Ownership and Concentration in Local Radio Broadcasting in Scandinavia

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When local radio services were first introduced in the Scandinavian countries in the 1970s and 1980s, one of the prime motives was to broaden public access to the broadcast media as a means of expression. This policy was based on a cultural policy assumption that government-regulated public service broadcasting and privately owned print media could no longer satisfy modern demands for freedom of information and freedom of expression. In some of the countries local radio meant a broader distribution of ownership of the media among private individuals, non-profit and grassroots organizations, etc. Local radio and television stations took the form of private media, but at the same time it was commonly acknowledged in several countries that the new media, given their idealistic goals, would not be viable on the market without support, particularly since the new stations initially were not allowed to finance their operations with advertising revenue. Thus, they had to seek funding elsewhere. Some stations were supported by the organizations which operated them, e.g., unions and churches. Others were forced to resort to listener subscriptions solicited in bingo and quiz programmes or via memberships. Or by producing programmes, e.g., profiles of local businesses, in quid pro quo arrangements which more or less amounted to advertising. Such arrangements were common in Danish local radio broadcasting up until 1988, when advertising was allowed, as it still is in local television, where ”infotainment” programmes are not uncommon (Jauert & Prehn 1995: 76ff).

Although many local stations were left to manage as best they could on the market, legislators regarded the stations as important enough in terms of cultural policy to merit some form of public support. Both Norway and Denmark have experimented with funds for channelling financial support to small, non-profit stations, and some towns and local government bodies have made direct contributions. Nonetheless, public funding forms but a small portion of the total volume in the branch. Estimates in Denmark put total public financing in 1994 at about DKK 20 million, most of which in the form of indirect support to the stations' employment of long-term unemployed. By comparison, advertising revenues that year amounted to roughly 100 million (Jauert & Prehn 1995: 119 ff).

Despite these adverse financial conditions, local electronic media promptly attracted established actors in the media sector. Once advertising was allowed, stations in the outskirts of major cities proved able to return a profit, perhaps especially if the owner already had a stake in a local newspaper. But even the basic fact that radio advertising in most Western European countries accounts for 7% of total advertising volume made local radio seem a promising investment, considering that radio's share in the Scandinavian countries is still far below that level – 1-2 % in Denmark and Norway, for example. The prospects seemed similarly attractive in the case of local television, but profitability of course depends entirely on the conditions attached to the right to transmit.

Law-makers have been anxious to stress the local aspect. Not only should programming take its point of departure in the community, but ownership and management of the station, too, should be locally rooted. The Scandinavian countries have developed different rules with regard to these aspects, but with the recent growth in the commercial part of the sector, protecting local stations against regional and nationwide networks in the hands of commercial enterprises and consortia has become an increasingly urgent cultural policy objective. Such networks are perceived as a threat to the financial and editorial integrity of local stations.

That the question of ownership and concentration has become a politically sensitive subject is not due solely to developments within local broadcasting. It has assumed even greater urgency on the national level as a result of the competitive pressure public service broadcasters experience from national and transnational rivals. Scandinavian ministries have in recent years appointed a number of fact-finding commissions on these issues. In Norway, the Ownership Commission reported back to the Ministry of Cultural Affairs in February 1995 under the title (in translation): *Media Diversity: On Concentration of Ownership in the Media Sector* (NOU 1995:3). The issue was similarly prominent in a Parliamentary report entitled *Local Broadcasting* (Stortingsmelding; 24) in March 1995. In Sweden, a parliamentary Commission on the Press published a volume entitled *Concentration of Ownership in the Daily Press and Broadcasting: Five Memoranda and Interventions* in 1994 (SOU 1994:145). In Denmark the question of concentration figures prominently in the mandate handed down to a Media Commission appointed by the Prime Minister in 1994; it also was included in a report, *Local Radio and Television – Today and Tomorrow*, which the authors submitted to the Danish Ministry of Cultural Affairs in 1995 (Jauert & Prehn 1995).

Media concentration is a subject of concern in the rest of Europe, as well. The European Parliament, the Commission and the Council of Ministers have all deliberated the issue, both as a local European matter, but also as a feature of the sharpening competition between Europe, the USA and Japan.

The present article will largely be confined to the extent of the problem in Scandinavia. What is the extent of concentration/diffusion of ownership of local broadcast media; what cultural policy problems does it raise in the respective countries; and how has each country gone about solving them? Secondly, as an approach to the problem, we shall attempt to analyze the problem of concentration in principle. How have problems of concentration been formulated in Europe, and what solutions have been arrived at? Is it at all possible to ”regulate away” the cultural policy problems media concentration poses? We shall return to this question toward the end of the article, when we consider the various perspectives underlying the regulatory measures which have been applied so far and point out the possibilities of counteracting the negative consequences of media concentration which present themselves if we expand our conception of public service broadcasting as an instrument for the execution of national media policy.

The Discussion in Europe

Media Policy Issues and Initiatives

Through the 1980s local radio and television enjoyed a certain popularity among EU politicians and the Council of Europe. Several reports stressed the desirability of ensuring that local media remain independent, individual phenomena so that they might fulfill their vital function as guarantors of pluralism and diversity in the media. The question was most recently addressed in a Green Book from the EU Commission in 1992, *Pluralism and Media Concentration in the Internal Market: An Assessment of the Need for Community Action.* The Green Book outlines three alternative courses of action:

- One may choose to do nothing, either because there appears to be no need, because the time is not ripe, or because national legislation is deemed sufficient.
- One might encourage member states to take measures to ensure greater transparency regarding ownership and control of media in the EC.
- One might – either by means of a directive or a regulation – coordinate the legislation of member states and in that connection perhaps appoint a commission, independent of national authorities, which is charged to monitor harmonization and to advise the states on issues relating to media concentration.[1]

Following the Green Paper, the Commission initiated a hearings procedure, which in addition to the national governments included various commercial interests in the audiovisual sector. Meanwhile, the discussions and studies continued in other fora, within both the Union and the Council of Europe.

In the EU, the Economic and Social Committee issued an opinion on the Green Book in the Fall of 1993.[2] Rejecting the first two courses of action, the Committee urged the Commission to draft a directive with the specific aim of limiting media concentration, on both national and EU levels. First of all, some restriction on ownership should be introduced with respect to the press, as well, not least in view of the degree of concentration in the industry internationally. Secondly, no single company should dominate the market in more than one media branch (television, radio, print media) or in one or more national markets. Companies which already have achieved dominance in any one country should not be allowed to expand their activities in other countries. Third, media enterprises – or, for that matter, enterprises of any kind – which already dominate a media sector in one country should not be allowed to acquire a majority interest in media enterprises in other EU member states. Fourth, any given media enterprise which is active in any one media sector should be required to make public the details of all relationships of ownership and cross-ownership in which it is involved before it can be allowed to operate in any other media sector. These four points should, in the opinion of the Committee, form the core of the directive. In other words, the Committee casts aside whatever hesitation the Green Book expressed concerning the possibility that measures to combat concentration might limit access to the market.

The European Parliament also discussed the Green Book. In January 1994 the EP passed a resolution which urged the Commission to draft a directive that would, first, harmonize the restrictions member states impose to limit media concentration and, secondly, enable the European Union to take effective measures to counteract the effects of media concentration and to defend pluralism. Expressing its support for the initiatives proposed by the Economic and Social Committee, the Parliament furthermore stressed that the directive should not only encompass ”formal ownership”, but take account of ”dominant influences”, as well. The Parliament also put considerable emphasis on the principle of ”absolute transparency” with regard to ownership (Jakubowicz 1994).

At this writing, the Commission has not yet decided whether or not a directive should be introduced to regulate media concentration. Considerable preliminary work has got under way, however; among other things, efforts have been made to specify rules which might ensure transparency of ownership and to draft rules against concentration based not on shares of ownership of companies, but on shares of the market (viewers and listeners).[3] The latest official initiative is from October 1994, when the Commission published a *Follow-Up to the Consultation Process Relating to the Green Paper*. Here again, there is recognition of the need for at least harmonizing the pertinent national rules. Otherwise, the Commission announced plans to initiate another round of hearings before taking a final decision. This announcement provoked the Parliament to adopt a resolution expressing disappointment that the Commission apparently did not recognize the need to introduce a directive, which ”should seek to end the distortion of the media caused by excessive concentration”.[4]

Concentration, Pluralism and Transparency

While the European Union is still largely treading water after the publication of the Green Book over three years ago, the Council of Europe has also taken an interest in the question of media concentration. The work has been carried out in a Committee of Experts on Media Concentrations and Pluralism, which in the Spring of 1994 was presented with a Consultants Study on the notion of access to the Market. The consultants in question were associate professors Frands Mortensen of Aarhus University and Preben Sepstrup of the Århus School of Economics.

The purpose of the study was to analyse the conditions pertaining to market access and, furthermore, to discuss various political measures which might be taken to secure the conditions which have proven conducive to pluralism in the media. The study examines the widely held assumption – widely held within traditional market-liberal circles, in any case – that ready access to the market promotes competition between different actors, and that greater competition gives rise to greater media pluralism on any given market, all other factors being equal (Council of Europe 1994:8).

Mortensen and Sepstrup point out that any study of the relationship between ’market access’ and ’pluralism’ must address the fact that the two concepts are derived from quite different spheres: ’market access’ being an economic term, whereas ’pluralism’ belongs to ”the sphere of ideas”. This necessitates a thorough exposition of the terms.

Among the important conceptual distinctions (which cannot be treated in detail here) is a specification of two different kinds of pluralism, viz., pluralism in the sense of diversity of programme output (different kinds of programmes, genres, points of view, etc.) and pluralism of consumption, i.e., the greatest possible diversity in what viewers actually watch. Viewers' consumption patterns are not directly accessible to political intervention; consequently, pluralism of output has generally been considered a laudatory goal of cultural policy throughout Western Europe. Diversity of programme output, which gives viewers rich opportunities to be confronted with different ideas and outlooks, values, information, attitudes and forms of entertainment, is considered essential to the function of democratic societies.

The analysis dismisses all notions of simple causal relationships between market conditions, public sector regulation and pluralism. Pointing out that greater volume of output does not necessarily mean greater diversity of output, but rather tends to result in sharpened competition in a rather narrow spectrum of content, and pointing out that markets consisting of only one or two programme companies have demonstrated an ability to provide a wide diversity of programmes, Mortensen and Sepstrup conclude that there is no unequivocal relationship between prevailing market conditions and output: intense competition, better access, numerous media, varied ownership patterns and as little cross-ownership as possible does not automatically produce diversity of output. On the contrary, broader access has led to concentration and less varied programming, as developments in the European radio market demonstrate.

Instead, concrete, historically and nationally specific cases suggest that the following market factors may cast greater light on the relationships:

- What economic resources are available to the actors on the market; what is the strength of commercially exploitable consumer needs, and what financial resources are available from other sources, such as the public sector?
- What are the production costs associated with individual media products (it is commonly assumed that production costs in radio, television and newspapers are not proportional to the size of the audience or circulation)?
- What are the objectives of the respective media (commercial, public service)?

Only by examining concrete cases with respect to these three factors is it possible, Mortensen and Sepstrup conclude, to say anything conclusive about the relationship between the level of economic resources and market factors on the one hand, and the character of programming – its ”level” in the realm of ideas – on the other.

The greater part of the report is devoted to a largely structural discussion of the three factors and the problems associated with applying them in concrete analyses to inform decisions in the field of media policy. Trying to establish a norm for the financial resources required on any given market is futile, the authors say, but this does not mean that one cannot, on the basis of an analysis of conditions at a given point in time, muster sufficient data to determine whether or not a market can be opened up to new sources of finance, to new actors and the extent to which such changes would promote greater pluralism.

The Consultants Study concludes that the volume of economic resources invested in the production of media content at any given point in time sets the limits for the number of independent actors who will be able to operate viably on the market – given, that is, pluralism in the media output. At the same time, the authors are highly sceptical of frequently voiced arguments to the effect that greater transparency of ownership, finances, etc., on the market might serve media policy goals. Nor do they consider other regulatory measures taken in Western European countries, e.g., rules to protect journalistic integrity, rules concerning objectivity in news reporting, compulsory disclosure of ownership structures and accounts, public authorization to acquire controlling interests in media companies, etc., sufficient in themselves to guarantee pluralism or optimal access to a given market. Pluralism and access are always the outcome of the historically specific context in which the rules are applied.

The report is generally sceptical of basing media policy decisions solely on statistical data having to do with the economics of the sector and point to the need for qualitative analyses of the relations between market factors, media content and consumers as tools of media policy-making. Dr. André Lange of The Audiovisual Observatory in Strasbourg is of a similar opinion (Lange 1995). He is sharply critical of current plans within the Commission to use quantitative audience data as indicators of the degree of media pluralism. The problem, as Lange sees it, is dual. First, the measure takes its point of departure in patterns of media consumption rather than the volume and quality of output – ”diversity of consumption” rather than ”diversity of information”, where the latter is a qualitative concept which includes both programming and its reception, whereas the former is strictly quantitative. Lange also warns against using quantitative measures of reception, and the calculated market shares derived from them, as mechanisms for regulating media concentration. Quantitative studies are based on average patterns, a focus which leads one to overlook culturally important distinctions in media behaviour, e.g. ethnic or regional variations, if – as proposed by a consultant to the Commission – regulatory instruments are designed on the basis of national statistics.[5]

What other criteria should be used in determining the ceiling for the market shares (audience shares) any given programme company or newspaper may control? And, what is more: a single broadcasting company in a small country, which attracts a majority of the audience – whereas private competitors scramble for the remainder – may very well be the best guarantor of pluralism in that market. Elsewhere, a private broadcaster’s dominant share of the audience may well be due to a rich diversity of programming on the part of that company.

Thus Lange, like Mortensen and Sepstrup, advises against using statistical and economic factors as decisive elements in the formulation of principles of regulation to control media concentration. If it is at all feasible to devise useful tools for a common European, or even national, media policy to address the issue of concentration and pluralism, they will clearly have to be designed on the basis of concrete, historically specific qualitative analyses which are sensitive to the specific characteristics of national media cultures.

We shall now turn our attention to the problems of concentration in local broadcasting which have been noted in Denmark, Norway and Sweden in recent years. We shall also summarize the policy response to these phenomena in the respective countries before returning, in the final section, to our discussion of means and objectives in the regulation of media ownership.

The Legal Foundations and Praxis

Common Characteristics

The introduction of local radio in the three Scandinavian countries dealt with here was motivated by largely the same objectives, viz., first and foremost, to give individuals a greater voice in local fora and, secondly, to broaden the media spectrum by decentralizing to create alternatives, not only to national and regional stations, but to other local media, as well, including the local press.

Given these common objectives, legislation in all three countries has included a series of regulations intended to ensure that the stations would be local and serve the local community. Most of these regulations have concerned criteria of eligibility for concessions to transmit, rules concerning the organization of the concession-holding body and, finally, rules pertaining to the formation of networks.

Local broadcasting has also developed in a more or less uniform manner in the three countries, despite decided differences in the regulations applied. Contrary to policy objectives, a prime characteristic has been an overall trend – Swedish neighbourhood radio stations included – toward commercialization, which necessarily implies programming designed to attract the largest number of listeners in order to bring in advertising revenue.[6]

The Danish System

Local radio broadcasting in Denmark has a decentralized structure; concessions to transmit are granted by local commissions having jurisdiction over areas of up to five communities (on exception more). The Ministry of Cultural Affairs appoints a central commission for local broadcasting, which serves as an appellate body regarding decisions taken by the local commissions, which in addition to granting concessions monitor the stations' fulfillment of concession requirements.

The law provides for concessions of up to three years, which may be granted to companies, clubs, etc., formed for the sole purpose of operating a radio station. A majority of the board members must be residents of the area of service, and commercial enterprises may not have a controlling interest in the broadcasting organization. An exception is made for local newspapers, which may acquire a concession provided they operate the station as a forum for public debate. Local governmental bodies may be granted concessions for the purpose of making production and transmission equipment available to the public.

No one may be a member of more than one station's board of directors, and no one may be responsible for programming on more than one station.

Finally, the law requires the concessioneer to provide programming independently. Thus, it is forbidden to transmit programmes simultaneously with other stations or to transmit programmes within the framework of long-term cooperation between several stations or between one station and an external enterprise. A station may, however, sell some of its air time to an external body (but not another concessioneer). The prohibition of networking does not apply to advertising, however.

The point of these rules is to ensure to the extent possible that the *management* of local stations remains in local hands, whereas there is no provision regarding ownership, nor need production and advertising sales companies be part of the body which holds the concession. Neither does the law require disclosure of accounts, etc.

Enforcement of the rules appears to be relatively liberal. Whatever the case, it does not result in very many complaints to the central commission. The commission recently upheld a decision on the part of the local commission in Copenhagen not to renew the concession of *The Voice*, the most popular local station in the capital, on the grounds that the station sold so much of its air time that it could not be said to provide programming independently.

The legislation governing local radio and television in Denmark is currently under review and is expected to be included in the negotiations leading up to multi-party agreement on a new radio and television act in 1996.

The Norwegian System

Norwegian local radio is regulated by laws and regulations from 1988.

Five-year transmission concessions are granted by a national Local Radio Commission, which is also the regulatory agency. According to the law, each station shall serve an area corresponding to a community (kommune), i.e. the basic unit of local government.

Schools, local non-profit organizations, local radio clubs, etc., formed for the purpose of local radio broadcasting are eligible for broadcasting concessions. Newspapers and other media enterprises, commercial enterprises, nationwide organizations, private individuals, cable companies, local government and community services are not. Organizations which cannot hold a concession in their own right may, however, own shares in concession-holders, but not more than 49 per cent.

The structure of ownership is one of the criteria of eligibility, which means that stations/concessions may not be sold or otherwise change hands without permission. The same applies to changes in the ownership structure; any change which involves more than a ten-per cent share must be reported to the central commission, which also reviews the accounts of all concessioneers annually.

Concession-holders must be residents of the area to which the concession applies, as must holders of two-thirds of the shares in the concession-holding organization. Plus the responsible editor (i.e., the individual who bears legal responsibility for the station's programming). These residence requirements are intended to ensure that the stations have bona fide roots in the community they serve. The same goal is reflected in programming requirements: the greater part of programming shall be produced by the concessioneer, and most programme content should relate to the community in some respect.

Stations may, however, sell (or otherwise make available) up to 25 per cent of their air time to other parties, but not to commercial enterprises, national organizations, private individuals or other concessioneers. These exceptions, too, are intended to ensure that stations' programming remains local in character. Networking is not expressly forbidden, however.

The legislation regulating local radio broadcasting, like that pertaining to local television, has been under review (Kulturdepartementet 1994/95; Stortinget 1995), and the system will most probably undergo some change in the near future.

The Swedish System

Whereas local radio in both Denmark and Norway constitutes a unified system codified in a single body of law, since the introduction of private local radio stations in 1993 Sweden has a dual system, with different legal frameworks for *neighbourhood radio* and *private local radio* stations, respectively.

Both areas are subject to the Fundamental Law on Freedom of Expression, which has the status of constitutional law (Yttrandefrihetsgrundlag 1991). According to the Fundamental Law, radio frequencies shall be utilized so as to afford the greatest possible freedom of information and freedom of expression.

Neighbourhood radio

Neighbourhood radio services were introduced especially to provide channels of communication for local voluntary organizations. Most areas of service correspond to kommuner, the basic units of local government, and transmission radii are limited to approximately five kilometres.

Concessions are granted by the Swedish Radio and TV Authority, whereas performance is monitored by the Broadcasting Commission, a central body charged to review the performance of all domestic radio and television companies in relation to the terms of pertinent law and contractual agreements. Concessions may be granted to local non-profit organizations, to local chapters of national organizations having the intention to engage in local broadcasting, religious groups, student organizations and neighbourhood radio associations (groups of concessioneers).

The local dimension is further emphasized in the requirement that all but a limited amount of programme content must be produced specifically for the station in question. Stations may transmit programmes for pay, and both advertising and sponsoring are allowed.

Concessioneers pay a fee of roughly 2 ECUs per hour of airtime (or portion thereof) a year. Concessioneers who do not transmit advertising or paid programmes may be exempted from the fee; the transmission of sponsored programmes does not disqualify a concessioneer from exemption.

Private local radio

Private radio was introduced in new legislation in 1993 (Lokalradiolag 1993). Within the framework of the law, privately owned local radio stations are commercial enterprises and as such are subject to Swedish regulations pertaining to market competition. The liberal provisions of these regulations concerning market concentration may be seen to conflict somewhat with the principles set out in the Fundamental Law on Freedom of Expression (Matz & Bengtsson 1994:195ff)

Concession and monitoring procedures are the same as in the case of neighbourhood radio, but the number of concessions are limited: with the exception of Stockholm and Göteborg only two concessions per area of service. Provided the bidder fulfills the requirements set out in the law, concessions may be bought. Concessions have been awarded the highest bidder in several waves of auctions.

Individuals or corporate bodies may be granted concessions, and no one person or body may have a controlling interest in more than one station. Companies, etc., which at the time of the application for a concession publish a newspaper or have a dominant influence in a newspaper company are not eligible, nor are companies owned or otherwise controlled by a newspaper publisher. Likewise, public institutions (at all levels of government) and other broadcasting companies operating under the provisions of the Radio Act are banned from local radio.

Concessions run for periods of eight years, and the only programming requirement is that at least one-third of a station’s total air time be devoted to programming produced especially for the station in question. There are, in other words, no content requirements; indeed, the Broadcasting

Commission has ruled that music played from a remote-controlled CD-robot fulfills the requirement of the law.[7]

Thus, the law governing private local radio would seem to fall short of fulfilling the government's stated purpose in introducing the stations, viz., to broaden opportunities for freedom of expression and to provide local media which offer independently produced programming of particular relevance to the community.

Concentration and Network Formation

Overall Tendencies

As observed in the preceding section, there are many parallels in the three countries' regulatory legislation. Despite their differences, the requirements are mainly designed to ensure that local radio stations remain local in respect of content. Similarly, the various rules applying to ownership, residence, etc., are intended to hinder or reduce the likelihood of concentration of ownership and the formation of networks.

Whereas Sweden deviates by having two sets of legislation – one for commercial stations and one for the essentially non-commercial neighbourhood radio stations – commercial and non-commercial stations in Norway and Denmark are accommodated in unified legal frameworks.

Thus, we find a clear tendency toward dual systems in all three countries. Coupled to this trend, different forms and different extents of collaboration between stations have emerged. These include networks (Sweden) and extensive coordination, particularly with respect to advertising sales (Denmark and Norway). At the same time, local radio broadcasting has attracted the interest of major media companies.

Denmark

There are some 230 active concessions distributed over about 150 transmitters in Denmark today. This means that rather many concessioneers, particularly those in larger cities, share transmission facilities. Indeed, commercial and non-commercial stations may share the same transmitter. This circumstance, together with rather limited signal radii, make local radio stations dubious commercial ventures. Many of the 80-odd commercial stations as well as the countless non-commercial stations find themselves in rather weak financial situations.

It is difficult to get the full picture of the ownership structures in Danish local radio broadcasting, and the same goes for economic data, both with respect to individual stations and the branch as a whole. This is because Danish law does not require stations to submit their accounts, and there are no reliable figures concerning volume in the advertising industry.

Danish local radio was the subject of a recent fact-finding study, the findings of which are to inform coming discussions concerning possible amendments in the legal framework (cf. Jauert & Prehn 1995). In contrast to local television, on the whole local radio in Denmark has not experienced extensive networking and concentration of ownership. Several factors may explain this. First, given its present structure – particularly the system of shared transmitters and the brevity of the concessions (three years) – local radio broadcasting is not a particularly attractive investment. Secondly, population density in Denmark is such that even local stations reach a commercially satisfactory number of listeners. Third, the unequivocal prohibition of networks makes it difficult to exploit the advantages of extensive collaboration to any major degree.

As in Norway, tendencies toward concentration are most apparent in the lucrative advertising placement branch, whereas news collaboration, for example, is nonexistent due to the ban on networking.

Reported data indicate that the advertising market turned over between DKK 100 and 150 million in 1994 (Prehn & Jauert 1995:122; Hansen & Grønholdt 1995:66). Roughly 20 per cent of all advertising is national, the rest local. There are no available data concerning what share of the total volume stations actually receive. In the case of the national market two firms dominate the market.

The first is *Nordisk Radio Reklame*, which is owned by *Nordisk Film/Egmont*. This company, which is active also in other aspects of local radio, currently has contracts with at least 30 stations nationwide. As a whole, the network has a potential reach of 86 per cent of the Danish people above the age of 13, or roughly 3.8 million listeners.

The other principal actor is *Skandinavisk Radio Reklame*, a subsidiary of *Scandinavian Broadcasting System* (*SBS*). The company supplies advertising to the Voice stations (see below) and is reputed to have contracts with some 15 stations, having a combined reach of 91 per cent of the population over 13, or 4 million listeners (cf. Gallup 1993).

It is not possible to say exactly what influence these companies may exert on the stations they have under contract. When asked, the stations, for their part, swear that no conditions are imposed concerning either the structure or the content of the programme tableau. Any such arrangement would be in violation of the law, but it might be superfluous regardless, considering that both parties share a common interest in attracting as many listeners as possible, since this is the basis for the station's rates/advertising revenue.

Generally speaking, the structure of ownership in Danish local radio is quite differentiated. It is, for example, striking how little Danish newspapers have taken advantage of the possibility of acquiring local radio concessions, an opportunity denied to the press in the other Scandinavian countries. About a dozen papers are involved in 16 different stations.

The labour movement was quick to draft a comprehensive investment policy for starting local radio and television stations. The national organization of the Federation of Danish Trade Unions (LO) has spent many millions on local broadcasting over the years, but has recently been forced to admit that the involvement has been a poor investment, as far as the financial return is concerned. LO's overall involvement has not been analyzed, but it seems that local sections of the various member unions have now assumed responsibility for the stations. Altogether, the movement has 29 affiliate radio and TV stations.

Inasmuch as networks are not allowed, there are no networks in any formal sense. With a couple of exceptions, neither are there any networks de facto. The vast majority of stations are operated locally and independently, aside from advertising sales.

Four stations having the same name, *The Voice*, operate in greater Copenhagen. They are formally independent of one another in the sense that the concessions are held by separate associations or companies. A fifth *Voice* station is located in Odense. All five stations have essentially the same format, and the same principal investor (SBS) would seem to constitute the financial base for all five. The group also operate a satellite radio channel, *Voice of Scandinavia*. Together, the stations have a combined reach of approximately 70 per cent of the population over 13.

As noted earlier, SBS, which *co-owns* the most important Voice station,[8] also owns one of the two dominant advertising bookings bureaux. It is generally assumed that, aside from the fact that the stations each transmit their own tableau, they do in fact constitute a chain or network, and that SBS, as principal investor, exerts considerable influence over the stations.

A second group of stations operating under a common name – Uptown – have appeared on the scene in metropolitan Copenhagen over the past couple of years. So far they are four. They, too, operate on the basis of concessions granted to different associations or companies, but three of the concessioneers share the same address, which is also the address of *Nordisk Film Radio A/S*, which in addition to the advertising bookings bureau, *Nordisk Radio Reklame*, operates a consultancy and development company, which plays much the same role as Aller in Norway (see below). Together, the four Uptown stations in Copenhagen can reach between 1.5 and 2 million listeners.

Finally, most recently, Kinnevik-owned *Airtime* has established a group of stations under the common name, *Classic Radio*. The stations cover all of northwestern Sjælland (the island on which Copenhagen is located), which gives them a sizeable potential audience.

With these three exceptions, local radio in Denmark displays a decidedly diffuse ownership structure. A few similar groupings have been noted in a couple of other Danish cities, but in most cases the only economy of scale achieved has been the adoption of common names – generally at the instigation of the respective stations – which thereby extend over a cluster of communities.

With the exception of advertising networks and some groups of stations in the Copenhagen region, then, Danish local radio has not – yet – experienced any influx of big capital in the kind of joint ownership which Danish law fully sanctions, nor have any other tendencies toward concentration of ownership been noted. It is conceivable that the law and the technical structure with respect to frequency planning and transmitter power have posed decisive hindrances to such developments; if that is the case, then Danish legislation would appear to have achieved its goals.

Norway

Whereas Norwegian legislation contains a number of requirements concerning the residence of (a majority of) station owners and local programming, in contrast to Danish law it does not expressly forbid networking between stations. Consequently, Norwegian local radio stations are free to carry centrally produced newscasts.

The residence requirements have been under review in connection with Norway's signing of the EEA agreement between EFTA and the European Union. The requirement of local residence may be taken to be discriminatory, i.e., to disadvantage foreign investors, but the matter has yet to be resolved (cf. Tangeraas 1992:46). Several other features of Norwegian commercial policy which sought to limit the role of foreign capital in Norway have had to be amended.

At the end of 1994, 379 local radio concessions had been issued; concessioneers distributed programmes in 197 service areas from 214 transmitters. The signals are all rather weak inasmuch as most service areas are local communities. Consequently, most stations offer rather poor listening quality only a short distance from the transmitter, which limits the potential audiences. These factors probably explain why only one company has ventured into the local radio market in any major way, although the medium is said to have a potential for considerable economies of scale (Høyer & Ramstad 1995:10).

Local radio broadcasting in Norway is currently under political review, and a comprehensive study of the structure and economics of the sector was undertaken in this connection (Handelshøyskolen BI 1995). The study found local radio to be in dire straits. 458 concessions had been issued in 1989, but five years later the number had decreased by 17 per cent to 379.

As noted above, the structure of local radio in Norway resembles that in Denmark in that most of the stations are non-commercial and attract rather small audiences. Roughly 100 stations operate on a commercial basis.

As regards the commercial stations and in connection with the marked decline in the number of stations in operation, one should be aware that Norway introduced a third public service radio channel (NRK) nationwide and a commercially financed nationwide radio channel, *P4*, both in 1994. These new entries have struck severe blows to commercial local stations. Audience share measures show that listening to local stations has been cut in half, from 28% before the entries to 14% after. Advertising sales, too, have been affected, with local stations losing an estimated 10 per cent of their volume. Inasmuch as costs have not declined commensurately, it is estimated that, barring some major change in the circumstances, losses will soon have consumed all the investment capital in the branch. This obviously speaks disaster for the commercial part of the sector, whose finances even at the outset were none too robust. Only about one-fifth of Norway's commercial local stations are deemed creditworthy today (Handelshøyskolen BI 1995).

Whereas the law requires local residence among owners, there is no restriction to keep owners from investing in several stations. This opportunity has not been exploited to any greater extent. It should be noted, however, that patterns of ownership and influence in Norwegian local radio are not particularly transparent inasmuch as most of the financial dealings are in the hands of companies which are not themselves concession-holders. (The same situation prevails in Denmark and Sweden, as well.)

Cross-ownership exists, but it is not common. The above-mentioned Handelshøyskolen report treats three sets of actors: newspapers, Aller, and others.

Newspapers were the dominant professional investors in local radio in the period before advertising was allowed. Altogether, the press is believed to have lost NOK 30-35 million on local radio investments up to 1988, when advertising was allowed but, at the same time, a ceiling of 49 per cent was imposed on newspapers' involvement in the stations. In 1992, newspapers had interests in 32 stations, only one of which was located in a major city, and only five major newspapers are active in local radio today. Two of the five are Social-Democratic papers (*Norsk Arbeiderpresse*), while the other three belong to the *Orkla Group*. Thus, major Norwegian media interests are largely absent from local radio broadcasting.

This is hardly the case when it comes to Danish-owned *Norsk Aller A/S*, whose ambitions in local radio have aroused widespread debate in Norway (cf. Høyer & Tønder 1992). Norsk Aller also joined in a consortium which sought to be awarded the concession to P4. The bid was unsuccessful, in part due to the controversy surrounding Aller's activities in local broadcasting (Jauert 1995:172).

In 1991, Norsk Aller created *Norsk Radio Utvikling A/S* (NRU), with a view to providing a variety of products and services to local radio stations, including news, advertising sales, and administrative services.[9] NRU reports having received enquiries from virtually all the major commercial local radio stations offering financial participation in the stations, but in most cases NRU has refrained. Aller's strategy seems rather to be to gain control of advertising sales and certain other services, which entails considerably less financial risk than direct investment, yet allows some measure of "operative control" over the stations (Høyer & Tønder 1992:24f). NRU has invested in five local radio stations, with shares ranging between 26 and 46 per cent. It is no coincidence that these five stations are among the largest in Norway.[10]

NRU's activity to date takes place primarily in three companies: Radio 1 Norge, Radio Nettverk A/S and Aria Media A/S.

Radio 1 Norge is a professional training centre with the aim of raising the professional standards and enhancing the competitive position of affiliated stations, currently 15 in number. Radio 1 does not own any shares in the stations, nor does it exert editorial control over their output, the stations say. Stations are required to maintain a clearly local profile and to provide local news. Only those stations which use (buy) Radio 1 A/S' services are allowed to use the name, "Radio 1".

Radio Nettverk AS produces news, which it then offers to local stations in exchange for advertising time. At the end of 1994, Radio Nettverk supplied 175 stations, plus TV3, with news.

Finally, NRU is sole owner of *Aria Media*, the only company in Norway which supplies nationwide advertising to local radio stations. Not surprisingly, Aria also supplies advertising to Radio Nettverk. The company's reported volume in 1994 was NOK 37 million, which was 20 per cent less than in 1993. The decline is attributed to the establishment of *P4*.

In addition to the above, NRU also has interests in a number of local sales companies.

Clearly, NRU has attained a position of considerable influence on the Norwegian local radio market. Not only thanks to the company's dominance in nationwide advertising traffic, which corresponds to one-quarter of the combined volume of all local radio stations, and news production, etc., but also to the indirect influence NRU exerts over the stations which have no alternative source for the products and services the company provides. NRU is believed to have invested approximately NOK 45 million in its local radio activities to date (Handelshøyskolen BI 1995:53).

The third category, "Other", is not specified in the report, but total investments in this category are said to be extensive and vital, but quite diffuse and most probably not economically viable in the longer term.

In conclusion, due to the structural characteristics of local radio in Norway, as in Denmark, we find little concentration of ownership or cross-ownership. The Danish-owned *Norsk Aller* has, however, achieved a dominant position through its role as provider of products and services to local radio stations throughout the country.

Interestingly, Aller is not at all involved in local radio in Denmark, whereas *Nordisk Film Radio A/S* seems to be in the process of establishing a Danish counterpart to Radio 1 Norge, and has already formed a Danish company corresponding to Aria Media. As noted earlier, Nordisk Film Radio is part of the *Egmont Group*, which also has media holdings in Norway (TV2 and print media), but not in local radio.

Sweden

The Swedish law of 1993 which provided for privately owned local radio opened the way for commercial broadcasting on a local level. Tendencies toward commercialization have been noted among the tightly regulated neighbourhood radio stations for some years now in programming, e.g., in various forms of collaboration between stations, and in violations of the ban on advertising.

The legislation providing for private radio was run through the political process rather quickly by Swedish standards, without the usual parliamentary fact-finding commissions and hearings (Hedman 1995: 193f). The same applies to the amendment of regulations for neighbourhood radio: suddenly, they were allowed to carry advertising.

As mentioned earlier, the legislation on private local radio imposes a minimum of restrictions, yet a number of restrictions regarding ownership or ”dominant influence” as well as some rather imprecise phraseology concerning a modicum of locally produced programming.

The Swedish legal framework appears to have many of the features that many stakeholders in Denmark and Norway would like to see come out of the current legislative reviews in those countries.

Decisive factors are, first, that the local stations are commercial enterprises which are free to do as they please within the legal requirements concerning ”dominant influence” and, secondly, that concessions have been auctioned off to the highest bidder, regardless of the applicant’s programme policy, etc.

The law provides for a minimum fee of SEK 20,000 per year for each concession. Recent calculations indicate that in 1995 the Swedish government took in no less that SEK 115 million from the 81 stations in operation that year – or an average 1.4 million per station. Although the variation between concessions is rather great, it remains clear that entry into the Swedish system presupposes considerable risk capital.

Big capital has shown great interest in investing in local radio stations and considerable creativity in finding ways to make those investments and yet comply with the law. The result is that it is extremely difficult to get a clear picture of ownership structures in the sector. Moreover, in addition to those companies which hold concessions, a plethora of production and advertising sales companies are active in Swedish local radio at national and local levels. If it is difficult to grasp formal ownership patterns, it is even harder to determine in whose hands operative power actually lies (Sundin 1994:41).

Local radio today consists of five networks, in which the principal actors both own shares in some of the stations and have established production and advertising sales organizations to serve the network affiliates. Only about ten of Sweden’s 81 local stations do not belong to one of these networks today (1995).

Two of the networks came into being some years before private radio was introduced. These are the *Radio City stations*, which already in the days of neighbourhood radio laid the foundation of what was to become a more extensive network of the same name. The other pioneer organization is *Svensk Radioutveckling* (SRU), which was formed in 1991.

The *Rix* network, with 15 affiliate stations, is run by the above-mentioned SRU, which in turn is owned by a company which owns *Göteborgs-Posten* (the leading daily in Sweden's second city) and several other papers. In 1994, the network concluded an agreement with French-owned *NRJ*, which bought shares in SRU. SRU has invested in some of the stations, whose other co-owners include local newspapers. The Rix network has a newsdesk and other production facilities (for music, etc.) in Göteborg. Local *Rix* affiliates have their own production facilities. NRJ's participation leads many to believe that Rix stations and associated production companies will soon undergo major reconstruction. Advertising sales are handled by a company called Decibelle.

NRJ stations are owned in part either by *NRJ SA* or *NRJ*-dominated *RBS Broadcasting AB*. Starting with only a handful of stations, NRJ now counts 18 affiliates, which also have the best ratings among local radio stations in Sweden. If we include the Rix stations, over which NRJ exerts considerable influence, NRJ is now involved in 33 stations. The programming concept, patterned after the company's 200-odd stations in France, consists primarily of centrally produced popular music. The legal requirement of local programme content is largely filled via remote-controlled CD-players.

Kinnevik-owned *Medvik* runs a network of *P6 stations*. Including the two Kinnevik-owned *Classic Radio stations*, the network has 12 affiliates. The Classic Radio stations are not included in the programming collaboration between the other ten stations, however. Medvik participates directly in a few of the stations; other owners are about ten individuals who own stations either personally or through other companies. These individuals may have some affiliation with Kinnevik (Sundin 1994:47). Affiliates do not produce their own programmes, but function solely as sales organizations. Advertising bookings are handled by Kinnevik's *Airtime*.

The above-mentioned collaboration between *City* neighbourhood radio stations was the embryo of the *City network*, which today has 14 affiliate stations. *Svensk Radiobokning* (SRAB), which stands behind the stations, is owned (a controlling interest) by *Svenska Dagbladet* (Stockholm's second daily) and *Scandinavian Broadcasting System* (SBS). SRAB has no direct investment in the affiliate stations; the individual co-owners of SRAB, however, have interests, directly or indirectly, in nearly all of the stations. SBS, for example, owns a controlling share in *Radio City* in Stockholm and minority shares in seven other stations. Through its co-ownership of GE Programutveckling AB, a fellow co-owner of SRAB, SBS furthermore has shares in the City stations in Malmö and Göteborg, in which GE Programutveckling is the majority owner (Sundin 1994:46).

Last and least, there are the *Megapol stations*. The network, which comprises 11 stations, is operated by *Annonsbolaget Radio*, an advertising bookings company owned by Bonnier (Sweden) and the Katz Corporation (USA). Roughly half of the affiliates are under the direct influence of the company. A Bonnier-owned production company, *Radioprogramföretaget Megapol AB*, supplies the full-fledged Megapol affiliates with programmes, albeit the stations, too, fill some of their air time with productions of their own.

Local radio broadcasting is still in a formative stage in Sweden. There are still some unoccupied frequencies and unexploited areas to be auctioned off at some future date. But given the pattern that has emerged to date, it seems unlikely that any new major actors will enter the market. The costs are too great and the established actors too dominant, in addition to which it is necessary to participate in one or another of the networks.

The Swedish system demonstrates what a liberal, market-oriented local radio law can result in, namely, a situation where the major media interests have laid claim to the entire market. Particularly French-owned NRJ and, to some extent, American-dominated SBS have positioned themselves quite centrally. Given the latter's involvement in satellite television targeting Sweden, and Kinnevik's extensive television interests,[11] the Swedish electronic media sector displays an impressive pattern of cross-ownership.

To Sum Up

It is not possible to draw any firm conclusions concerning developments in local radio in the three Scandinavian countries, at least not conclusions with any greater life-expectancy.

The Swedish local radio system is only two years old. One can only foresee continued concentration of ownership and other forms of influence. Unless, of course, the developments arouse enough political ire so that measures are taken to ensure a more diffuse structure and more truly local programming. In view of the size and influence of the actors involved and the magnitude of their investments, however, any restrictive political intervention seems rather unlikely.

In Norway and Denmark, on the other hand, the situation is different. Legislation has inhibited the kind of structures built up in Sweden, but considerable pressure has been brought to bear on policy-makers to liberalize the law in order to save many local stations from bankruptcy. Thus, we may expect reforms which open up some of the opportunities broadcasters already have in Sweden in both countries in the not too distant future.

Consequently, Sweden is more than an interesting 'case'. The Swedish market may also serve as a bridgehead for a number of dominant investors there who wish to enter the Danish and Norwegian markets. *SBS* and *Kinnevik* are already present in both, while *Aller* in Norway and *Nordisk Film Radio* in Denmark have established what might be seen as platforms for the establishment of networks in the respective markets. Having proven itself on one Scandinavian market, it would hardly be surprising if *NRJ* also took active interest in the Danish and Norwegian markets in this next phase of development.

Cultural Policy Initiatives

Pluralism and Policy Objectives

A common theme in the political debates concerning regulation of local radio broadcasting in all the Scandinavian countries has been a desire on the part of legislators to ensure the editorial and artistic integrity of individual, locally based radio broadcasters. The underlying cultural political motive is a desire to create a media setting that is conducive to a rich variety of stations and programme content of relevance to the local community. Secondly, the policy has sought to prevent the entry of undesirable influences onto the market. Here, the underlying rationale is an assumption that dominant foreign influences will make it harder to maintain the national culture, and a fear that dominance on the part of domestic actors who lack roots in the community may result in monopolies of opinion and economic concentration.

We have seen how this common policy objective has been fulfilled to different degrees in the respective countries. The Swedish local radio system, with heavy dominance on the part of foreign commercial interests, seems to be most ’at risk’ in terms of economic concentration, whereas Danish commercial local radio has yet to attract major involvement from either national or international investors. Liberalization of the law and the possible introduction of a dual system patterned after the Swedish system may be expected to change this radically and quickly. Norway assumes an intermediate position, with Danish-owned Norsk Aller occupying a position of dominance in terms of economic turnover and various kinds of influence over the stations associated with it. Here, too, legislative reform is in the offing.

One may wonder whether this cultural policy objective will be maintained, or even can be maintained, in years to come. Both the international initiatives discussed in the beginning of this article and the overall framework of national policy in the respective countries raise doubts. It has proven difficult to introduce culturally motivated regulations in essentially market-regulated sectors once powerful economic interests have established a position.[12]

The essential conflict is one of commercial policy versus cultural policy. Legislation and regulatory procedures in the respective countries have borne the stamp of this conflict. Law-makers have balanced between the three positions Karol Jakubowicz, writing from a Polish perspective, outlines in his exposé on legislative means to secure pluralism of information (Jakubowicz 1994). Pluralism with regard to sources of information may be ensured in two different ways, he points out: as ”pluriformity” or ’external pluralism’, i.e., the presence of different kinds of media in many different hands, having different purposes and operating in different legal frameworks, or ”pluralism of content” or ’internal pluralism’, which is predicated on the responsibility of each individual medium to reflect and give voice to a wide variety of points of view and opinions (political and other), including dissident ones, and possibly an obligation to make space or air time available to such interests. These principles have been regarded as fundamental by Western European legislators when they have formulated guidelines regarding the role of mass media in the development of democracy (Jakubowicz 1994:3).

Three Approaches to Pluralism

The pure market model is a strategy of external pluralism in that it seeks to achieve pluralism through a variety of media, the breadth of which is dependent on the market’s ability to support variety. The market for media products is a function of supply and demand: the viability of each product is dependent on the need for it as manifested in the customer’s willingness to pay. In recent years this has meant a differentiation of the market into segments, i.e., different groups of receivers/consumers. In practice, the model has proven to encourage concentration of capital and ownership in media sectors.

But, the model’s advocates interject: Concentration may be necessary to ensure the existence of strong competitors and financially robust companies which can meet the pressures of international competition and keep the domestic market in domestic hands. Furthermore, a certain amount of concentration may be necessary to permit the existence of specialized media with low economic returns. Profits from other branches of the same concern may be used to create the margin of existence for less profitable ventures. Finally, the price of entry into new media markets is high (Jakubowicz 1994:5).

The same rationale applies in the new media model, based on the premise that new technology implies an individualization of mass media so that they assume more the character of personal media, affording users/receivers greater opportunities to select content which is more closely attuned to their needs and interests. In this connection Jakubowicz cites several studies which have found that commercially nonprofitable needs are not satisfied in systems of this type. The new media markets of central and eastern Europe afford abundant examples. The new individualized media have also been found to lead to an atomization of receivers/consumers, who become isolated in their personalized, self-reinforcing symbolic universes with little opportunity for encounters on common ground. Moreover, audiences display a well documented tendency to choose the familiar and avoid new, unfamiliar, experimental programmes, not to mention content that is provocative or transcends the bounds of convention. None of these phenomena are in keeping with the democratic functions the media are expected to serve.

In Jakubowicz' view, neither of the two models is very good at promoting pluralism in information flows and opinion formation. First, media owned by large corporations are not independent; programme policy is decided centrally, with the individual stations serving more as distribution outlets for policy and content drawn up elsewhere. Secondly, the pure market model affords freedom of expression solely to the owners of the media, since concentration de facto keeps other, financially weaker groups off the market. Third, neither has the market model managed to produce sociocultural or political diversity; on the contrary, there is a marked tendency toward mainstreaming ("more of the same") in politically correct forms (corporate speech), with a minimum of demographically differentiated target audiences. Fourth, media concentration means that cultural minorities and forms of cultural expression with narrow appeal are referred to major media companies, especially for programmes. Fifth and finally, media concentration implies a greater risk of manipulation of public debate and opinion formation, perhaps even suppression of information which threatens the interests of the owners. Italy and Eastern Europe provide textbook examples, but, naturally, the risk is general.

With these arguments in mind, Jakubowicz argues for a *"market-cum-public policy model"*, i.e., a regulated market model. He looks upon the broadcasting duopolies which have emerged in Western Europe over the past couple of decades as the best guarantors of freedom of information, pluralism and diversity that have been developed to date – provided, that is, that the systems are kept under constant critical review and revised as needed. And he considers such systems equally applicable in central and Eastern Europe, as well.

If the evils of media concentration are to be avoided, each country must take measures to created a well-balanced duopoly by promoting and enhancing

- internal pluralism, i.e., varied and diverse programme output within the national public service institutions,
- external pluralism, i.e., a variety of media having different structures and offering different content, "speaking different languages", and
- the transparency of the media market. Who the actors are and what they are involved in should be clear to everyone on a year-to-year basis.

Internal pluralism can be ensured by making the medium accessible to broader ranges of opinion, people and productions, in forms such as the ”access” video workshops which some public service institutions operate or by reserving some quota of air time for independent productions.

External pluralism can be enhanced by extending various forms of public support to facilitate the entry of new actors onto the market, on the order of the system of direct subsidies the Swedish government extends to second newspapers (underdogs on the local market), or through indirect, general subsidies such as exemption from VAT to keep consumer prices down. Support of the latter type is extended to Danish newspapers, whose VAT exemptions amount to an estimated DKK 1.2 billion in support each year. Finally, governments may make money directly available to some media via state funds, as is the practice in Norway and France, where non-commercial local radio stations receive public grants.

Combined with the restrictions to hinder media concentration outlined earlier, these measures can achieve a favourable balance between market mechanisms and cultural policy objectives relating to the functions of the media in democracy, Jakubowicz asserts.

Enlarging the Concept of ’Public Service’

As we have seen in the foregoing, local radio broadcasting in the three Scandinavian countries, despite numerous similarities, is not so homogeneous that the problems and solutions to them can be described in a uniform manner. What is important in this context is that with respect to the question of pluralism and concentration of ownership, the respective countries find themselves in fields of tension between their cultural policy objectives and crass reality. The difference prompts discussion and the formulation of possible solutions.

Referring to Jakubowicz’ three models of media pluralism, it is clear that Scandinavian praxis in the local radio sector is most closely oriented toward the *”market-cum-public policy”* model, but that the three countries – with variations over time and between countries – have not yet managed to achieve a healthy balance between the market-orientation and government regulation. Evidence of a faulty balance in Norway is the de facto dominance of two major actors on the commercial sector of the local radio market, viz., *Norsk Aller* and Kinnevik. This concentration has made it difficult for actors with significantly less capital to get along on the market on their own. A central issue of media policy in Norway today therefore concerns the various ways in which the Norwegian government might, to a greater extent than today, go in and support non-commercial stations, but also weed out the non-viable commercial stations so that fewer, stronger stations can survive (Kulturdepartementet 1994/95: 12, 26ff). In other words, a course of action in the direction of a two-league structure.

Such a dual system exists in Sweden, but it is clear that both a pronounced concentration of ownership and advanced networking between local radio stations collide with the stated cultural policy objectives of the law. The high concession fees each station pays may also lead to a situation of rivalry between the local stations and the major neighbourhood radio stations in Swedish cities, which, now able to carry advertising, will most probably attract commercial investors who see in them an opportunity to get on the air without paying an exorbitant concession fee. The Swedish system is still so new, however, that it is difficult to assess the nature and gravity of the problems in it.

The Danish system has been in operation several years, however, and its problems are both many and well-known. All parties concerned – the stations, their organizations and media politicians – have long called for a change in the law. No proposal has been tabled yet, but in the light of the recommendations of the report we presented to the Ministry of Cultural Affairs and statements made by various actors, it would be surprising if a dual structure were not proposed.

Danish policy-makers have not managed to strike a balance between market forces on the one hand, and government (national and local) regulation on the other. This has frustrated commercial and non-commercial local stations alike in numerous respects, but most of all in financial terms. Very few commercial stations have managed to attract viable audiences in an overcrowded market, and many non-commercial stations find themselves perpetually on the brink of bankruptcy inasmuch as the rhetoric regarding local radio, which puts local radio on a par with other forms of cultural expression, has never been followed up with substantial economic support of the kind that local athletics, the dramatic theatre, museums, and voluntary associations receive.

We therefore end our report with a proposal to institute a dual structure, for which we outline four models for radio and television services. The models are discussed in two scenarios: a grassroots-oriented and a commercially oriented. Thus, they fall within the range or spectrum between a predominantly non-commercial structure and a totally commercial one. Each model has a different emphasis, but all involve two leagues of stations: commercial and non-commercial.

Fundamental to all four models is the premise that non-commercial local media should be 'near' and accessible to the public. They should offer general access to the media, so that every citizen has the option of using local radio or television on the same basis as he/she makes use of public libraries, recreation centres and other community facilities. Local radio and television should be tools of cultural development, not ends in themselves or vehicles for commercial ambitions (Jauert & Prehn 1995: 183). This idea is not too far removed from the original objective of local radio broadcasting at the time it was introduced in Denmark.

What is new, however, is our proposal to couch the institutional/legal framework of non-commercial local radio in an enlarged concept of public service broadcasting, i.e., to include an obligation to provide the public free access to produce and distribute programmes:

> The importance of not only offering the public products through which they may gain knowledge, amuse themselves, etc. (libraries, theatre, etc.), but also giving them the opportunity to create and communicate can hardly be overestimated. (Jauert & Prehn 1995:196)

In extension of this enlargement of the public service concept we propose a possible solution to the financial problems of non-commercial local stations by including the stations within the framework of the receiver licence revenue scheme under which national public service broadcasting media operate today. We leave the actual establishment of non-commercial 'access' radio stations to local initiatives, but we point out the possibility of creating local public media workshops, like those which already have been established in scattered Danish communities today.

Local Radio – Today and Tomorrow
Four Models

	Grassroots	Modified Grassroots	Locally Regulated Commercial	Commercial
Purpose	• to strengthen local culture and local democracy • maximize freedom of expression • experimentation/innovation	• same as the foregoing	• professional output • locally based • commercial return • employment	• professional output • local point of departure • commercial return • employment
Programming	• mixed/interest-based • 50% local (music excluded)	• mixed/interest-based • 33% local (music excluded)	• at least 14 hrs/day • largely local material	• at least 14 hrs/day • required locally oriented news and current events coverage
Service Area	• an individual community	• an individual community • possibility of exemption to serve neighbouring community • in cases of collaboration with commercial stations: the latter's service area	• towns of 20,000 or more, or 26 areas with signal radii of about 20 km	• towns of 20,000 or more, or 26 areas with signal radii of about 20 km • expanded coverage with use of additional frequency
Organization	• voluntary organization • open workshop/"access" channel	• voluntary organization • open workshop/"access" channel	• enterprise	• enterprise
Transmitter	• one transmitter per community • at least 30W • in some places several	• one transmitter per community • dispensation for neighbouring community • 30- 160W may be used • in cases of collaboration with commercial stations: the latter's transmitter (3 kW) may be used	• one transmitter per licence-holder • 3kW or more	• one transmitter per licence-holder • at least 3kW • use of extra frequencies opens up new opportunities

	Grassroots	Modified Grassroots	Locally Regulated	Commercial
Network	• no • possible terrestrial distribution of special radio via cable	• same as foregoing	• no • but possibly parallel transmission of non-local news, advertising and night service, perhaps in colleaboraton with commercial terrestrial station	• yes • possible limitations
Financing	• public funding and private capital exclusively	• advertising revenue allowed, given collaboration with commercial station	• advertising • sponsoring • gambling (lotto etc.)	• same as foregoing
Licensing Authority/ Regulatory Agency	• local commission • in case of workshop: permit and inspection by central authority	• local commission • in case of workshop: permit and inspection by central authority • service to neighbouring community and/or collaboration with commercial station requires permit from central authority	• central authority	• central authority
Regulation	• commercial activity (incl.media enterprise) prohibited • submission of acounts • submission of annual report	• same as foregoing	• submission of accounts for entire company • submission of annual report • submission of ratings • cross-ownership prohibited • other media activity may not dominate	• cross-ownership allowed • possible limitations on ownership • collaboration between local stations and commercial fourth channel nationwide a prerequisite to the establishment of the latter
Must-carry (cable)	yes	yes	yes	yes

Altogether, we estimate the costs of establishing such facilities throughout Denmark to approximately DKK 100 million per year.

Does the inclusion of non-commercial local radio broadcasting in the realm of public service imply a total liberalization of commercial local radio? Our model envisages pluralism and transparency as guiding principles in the commercial 'league', as well. Radio, as little as any other medium, cannot be regarded simply as an area of commercial activity, without distinction. On the one hand, law-makers should give the commercial stations, too, commercially attractive terms. On the other hand, media policy should ensure public insight and control over the product listeners and citizens are presented with – at least as long as transmission frequencies are a limited resource. In our view, this regulation should be neither detailed nor restrictive, but rather simple, transparent and easily administrated. We present several possible scenarios.

If the key words in Danish local radio policy are pluralism, diversity and transparency, might it not be in order to make some demands of commercial stations' programming? Not in great detail, but in broad terms, like a certain quota of local news material per given period of time. Or, why not award concessions to those applicants who are equipped and prepared to offer the most varied programming rather than to those who are able to pay the highest fee? Such changes, we believe, might just create a ripple of variation in the tide of predictability that otherwise characterizes commercial local radio formats in Europe today.

Notes

1. For a more detailed account of the discussions of local broadcasting and the problems of concentration in Europe, see Jauert & Prehn 1994.
2. *Opinion on the Commission Green paper on Pluralism and Media Concentration in the Internal Market* (93/C304/07) – cited here on the basis of Jakubowicz 1995:18ff.
3. At a conference of UNESCO and the Danish media commission, 12-13 June 1995 in Copenhagen, on the subject of concentration Margot Fröhlinger, who heads the Media Commercial Communication and Unfair Competition Unit within DG XV, outlined some of the central principles which might guide regulation. Her presentation has yet to appear in print.
4. As quoted in Jakubowicz 1994:19.
5. Lange is referring to Audience Measurement in the EC. Internal report, prepared for DG XV by the GAH Group, November 1994.
6. For a history of local radio in Denmark and Sweden, see Prehn 1995, and in Norway, Jauert 1995.
7. This ruling was discussed in the parliamentary Standing Committee on the Constitution (cf. Konstitutionsutskottet 1992/93:21).
8. The station was closed down by the authorities in 1995 (see above).
9. Unless otherwise specified, the source of information regarding NRU is the company itself (Norsk Radio Utvikling AS 1995).
10. Høyer & Tønder (1992) also describe Aller's participation in various constellations, which augments the company's influence de facto.
11. Kinnevik owns TV3, TV6, ZTV, and TV1000 (a pay-TV channel), all wholly owned, plus a minority share in Sweden's third terrestrially distributed nationwide channel, TV4.
12. A case in point is local television in Denmark, where contrary to the intentions of

the law, a number of stations have established extensive programme collaboration. These stations and their political allies demand that networking be allowed; without such a reform, they warn, widespread unemployment in the sector may be feared.

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