the small size of the country, the tradition of political coalitions, the rapid growth of the post-war economy, the isolation of the Finnish language, bilingualism, etc. Similarly, the recent end of this 35-year period of peaceful coexistence between the state-owned, public service Yleisradio (YLE) and the privately owned commercial MTV, reflects a major change in both the politico-economic and the cultural basis of television broadcasting.
This article traces the main features of television history in Finland. I will focus on changes in institutional organization and licencing policy and on competition and collaboration between the companies and channels. Secondarily, I also will deal with changes in programming. I would like to point out that, in Finland, the launch and development of television was regarded more as a practical question of economic viability, functional structure and political consensus than of culture and values. This largely explains why Finland, while being a 'little brother' in the Nordic family, had a more 'advanced' institutional structure for its broadcasting media than its Scandinavian neighbours Sweden, Norway and Denmark.

Finland by numbers
Finland is a large but sparsely populated country. With its 338,145 square kilometres it has only 5 million inhabitants. The Swedish speaking minority comprises 6 per cent of the population, but Swedish is recognized as an official language alongside Finnish. Ethnically, the population is exceptionally homogenous with only a Lappish minority of some 5,000 and a less than 2 per cent share of various groups of immigrants, mostly Russian. Most of the population has chosen Southern Finland with about 1 million people living in the greater Helsinki area.

Finland has a tradition of political coalitions. The Government, or the Council of State, is typically formed either by the Social Democrats or the Centre Party, often together or in co-operation with the conservative National Coalition Party and several minor parties. The 1995 election gave a landslide victory to the Social Democratic Party, which heads the present Cabinet together with Conservatives, the Left Wing Alliance, the Green Party and the Swedish People's Party.

After the Second World War, Finland experienced one of the most dramatic of modern national transitions as the country changed its economic base from agriculture and forestry to industry and services within a single generation. The growth of the economy has been quite stable, retarded only by reparations to the Soviet Union and, later, intense trade cycles and several recession periods. Finnish democracy has been characterised by a close neo-corporatist link between government and several interest groups. Governmental control and regulation have been developed in co-operation with private enterprises or organizations, thus blurring the traditional line between public and private affairs. The allocation of public finance and other important decisions tend to be made in large policy packages aiming at a consensus. The interests of every collaborating group are usually respected, although not necessarily served.1

This hybrid of private and public enterprises is also typical of the Finnish national economy, which through sudden transition led to high geographical and social mobility, especially in the 1960s and the 1970s. Sons and daughters of farmers and workers went to colleges and universities, resulting in one of the highest levels of
tertiary education in the world. Culturally, the nation is highly integrated, albeit somewhat stratified by class. The rapid modernization of Finland confused the traditional class divisions but, at the same time, created a certain anomic and rootlessness within society.

The high educational level and literacy were reflected in the thriving circulations of newspapers, magazines and books, but in the 1980s the economics of mass communication underwent a fundamental change as the importance of the electronic media grew while that of the print media declined. Today, Finland has three national TV networks. In terms of cable penetration, Finland is above the West European average with some 40 per cent of households being connected to local cable networks. Similarly, video ownership is approaching 70 per cent penetration. (Finnish Mass Media, 1994)

**Money is the problem**

The Finnish Broadcasting Company, Yleisradio (YLE), was founded in 1926 as a limited company, owned by a wide variety of interest organizations and businesses. The government guaranteed the economic basis of the new company by introducing a compulsory radio licence, establishing a specific Radio Fund to allocate the funds to YLE, and by erecting the first high power radio station for its use. In 1934 the majority of YLE’s stock was transferred to the government, as the result of a continuous debate about the rearrangement of broadcasting. Stations, transmitters and links were handed over to the new state-owned YLE. A year later, the government engaged not to grant operating licences to any other broadcasters. The next step in the incorporation of YLE into the state was taken in 1948, when a new law was passed whereby the Administrative Council of the company shall be elected by Parliament and thus reflect the relative strength of political parties. At the beginning of the 1950s the Finnish Broadcasting Company was as a de facto monopoly with total control of the airwaves but was at arm’s length from the Government.\(^2\)

However, like radio broadcasting in the early 1920s, the first experiments with television were made by enthusiasts or engineers interested in broadcasting technology, and not by the broadcasting company. A few pioneers in different parts of the country built their own TV receivers as early as in the 1930s and intercepted Russian, German and British TV broadcasts. In 1949 the Technical Research Institute of Finland called a meeting to discuss the launch of television. Several concerned parties, including YLE, radio industry associations and radio retailers, etc., took part. It was already clear that the major obstacle to the new medium in Finland was not technology but money. ‘The element that swallows up the most money in television is programming’, noted a memorandum prepared for the meeting. The same document also assumed that ‘a network of TV stations will never be able to cover the whole country’. (Cited in Sisättö, 1980: 33)
The reaction of YLE was unresponsive. It declared that it should have the monopoly on television broadcasting in the country, while the other parties were more willing to begin joint research and development into television. At the same time, YLE felt it was too early to start a new service. 'The time was not yet ripe for the establishment of television', as a subsequent Head of Programming of YLE, Ville Zilliacus (1968: 16) afterwards explained. The initiative was thus stifled but, behind the scenes, individual engineers in research institutes and within YLE continued their work with television technology.

Thus when the first public demonstration of television took place in the famous department store of Stockmann in the heart of Helsinki in November 1950, it was arranged by General Electric's Finnish agent but at the instigation of YLE (Arhela, 1976; Sisättö, 1980). The next steps were taken in 1954. Within YLE, a group of technical advisers suggested that the company should start experimental television broadcasts, but the board of directors was still cautious about the new medium. As Sisättö has observed (1980: 38), this reflected a difference of opinion between the technical managers of the company and the rest of the directors. At the same time, the Association of Radio Engineers in Helsinki had founded a Television Circle that had started to build equipment and make experiments in co-operation with the University of Technology. This resulted in the first public TV broadcast on 24 May 1955, consisting of some two hours of TV test chart accompanied by music plus a one-hour long magazine programme including a talk show, general entertainment, music, a newscast and a weather report. In a bilingual country it was natural that part of the show was in Swedish.¹

Television had taken its first steps in Finland. The state-owned YLE still felt it was better to wait and see, because 'among European countries, Finland has poor facilities to make TV broadcasting lucrative', a memorandum presented at the YLE Board of Directors concluded right after the first public experiment by the Television Circle (cited in Arhela, 1976: 247).

**Break of the monopoly**

In terms of licencing policy, the University of Technology was considered to be a governmental institution and, thus, did not need a specific broadcasting licence. All it had to do was register with the National Board of Post and Telecommunications. The Ministry of Transport and Communications, which normally granted operating licences, called interested parties once again to discuss co-operation and coordination. Representatives of the University of Technology were sceptical about whether radio licence fees would cover the programming costs of television and suggested advertising as a source of finance since several advertisers had already expressed interest in supporting TV experiments. YLE was still unresponsive, claiming that it would not take part in commercial activities.
The air was thus left open for the private sector. In 1956, a special fund was established within the Foundation for the Promotion of Technology (TES) to support research and development of television broadcasting. During the spring, the irregular experiments by pioneers and students of engineering were replaced by regular broadcasts on three evenings every week. Advertising and sponsored programmes accounted for a major share of programming by TES-TV, as this first TV channel in Finland was called. In autumn 1956 broadcasts also started in Turku and a year later in Tampere, both stations being regarded as subdivisions of TES-TV, although all three were independent in terms of programming.

It took almost two years before YLE was ready for its first TV transmission. The launch took place in March 1957, and its regular television broadcasts, known as Suomen Televisio (Finnish Television), on five evenings a week, were introduced in the following year. But before that YLE was forced to change drastically its attitude towards advertising and commerce. It had realized that the tough combination of a small population, vast country and low post-war standard of living made it difficult to cover the cost of transmitters and links, not to mention programming. For YLE, money was the problem. All documents note that the company wanted to lay a firm financial basis for television before its launch. A memorandum commissioned by the YLE Board of Directors in 1955 emphasized the need to rapidly expand the television network, ie to reach the largest possible number of people as soon as possible, as the only means of ensuring viability (see Arhela, 1976: 248). Economic calculations forced YLE to start negotiations with advertising and business circles, and a year later a new memorandum outlined a plan for co-operation between YLE and a separate commercial TV company that would hire a monopoly of advertising sales within the YLE network but, at the same time, would be subjected to the regulation and control by YLE.4

Typical of Finnish corporatism, the solution sought to safeguard the interests of both private business and the state. As Mr Pentti Handski, the Executive Director of the Association of Advertisers of the time and the subsequent Managing Director of MTV, noted,

... the Association of Advertisers came finally into a conclusion that, under the exceptional circumstances prevailing in Finland, commercial television would be implemented most economically and rapidly in co-operation with the state TV company. (Handsiki, 1968: 21)

During the negotiations with YLE, the advertisers emphasized the ‘mutual advantages of TV advertising for industry and commerce, on the one hand, and YLE, on the other’ (op.cit.: 22). Finally in April 1957, soon after the first experimental broadcasts by YLE, 80 advertisers, 11 film companies and 17 advertising agencies founded Mainos-TV (MTV) thus laying the basis for this unholy marriage, the long co-operation between a state-owned and a commercial broadcasting company.
MTV's logo first appeared on TV screens in August 1957, and since then the company has accounted for approximately 30 per cent of the TV economy in Finland and, through a leasing charge, approximately 20 per cent of YLE's revenues (Hellman, 1988: 67–73).

As TES-TV was a private enterprise, albeit cooperating with the University of Technology, it was now required to apply for an operating licence. The licence granted by the National Board of Post and Telecommunications, referred to the fact that TV broadcasts were necessary for research and development into TV technology, thus justifying the departure from the previous licensing policy that had favoured YLE alone. At the same time, this also broke, de jure and de facto, the broadcasting monopoly of the state-owned YLE for the first time since 1934. There were two reasons for this.

First, as I mentioned above, there was no broadcasting monopoly based on legislation in Finland. The Council of State had the power to grant a broadcasting licence and dictate its provisions. The delay by the YLE in its experiments with television resulted in a defeat that was crushing but, as the coming years revealed, temporary. Second, as Yrjänki has noticed (1969:35), the National Board of Post and Telecommunications and the Ministry of Transport and Communications, both responsible for the control of airwaves, seem to have applied different licensing policies, with the former favouring a more liberal approach.

Illustrative of its policy was the final renewal of the licence of Tesvisio, a commercial network succeeding TES-TV in 1959. As the parliamentary reading of a new law on broadcasting did not indicate a bright future for the company and suggested a possible return to the broadcasting monopoly, the Managing Director of Tesvisio, Mr Väinö J. Nurmimaa, conducted delicate negotiations with the Director-General of the National Board of Post and Telecommunications, Mr Simri J. Ahola. The licence was thus granted on the day the application was received in February 1962. The decision was not made public, however, until two weeks later when Mr Ahola had already retired. There seems to have been no liaison about the renewal between the two government authorities.*

As for YLE, its scheduled collaboration with a commercial company caused a change, technically minor but significant as a decision of principle, in its operating licence. Already three weeks before the constitutive meeting of MTV, the Council of State had granted YLE permission to include advertisements in its television broadcasts. The justification was purely economic: to protect the public economy from investment costs and viewers from unbearable licence fees (Yrjänki, 1969: 55–56). Several years later, the subordinate status of MTV was made clearer. According to the renewed operating licence granted to YLE in 1962, the 'company shall have a right in its television operations to make use of MTV's assistance' (op.cit.: 56–57).
I have devoted a lot of space to the early history of television, because it largely explains the exceptional organization of television in Finland even today. First, as television was introduced in its commercial form, it was natural that the commercial variant coexisted even after the Finnish Broadcasting Company YLE started to develop television broadcasting as a public service. The audience, so-called public opinion, had got used to it, although the privileged few who could receive TES-TV programmes and afford to buy a TV set lived in a relatively small area of Helsinki. Second, as YLE launched television to compete with TES-TV, economic rationale and aspirations to regain power dictated its solutions, thus displacing the value-based or culturally oriented assessment of broadcasting policy. This is why advertising income was accepted as an extra source of finance for the service. On the other hand, the company wished to keep its distance from the ‘dirty’ job of commerce and preferred a separate company, MTV, which could lease the airtime from YLE. Third, the early competition with TES-TV also brought YLE and MTV together and proved the mutual advantages of this unholy marriage.

Back to monopoly

The years of unregulated rivalry between the YLE/MTV coalition and TES-TV/Tesvisio continued until January 1964, when the Finnish Broadcasting Company bought the stock of Tesvisio.\(^7\) From the very beginning the competition was uneven, although the press and public opinion appeared to support the independence of the private Tesvisio network. However, it was not public opinion but money that sealed the fate of television in Finland. It is obvious that YLE was ready at any price to beat its competitor and regain its monopoly of the airwaves. Its most obvious strategy was to expand the network as rapidly as possible. In addition to the station in Helsinki, YLE launched new stations in Turku, Tampere, Lahti and Kotka in 1958, thus covering the main cities of Southern Finland while TES-TV was only available in Helsinki, Tampere and Turku. By 1964, YLE had 43 TV stations and its network even reached the southern parts of Lapland, while Tesvisio was still confined to the three main cities. (Arhela, 1976; Lukkarinen and Numimaa, 1988)

As a TV licence fee, payable by every owner of a TV set, was introduced in January 1958, the geographical expansion of the network contributed in two ways to YLE’s advantage. On the one hand, it increased its revenues directly, or as Arhela (1976: 268) puts it, ‘in the early 1960s, sales of TV licences exceeded all estimates, so that there was no lack of funds’. On the other hand, expansion increased the advertising sales of MTV thus effecting YLE’s finances indirectly. YLE also exploited effectively the launches of its new stations. It broadcast impressive opening ceremonies with a lot of entertainment, thus publicizing its expansion into a national network.

However, the most important consequence of geographical expansion was that the advertisers and sponsors learned to prefer MTV to TES-TV since it could provide a national audience for advertising campaigns. In 1963, the advertising sales of
TESVISIO were roughly FIM 2 million, while MTV's revenues exceeded FIM 11 million (Lukkarinen and Nurminia, 1988: 109; Hellman, 1988: 98). The contract cost for advertisers in Tesvisio was then FIM 5 per 100 viewers while MTV could provide the same amount of viewers for FIM 0.7 (Lukkarinen and Nurminia, 1988: 132). This comment by Mr Zilliacus of YLE is illustrative: 'It was in YLE's interest to help MTV. And it was in MTV's interest to control the advertising market without rivals' (Zilliacus, 1968: 18).

Another strategy of YLE was to defeat Tesvisio by expanding its programming. Except for summertime, YLE/MTV launched daily broadcasts in autumn 1959. Tesvisio followed a year later. By 1963, when the rivalry between the companies was at its peak, Tesvisio broadcast 1,086 hours of programmes while YLE/MTV reached 2,060 hours. The YLE/MTV network could also provide international programming through its Eurovision and Nordvision connections. YLE even increased MTV's relative strength by stabilizing MTV's share of programmes at around one third and by increasing its prime-time slots. Thus it was no surprise that Tesvisio's troubles started to pile up. In 1963 it became clear that advertising income could no longer meet the construction costs of the network, not to mention programming, although the sales of Tesvisio had doubled since the previous year. Technical investments in the network exceeded estimates, and competition with YLE/MTV also increased programme costs, especially as Tesvisio decided in 1962 to give up sponsored programmes.

As Lukkarinen and Nurminia (1988: 108) rightly claim, 'uncertainty about the operating licence and efforts by YLE to regain its monopoly were the two factors that influenced directly or indirectly the sales of advertising time and the existence of Tesvisio'. 'Tesvisio was thus left with the remainder of advertising sales, ie the share that MTV was unable to exploit or which suited better the viewing times of Tesvisio' (op.cit.: 130). The competition was far from perfect. Rather, there existed a complex combination of conflicting political and business interests. As Ismo Silvo (1988: 66–73) has shown, there were two competing ideologies among media politicians concerning the organization of broadcasting. One emphasized social responsibility through a centralized monopoly, while the other preferred a decentralized organization. However, the actual regulations emphasized, in addition to social responsibility, the existence of an economically viable broadcasting organization. In its own policy papers of the early 1960s, YLE concentrated on corporate strategic issues such as competitiveness and financing. Questions of freedom of speech, plurality of broadcasting, etc., were largely ignored in the Finnish debate. Business interests intervened, and settled the competition in favour of YLE.

The directors of Tesvisio negotiated co-operation with both YLE and MTV several times but without any concrete results. During autumn 1964 the Board of Directors decided to radically reduce expenses and weekly programme hours. Simultaneously,
but without the operating management’s knowledge, the owner organizations of the company decided to salvage their capital and sell Tesvisio to YLE. Interestingly, a middleman in the sales operation was the Managing Director of Amer Corporation. Amer was traditionally a major sponsor and advertiser of TES-TV/Tesvisio, but director Heikkiä had a double role as he was also a member of the MTV Board. (See Lukkarinen and Nurminmaa, 1988: 143–151)

Under the sales contract, Tesvisio promised to give up its operating licence. The purchase price was FIM 6.5 million, a substantial sum in those days, but which later turned out to be a low price for regaining YLE’s monopoly. The deal between the companies was settled in January 1964, and a similar contract was signed with Tamvisio, Tesvisio’s collaborator in Tampere, a month later. Although this was a return to the monopoly, TES-TV and its successor Tesvisio did leave a permanent mark on Finnish television. Besides introducing TV advertising to Finns, it also became, after the sale to YLE, the basis for the present TV 2, established in 1965 as a semi-independent YLE network, operating in Tampere, compared to YLE’s Helsinki-based TV 1. Furthermore, Tesvisio was a fruitful substrate for much of the professional expertise that then was transferred to either YLE or MTV.

The uneasy duopoly
In the mid-1960s, television experienced its broadest expansion in Finland. In 1960 no more than 92,000 households had a TV licence, in 1970 the figure was 1.6 million (Finnish Mass Media, 1990: 156). As YLE no longer had a direct rival and its prosperity was guaranteed by growing licence fee income, it attacked its collaborator, MTV. YLE’s new liberal management, led by Mr Eino S. Repo, Director-General, hired a group of consultants and social scientists to analyze the goals and tasks of Finnish broadcasting and to outline a new, politically and culturally active role for the company. To this end he introduced in 1965 a long-range planning team, including subsequent professors, Mr Pertti Hemánus and Mr Kaarle Nordenstreng, which formulated the principles of an ‘informational programme policy’, aimed at ‘the intellectual activation of the audience, the broadening of the people’s world view (Weltanschaung)’ (Littunen and Nordenstreng, 1974: 25).

Members of this team remarked that as commercial broadcasting is based on the sale of messages to audiences and of audiences to advertisers, it tends to minimize the informational content of these messages, thus being a logical opposite to the new ideal in YLE’s programme policy. ‘Thus, there is a contradiction between commercial advertising and the informational purpose of YLE’s programming’, as Ahmavaara et al. (1968: 17) declared. However, this was not the point. In fact, the Leftist-Radical long-range planning team adopted the pragmatic view that ‘through the force of circumstances, advertising on television should be continued for the time being’ (Stormbom, 1969: 79). The main target of its criticism was MTV’s inability to fulfil its function as a source of funding for broadcasting. According to
Ahmavaara et al. (1968: 27–28), the growth of payments to YLE was slower than the growth of its sales, since an expanding share of its revenues was being spent on programme production. Consistent with the corporate strategic emphasis in YLE’s approach, the team claimed that the economic relationship between the companies ‘had become unfavourable to YLE’ (op.cit.: 46).

Although this criticism did not have any dramatic impact on the actual partnership between YLE and MTV, it was symptomatic of the tension behind the scenes. In fact, relations between the companies remained strained until the mid-1980s. YLE’s goal during the 1970s was to increase the payments from MTV, whereas MTV’s policy was to increase the price of airtime to advertisers by 20–30 per cent annually. The leasing charge, a fluctuating percentage of MTV’s revenues from advertising sales, was negotiated annually and stirred up many disputes between the companies. According to Sisättö (1980: 70–71), another bone of contention was programme coordination, as YLE put pressure on MTV to transfer its programme slots to late evenings and weekends. However, a compromise was finally found – after all, it was in the interests of both parties to let MTV have a considerable share of prime-time. Despite these disputes, the actual organization of television broadcasting was not discussed. The regulation and control of the macrostructure of programming, the preservation of the status quo within the industry, remained the main goal of policy. (Cf. Silvo, 1988: 143–156.)

The challenge of satellites

During these years of ‘coordinated competition’ (Sisättö, 1980), the Finnish duopoly became highly self-sufficient. Like the British arrangement, the two companies did not compete for the same source of funding, as the state-run YLE had a monopoly of licence fees, paid by the viewers, and the privately owned MTV a monopoly of television advertising time. At the same time, the companies were dependent on each other, as MTV accounted for some 20 per cent of YLE’s annual budget and YLE owned the transmitters and links of the broadcasting network. YLE’s operating licence defined MTV as its ‘assistant’ or ‘complement’ but, in reality, the relationship was more complex and intimate. On the one hand, although it was based on mutual advantages, each party did try to maximize its own advantage, without damaging the carefully balanced status quo. On the other hand, cooperation between the two companies involved complicated programme coordination and sharing of the same channels so that they literally mixed their programme slots for 35 years.

Thus, more was at stake in the partnership of the two companies than just ‘assistance’. Their relationship was ‘symbiotic’ (Hellman, 1988 and 1990; Hellman and Sauri, 1994). It started and remained as a ‘strategic alliance’ (Soramäki, 1990), until the divorce, or rather separation, of 1993.
In fact, it was the emerging competitive challenge by international satellite channels that brought the two companies even nearer to each other. The first commercial cable TV company started in Helsinki in 1975, and like its some 200 successors all over the country, it turned during the 1980s into a distributor of foreign satellite services. No agreement was reached on the legal status of cable television, until the special Act on Cable Television entered into force in June 1987. The political atmosphere had then begun to favour broadcasting deregulation, and under the liberal-minded law, cable operators are required to apply for an operating license, but the Government is entitled to grant it if the applicant is considered capable of maintaining regular transmissions. (See eg Jyrkiäinen and Hujanen, 1992: 66.) Operators tend to be strong local monopolies, owned either by the PTT, local telephone companies, or by newspaper publishers. No cross-ownership legislation has been introduced in Finland, again reflecting the pragmatic media policy aimed at safeguarding the economic viability of enterprises.

Although the threat from cable and satellite television was probably more potential than real, it compelled YLE and MTV, in conjunction with the electronics company Nokia, to create a separate joint venture, Kolmostelevisio, to facilitate a third, commercial television channel. This decision was again based on economic and corporate strategic calculation and not on a general discussion about the cultural values or consequences of the new channel. Channel Three aimed, as Mr. Sakari Kiuuru, the Director-General of YLE at that time, has put it, at ‘material welfare’, ie that ‘YLE could strengthen its income formation’ (Kiuuru, 1992: 178), or as Jyrkiäinen and Hujanen (1992: 66) have put it,

... to maintain the high level of programme supply and, in order to safeguard the economy of supply, to guarantee a continuous flow of advertising revenues to national television.

As a company, Kolmostelevisio turned out to be no more than a ‘duopolistic’ tool with four main tasks. First, in terms of programming, its purpose was to provide a purely commercial service that would also appeal to the youngest viewers and stop them drifting to satellite TV. Second, through commissions the new channel aimed at creating a new structure of domestic programme production. Third, it was expected to create a regional market for television advertising in addition to the national market of MTV on TV 1 and TV 2 and thus bring new advertisers into the business. Fourth, the advertising sales of Kolmostelevisio were supposed to be the financial basis for constructing and expanding the third channel into a national network.

All these goals were met. The audience share of satellite television in Finland remained at 5–6 per cent; a group of independent production companies entered the market; TV advertising managed to increase its stake even during the recent recession, when regional newspapers have been running into considerable troubles and
lost advertisers; and by 1993 Channel Three reached practically the whole country. Kolmomeleisio, owned by YLE and MTV, was not the only applicant for programming the third channel. A consortium of major newspaper publishers also submitted an application, but the Council of State did not want to endanger the duopolistic organization of broadcasting. Officially, Kolmomeleisio was given a similar ‘assisting’ role as MTV had, and joined YLE’s operating license in June 1986. ‘Of course, this smacks of protectionism’, admitted one of the main architects of Kolmomeleisio, Mr Arne Wessberg, the then director of YLE’s TV 1 and today the Managing Director of YLE.

I don’t care how many rivals we have. [...] All that matters is that our funding base is guaranteed. One has to be selfish here.’ (cited in Hellman, 1988: 79–81)

In fact, it was the challenge of the consortium led by the influential and lucrative Sanoma Corporation, the major newspaper and magazine publisher and cable operator, that finally pushed YLE and MTV to turn to each other and to strengthen their ties. If a strong third party were to enter the market, they felt, their funding base would be endangered – hence the interest to block the entry of competitors. Both companies also realised the ‘noticeable source of extra income’ (Kiuru, 1992: 178) provided by regional advertising, so far dominated by newspaper companies only. Interestingly, the challenge of major newspaper companies finally mobilized the political elite, too, in support of the YLE/MTV duopoly. The first tentative discussions at the Administrative Board of YLE about a joint venture with MTV and Nokia were not promising at all, as the Left considered the project too commercial and the Right recommended granting the channel directly to MTV. But, as far as we can rely on Mr Kiuru’s minute account of the negotiations in his memoirs, it was the fear of Sanoma Corporation and YLE’s opportunity to exploit a new funding source that were the two basic motives for the left wing parties in forming their opinion. For the bourgeois parties it was the interest of industry and commerce in creating price competition in regional advertising that persuaded them to support the extension of the duopoly instead of a new entrant owned by the newspaper companies.

The main consequence of the joint venture was that MTV was given the laboratory of a wholly commercial channel. To begin with YLE was the main stockholder in Kolmomeleisio, but in 1990 a step back from the temporary ‘tripoly’ to the traditional duopoly was taken when the company was merged with MTV as a subsidiary company. In 1991 YLE agreed with its collaborator that all advertising plus the programmes of MTV and Kolmomeleisio will be concentrated on Channel Three, leaving YLE with its two non-commercial channels. After a long marriage, the time was ripe for separation. A commercial but regulated MTV network, even with an operating licence of its own, would no longer violate the interests of YLE, provided it was entitled to finance the public broadcasting company and YLE owned stations,
transmitters and links. The three national television networks will be YLE’s most valuable monopolistic resource at least until digitalization and direct broadcasting satellites introduce completely new standards of television.

Separation of 1993

The long period of symbiotic alliance between YLE and MTV turned out to be a success in terms of finances and legitimacy. It resulted in a balanced programme mix, a high share of national productions, and a high audience share and established status within Finnish society. At the same time, however, it operated as an effective entry barrier against independent producers, for example, and can be claimed to have stabilized and mediocritized programme output (see Heiskanen, 1980, 1985 and 1986).

The pragmatic media policy has, as Silvo (1988: 155) puts it, ‘strengthened the existing status quo that was originally produced by accident’. Similarly, it has ... assigned to commercial television a ‘domesticated’ role of its own as a source of funding for non-commercial television broadcasting (ibid.).

The 1993 television broadcasting reform largely followed the tradition of this pragmatism. After all, it was easier for both YLE and MTV to split up in order to lift their company profiles and to simplify the allocation of programme slots. But even more importantly, Channel Three was not operating satisfactorily as it ‘narrowed the market share and share of advertising of its second owner MTV’ (Kurru, 1992: 186). Not later than spring 1988, it was clear that ‘a more permanent solution for the relationship between YLE and MTV would have to be found’, as Director-General Kurru expressed it (op.cit.: 187). According to him, the major question was ‘how the problems of MTV could be solved in a way which satisfies YLE as well as other quarters’, with ‘other quarters’ referring to MTV as well as its owners and advertisers. Thus, the purpose of the reform plan was again to serve the mutual interests of the two companies. On the one hand, the aim was to further expand the role of commercial television in Finland but, on the other hand, expand it as a source of funding for the public broadcaster. As a result, MTV was bound to subsidize YLE with a separate ‘public service fee’, agreed upon yearly, in addition to the traditional leasing charge, based on MTV’s sales of advertising. As evidence of the fact that corporate strategic and financial viewpoints monopolized the negotiation on the channel reform, Mr Kurru notes:

Also the programme schedules of the channel came up in the discussions, but they were left to a separate team of Programmers. (op.cit.: 193)

It was the viability of the institutional structure of television broadcasting in Finland that was at stake here, not the content or values of programming. At the same time, this final separation was the culmination of a long line of deregulatory actions, taken by the YLE Administrative Board, that all increased MTV’s operational freedom (see Hellman, 1993: 44):
1980 MTV is permitted to start newscasts on a probational basis.
1981 MTV’s Ten O’Clock News is launched.
1984 The Ten O’Clock News is made permanent.
1985 YLE, MTV and Nokia establish Kolmostelevisio.
1986 Kolmostelevisio is launched on the new Channel Three.
1987 MTV is permitted to deal with topical issues in its current affairs programmes.
1989 The channel reform of 1993 is agreed between YLE and MTV.
1989 MTV launches breakfast television on Channel Three.
1990 MTV is permitted to broadcast party-political programmes.
1990 Kolmostelevisio is merged with MTV.
1991 MTV launches Seven O’Clock News.
1991 MTV is permitted to sell advertising time to political parties and during domestic sports broadcasts.

The final rearrangement of 1993 took place in three phases:

1. In January 1993 the third terrestrial channel (still owned by YLE) became the wholly commercial ‘MTV Network’, MTV 3, leaving YLE to operate the other two channels, TV 1 and TV 2.

2. In August 1993, MTV was granted an operating licence of its own. MTV was previously regulated by the YLE Administrative Board (and thus the Parliament), whereas it is now controlled directly by the Ministry of Transport and Communications (and thus by the Council of State).

3. The latest phase in the restructuring of the Finnish duopoly is the broadcasting act (Act on Yleisradio) of December 1993, which redefines, more clearly than ever before, the status and obligations of YLE as a public service broadcaster.

The reform has fundamentally shaken the status quo and increased competition for audience shares between the companies, as it released MTV from its previous role as YLE’s assistant and collaborator. MTV is no more subject to YLE’s control but is an independent, though regulated, commercial broadcaster, even though the transmission network is still owned by YLE and the company still pays a considerable share of its revenues to its rival. Collaborators have turned into competitors, but in a regulated, and pragmatic, manner.

That’s entertainment
Due to the rivalry between TES-TV/Tesvisio and YLE/MTV, efforts to attract viewers dictated programming in the early years. ‘Light programmes were the main weapon in this serious competition’, is how Hemmynä (1972: 23) described the situation. ‘American films were rented in bulk, Finnish Television (YLE)) broadcast
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Ben Casey while Tesvisio had Dr. Kildare.' According to Hemánus (ibid.), 'the open commercialism of Tesvisio and MTV largely defined the general line of programming, while YLE was content to adopt it'. Characteristic was that while TES-TV hired Lenita Aaristo, Miss Finland 1954, to announce its programmes, YLE hit back by hiring Teija Sopanen, Miss Finland 1953.

One could claim that competitive programming policy was unnecessary, as there was no common audience, except for Helsinki, Tampere and Turku. Furthermore, TV viewing at that time was not selective. As Helsti (1988: 93), who has analyzed the first TV experiences of the Finns, has observed,

... in the early days of television, people used to watch every programme [...] All programmes appeared to be interesting; the most important thing was the picture itself.

However, scheduling and programming turned out to be of great significance as they affected the public image of the broadcasting companies. Entertainment seemed to be the best recipe for promoting sales of TV sets and thereby to expand the audience.

All companies had several live variety shows from the studio. Tesvisio introduced the first Finnish quiz show Tupla tai kuitti (Double or quit), in 1958, and Levyraati (Record jury), a music programme, in 1960. Both programmes survived the 1980s, and were subsequently produced by MTV. Tesvisio established a TV cooking programme and a TV auction programme, but it also started broadcasting church services to Finns and broadcast Tchaikovsky's ballet Swan Lake from the Finnish National Opera as its first live outside broadcast. The most popular of its foreign series was a Western, Wagon Train.

YLE started its regular broadcasts in January 1958 with a new year’s speech by the President of Finland, Urho Kekkonen. As YLE hired a group of staff actors and directors in 1961, thus establishing a Television Theatre (Televisioteatteri). It also focused on TV plays which were often classics of world or domestic literature. While aiming at popularity, too, it had several game shows like Palapeli (The puzzle), since 1958, or Ota tai jätä (Take it or leave it), since 1959, and introduced the athletic game between Finland and Sweden in 1958 as its first live outside broadcast.

However, there did exist a clear difference between the public and commercial broadcasters. If we compare the programme structures of YLE and Tesvisio in the early 1960s, general entertainment (25–35 per cent), drama series (20–25 per cent), and theatrical films (15 per cent) dominated Tesvisio’s supply, while YLE concentrated on features and documentaries (15–20 per cent), current affairs (15–20 per cent), and newscasts (10 per cent), in addition to theatrical films and TV drama series (20–25 per cent).
After Tesvisio was merged with YLE, it was MTV's turn to become its rival. In order to avoid, as it was said, 'inconvenient competition' and to outline a division of labour between the companies, a permanent coordinating commission was set up between MTV and YLE's TV 1 and TV 2 in 1967. Co-ordination continued officially until 1994 although, since the early 1980s, the co-ordinators were no longer able to control the programming schedules on a weekly basis but on a seasonal one only. The original concept of coordination was ambitious, including, first, the general division of labour between the two networks and companies; second, the seasonal coordination of topics and emphases in programming; and third, the coordination of weekly, and even daily, schedules. The general goal was, as Perti Hemánus (1968:212), the first Programme Co-ordinator, once declared, 'a contrast, i.e an ambition to broadcast different kinds of programmes simultaneously'.

This general division of labour, outlined in the late 1960s, became a ruling principle of programming policy within the Finnish duopoly for a quarter of a century. In terms of programme structure, it meant that YLE tried to rely on a 'public service' formula in scheduling, concentrating on information (news, current affairs, features and documentaries) and a wide programme range including costly prestige productions in TV theatre, opera, etc., whereas MTV operated along lines typical of commercial television, with a high share (70–80 per cent) of entertainment categories (series and serials, theatrical films, general entertainment). By leaning so heavily on American soaps, dramas, comedies and movies, together with domestically produced game shows and situation comedy shows, MTV managed to safeguard its position as the main supplier of television entertainment to Finns, while YLE remained the main supplier of news, information and current affairs, and major sports events.

The field left open for rivalry included, first and foremost, entertainment, especially variety and musical shows together with domestic drama series. The Eurovision song contest was traditionally the top programme for YLE, whereas MTV's popular hits were Syksyn sävel, an annual domestic song contest, and the Miss Finland contest, all reaching more than 3 million viewers at their best in the late 1970s. In domestic series and serials TV 1 has always been a minor player compared to TV 2 and MTV. MTV's all-time hits include prime-time family serials like Me Tammelat (The family Tammela) in the 1960s, Naapuritähö (The neighbouring suburb) in the 1970s, and Ruusun aika (The time of the rose) in the early 1990s. YLE's TV 2 can proudly present a similar string of successes from Heikki ja Kaisa (Heikki and Kaisa) and Rintamäkiäiset (The Rintamäki saga) to Metsolat (The Metsola saga). In foreign serials the division of labour was clearer: it was MTV that introduced the American soap operas like Peyton Place (1969–1974), Dallas (1981–1991), Dynasty (1984–1992), or The Bold and the Beautiful (1993–) as well as blockbuster mini series like Roots (1977–78) or Holocaust (1978–79), whereas YLE's TV 1 is remembered for its British dramas like The Forsyte Saga (1968),

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Towards the end of the 1980s, the programming policy of both companies appeared to change as a result of mutual as well as external competition. YLE displayed a greater tendency than before towards providing entertainment in its programme schedules thus trying to please the assumed popular appetites of the audience. As for MTV, in its recent emphasis on newscasts and current affairs programmes the company has obviously tried to gain legitimacy and prestige before the launching of the MTV 3 network. The division of labour which once was so clear has become blurred. MTV has started to compete for major sports events, whereas YLE has bought rights for American theatrical films and for series and serials that traditionally were of 'MTV type'.

One could claim that as the traditional coordinated competition between YLE and MTV was coming to an end, both companies adopted a 'mixed strategy' (see Syvertsen, 1992: 304), thus converging towards each other (Hellman and Sauri, 1994). Although several regulations concerning the domestic origin of programmes and a general outline of scheduling policy are included in the new act on the Finnish Broadcasting Company and in the MTV licence, there are good reasons to assume that the 1993 channel reform and the newly established immediate competition for viewers has further increased this tendency towards convergence.

Conclusion

The case of Finland strongly suggests that concrete historical, political and economic factors dictate the formation of television broadcasting. This is reflected in the organizational structure of television and in programming. Finland is an example of pragmatic media policy. Unlike other Nordic countries, commercial television in Finland has not been regarded as an enemy of public broadcasting but as its funding base (cf. Noam, 1991: 219). Basically, the situation is still the same, although the channel reform of 1993 increased rivalry between the ex-collaborators dramatically.

As Kastari (1960: 98) has observed, advertising on Finnish television came in 'through the kitchen door and almost secretly'. Or as Hemánus (1972: 22) writes, 'no extensive public debate on the consequences of TV advertising took place'. This indicates pragmatic reasoning that emphasized corporate strategy and overthrew other interpretations in Finnish media policy of the 1950s. This same pragmatism has ruled ever since: in the return back to duopoly in 1964, in the launch of Channel Three in 1986, and in the establishment of MTV 3 in 1993.

On the other hand, this pragmatism resulted in an 'advanced' structure of broadcasting organization. Without the rivalry of the pioneering era, Finnish television would probably not have today's highly regulated dual organisational structure.
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Without the rivalry of the early years, we would hardly have launched the second national channel until the early 1970s, and without the long experience of commercial television, the launch of Channel Three, subsequently MTV 3, would have been delayed and caused a much more heated political debate and, perhaps, aggressively competitive bidding.

It could also be claimed that without the daily initiation into the world of TV advertisements and entertainment over a quarter of a century we would have been much less prepared to face the new television environment of the 1980s. The question is how long the pragmatic pattern of thought will remain politically legitimate and economically viable, as the new European order for public television emphasizes an ambitious range of social and cultural responsibilities and as satellite and digital technology will in the not too distant future frustrate most national measures to control television broadcasting.

References


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Notes

1. Features of modern non-corporatist democracies have been analyzed eg by Lehmanbruch and Schnitler (1982) and Palosuo (1984).

2. The development of governmental control and regulation of broadcasting in Finland is most thoroughly analyzed by Jyränen (1989).


4. This interesting document ‘Television ja maine’ (Television and advertising), presented to the Board of Directors of the YLE on December 12, 1956, is reprinted as an appendix in Sinkko (1980: 202–212).

5. Interestingly, it was the second man at YLE. Director of Finance, Mr Onni Toivanen who was the initiator of MTV. Mr Toivanen was a wartime Minister of Supply, and a social democrat who had his background in the cooperative movement. In his memoirs Mr Sakari Kiuru, a subsequent Director-General of YLE, calls him a ‘pragmatist’ who was the principal representative of YLE in the 1956 negotiations with the Association of Advertisers and who sketched the main lines of the extraordinary arrangement (Kiuru, 1992: 174).

6. A good description of the renewal process is given by Lukkarinen and Nurminen (1988: 85–88). It should be mentioned that the scheduled broadcasting law was never passed as the Parliament was dissolved before its final reading.

7. In Tampere, the successor of TES was called Tamvisio. Tamvisio was bought by the YLE a month later, ie in February 1964.

8. In the late 1960s MTV’s share was again dropped down at one fifth (Finnish Mass Media, 1990: 148).

9. It was not until 1966 that MTV abandoned sponsored programming (Hundsk, 1968: 23).

10. The general functions and goals of broadcasting were defined in a booklet by Repo et al. (1967). For the development of this ‘Repuradio’, see Hemánus (1972) and Slade and Barchak (1989).

11. In Finland, telephone has traditionally been a private business, especially in cities. Until recent deregulation, the public PTT took care of long distance connections and guaranteed the service for the less populated areas.

12. However, there were also plans to create Channel Three as a culturally oriented minority channel, following the example of the British Channel Four (see Heltman. 1988: 70–80).
13. The figures are collected from several sources, the most important of which are Lukkarinen and Nurminen (1988) and the Official Statistics of Finland (several yearbooks).

14. A more thorough analysis of the transition of TV programme structures in Finland is included in Hellman and Sauri (1994) and (1995).

15. An early sign of this tendency was *Hill Street Blues* (1983–1988), which was purchased by YLE’s TV 2 instead of MTV. See Steinbock (1989: 62).