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## **Finland: Maintaining the Fragile Consensus**

### **Introduction and background**

Finland is usually considered among the European countries where the role of public service media (PSM) continues to be the strongest and steadiest. However, the Finnish Broadcasting Company Yleisradio (Yle) is not exempt from the criticism faced by PSM organizations around Europe. Despite its seemingly stable position, recent political changes together with sustained lobbying by Yle's commercial competitors have led to increasing uncertainty and new political divisions concerning the future of PSM in Finland.

Apart from the size of the country (population 5.5 million) and its small media market, Finland's media system bears many similarities with Germany, including a strong PSM tradition, high newspaper readership, and a developed journalistic professional culture (e.g. Hallin & Mancini 2004; Herzog & Karppinen 2014). Alongside other Nordic countries, the system has also been characterized with the label of 'the media welfare state', whose distinct features involve communication services as universal public goods, institutionalized editorial freedom, cultural policy that extends to the media, and above all, a tendency to choose policy solutions that are consensual, durable, and involve cooperation between both public and private stakeholders (Syvertsen, Enli, Mjøs & Moe 2014, p. 17). Whether or not these principles still hold true for Finnish PSM policies will be discussed in more detail below.

Finland's national PSM organization Yle is an integrated public service provider that offers content across platforms, with four national television channels, six radio channels, regional radio programming, and a prominent online presence. Financed almost entirely by a special public broadcasting tax, and with no advertising or sponsoring allowed, Yle is one of the 'purest' public service organizations in Europe. Despite the proliferation of commercial channels and other viewing options, Yle continues to have a sizable audience share with around 43 per cent of all television viewing and 50 per cent of radio listening (Finnpanel 2016). In a recent comparative report, Yle was also considered ahead of most European public service broadcasters in terms of adapting their organization to the digital environment and their use of mobile and social media platforms to deliver public service content (Sehl, Cornia & Nielsen 2016).

The political decisions regarding the funding and organization of public service broadcasting in Finland have been historically based on broad parliamentary consensus, which is seen to safeguard the stability of public service provision and its independence from governmental influence. With a funding model in place, high audience reach, and a reasonably wide political and public support for its core values, Yle might be seen as enjoying an enviably secure position in

comparison to many other European PSM organizations. In recent years, however, the tradition of media policy consensus has increasingly showed sign of unravelling (Nieminen 2010). The level and justification of Yle's funding as well as its transparency, efficiency and accountability have been subject to heated political debate, with attacks against its legitimacy spearheaded by the struggling commercial media industry. Since the election of a new center-right coalition government with a strong austerity agenda in 2015, the debates have again picked up steam as critics of Yle have undoubtedly recognized another 'window of opportunity' to push their demands – and to reopen the fragile parliamentary consensus, which was reached with difficulties just a few years ago when Yle's funding and remit were last reformed.

Several features in these debates, including increased political polarization, the lobbying of the media industry, and even the willingness of individual politicians to wade into Yle's editorial choices, seem to challenge the Nordic tradition of pragmatic and consensual policy-making. In the following, we review in more detail the main issues and arguments in the Finnish debates, with conclusions about their broader implications for public service media and policy-making.

### **A fragile consensus – and the disputes that won't go away**

Yle is currently funded by a special public broadcasting tax, which, similarly to Germany, replaced the television licence fee in 2013 (Herzog & Karppinen 2014). In contrast to the old license fee, the tax is income-adjusted: private individuals pay an earmarked tax of 0.68 per cent of their annual income, up to a maximum of €143 per year (in 2016), with those earning less than €10,000 exempt from the tax. Corporations with taxable income exceeding €50,000 pay a tax between €140 and €3,000.

The decision to replace the license fee marked an end of a political process that encompassed several years of heated debate, two government terms, and many difficulties, U-turns and compromises (Ala-Fossi 2012; Ala-Fossi & Hujanen 2010, Herzog & Karppinen 2014; Nieminen 2010). The main issues at the time involved the funding model and possible changes to the remit and monitoring of Yle. In the debate that preceded the decision, the commercial media industry demands included a narrower definition of the PSM remit, especially in the online environment; the establishment of a new external monitoring body; and direct state budget funding (and preferably a reduced level of funding), which would have placed broadcasting in the same boat with all other public expenditures without any special protection, or a degree of insulation from annual budgetary pressures.

In the end, none of these demands succeeded. Only minor amendments to the wording of Yle's public service remit were passed, and the supervision of Yle was essentially left unchanged, with the Administrative Council selected by the Parliament continuing to serve as the external monitoring body. The end result left commercial media bitterly disappointed, with many newspaper editorials contrasting their own financial struggles with YLE getting 'bags of money thrown at them and free hands to do whatever they wish with public money' (see Herzog & Karppinen 2014, p. 427)

The parliamentary decision on Yle's funding model was initially framed as a settling of the long-lasting debate, and a 'return to normalcy' for Yle. However, the media industry's criticism of Yle's efficiency, transparency and funding never receded, even while Yle was forced to make cuts and reduce its staff (Erho 2014). The parliamentary agreement on the new funding system also proved more fragile than expected. Yle's funding was originally subject to an automatic annual increase according to an index mechanism in order to guarantee a steady level of income. However, the same six-party coalition government that pushed through the reform considered the option of freezing the index already in March 2013. The new system eventually remained untouched in its first year, but a year later in 2014 it became obvious that the tax model was at least as vulnerable to budget pressures as the old license fee.

In the context of large public spending cuts in other sectors of society, the chairmen of all parliamentary groups agreed to freeze the index raise for 2015. The intervention was presented as exceptional, and related to overall austerity measures rather than media policy as such. In practice, the index mechanism (475/2012) added into the Act on the State Television and Radio Fund (745/1998) had to be by-passed with a temporary statute (HE142/2014) on not implementing one subsection of the Act in 2015.

This was above all a symbolic political act, with an economic impact of a €10 million deficit in Yle's budget. Forcing Yle to tighten its belt during hard times may have protected the company from the strongest criticism of its privileged position, but on the other hand, the decision also reflected a growing political willingness to reconsider Yle's funding. The leaders of the Centre Party and the populist Finns Party confirmed a few months later their will to re-evaluate the role and funding of Yle after the oncoming parliamentary elections next year.

In the meantime, the commercial media industry again stepped up its lobbying. This included a critical report on Yle's remit and role (Tapaninen 2015), followed by a television documentary supported by the five largest commercial media companies together with the Federation of the Finnish Media Industry aired on the commercial MTV3 channel. With the same arguments echoed in a number of newspaper editorials, these can all be seen as part of a wider publicity campaign targeted for the general elections in April 2015.

After the appointment of a new conservative government of the Centre Party, the Finns Party and the National Coalition Party in May 2015, and the relegation of the more PSM-friendly Social Democrats, Left Alliance and Greens to the opposition, pressures on Yle only increased. In September 2015, the annual index raise of the Yle tax was cancelled for a second year in a row. This time the decision was made by the three major government parties, without even a joint meeting of all parliamentary groups. With another temporary statute (HE 58/2015), the lowest-income people not paying any income tax also became exempt from the Yle tax.

The establishment of a new parliamentary working group to re-evaluate the remit and funding of Yle was included already in the new government's platform, and in August the government appointed not only one but two separate working groups on the operating conditions of the Finnish media markets (Vanjoki group) and the remit and funding of Yle (Satonen group). The first group, chaired by former Nokia executive Anssi Vanjoki, was charged with reviewing the general operating conditions and market obstacles in the media industry. Despite its brief to assess the

competitive positioning of commercial media, 14 of the 17 main suggestions in its final report released in December 2015 actually concerned Yle directly or indirectly. Vanjoki report echoed many of the positions of the earlier report by the media industry. In order to promote 'a fair operating environment', the group proposed, among other things: the specification of Yle's tasks and duties so that its operations would better promote the functioning of the overall media market, turning Yle online services into a 'national content platform', directing 30 per cent of Yle annual funding into independent productions, and creating a new, independent organization to supervise Yle (MINTC 2015).

The proposals of the media market review received a mixed, wait-and-see reception as expectations focused on the subsequent parliamentary group, which the media market review was supposed to prepare the ground for. The parliamentary group on Yle's remit and funding, chaired by the National Coalition Party MP Arto Satonen started its work in November 2015. Soon after it was reported that there were deep disagreements within the group. The National Coalition Party and the Finns Party members in the group openly advocated permanent reductions of Yle's funding, while the opposition representatives were strictly against them. The Centre Party members and the chairman did not take an open stand during the process.

After a one-month extension of its original deadline in June 2016, the Satonen group published its proposals, which despite the reported differences, were presented as unanimous (MINTC 2016). The group proposed no changes to the funding model, meaning that the Yle tax will remain unchanged and outside the general state budget. The index revision, however, will be frozen for the years 2017-2019 as it already has been in the past two years. In effect, this had already become a forced choice that turned the previous 'exceptions' into a norm, since after the most recent changes the revenue of the Yle tax alone would not even cover the annual increases in the Yle appropriation (Ministry of Finance 2015).

In addition, the group proposed that Yle should increase acquisitions from independent producers, and extend its cooperation with private media in order to 'maintain quality journalism and media diversity in Finland'. In terms of Yle's remit, minor changes were proposed, such as replacing the aim to 'support multiculturalism', which had particularly irritated the nationalist Finns Party, with a more general wording of supporting equality and cultural diversity.

In terms of supervision, it was proposed that instead of establishing a new monitoring body, as once-again demanded above all by commercial media industry, the Administrative Council of Yle would be strengthened. This would include the power to decide on Yle's strategy – but not editorial decisions – and the use of permanent external experts to assess the market impact of Yle's services.

Altogether, the proposals were notably moderate, alleviating the fears that the government would completely overhaul Yle's position or radically reduce its budget. For the commercial media industry, on the other hand, the end result represented yet another disappointment. The fact that the report was unanimous and supported by the opposition parties also upholds the tradition of making decisions on PSM based on broad parliamentary consensus, while also showing the capacity of the system to resist radical change and produce a pragmatic compromise. In summary, despite the reported differences and speculation of the government's ambitions to

impose reforms that would dismantle Yle's position or threaten its independence, the result seems to maintain the fragile consensus on Yle's role for at least a few more years.

### **Stakeholders and arguments**

Despite the continuation of the consensual decision-making culture, at least in principle, the debates over PSM in the recent years mark several features that challenge the idealized tendencies associated with the 'media welfare state'. One new dimension in the Finnish discussion is the strong political polarization. By the time of the general elections of 2015, only the Social Democrats and Greens, which both were left out of the government, were opposed to redefining Yle's remit and funding. Although the government parties agreed on the need for reform, each of the three parties have their own perspectives and internal divisions on the issue, which also reflected in the work of the Satonen group and its compromise proposals.

The National Coalition Party, in particular, has traditionally been close to the commercial media industry and the major publishing houses. Views within the populist Finns Party included many who wanted to either to curb the role of Yle or make changes to its remit of supporting tolerance and multiculturalism. Within the Centre Party, there has traditionally been much support for PSM and its comprehensive regional services, but under the leadership of the current business-oriented Prime Minister Juha Sipilä, its positions have shifted more towards market-liberalism. Many in the Centre Party may also still harbor resentment over the unresolved corruption allegations by Yle against former Centre Party prime minister Matti Vanhanen in 2009 (Ala-Fossi & Hujanen 2010).

In summary, the political motives of different government parties involved a mix of ideological market liberalism, austerity measures and power politics, spiced with nationalist and populist views. In contrast to the tradition of leaving decisions on PSM outside day-to-day politics, the debates have seemingly become more entangled with particular interests of individual parties or even individual politicians. In the end though, none of the parties were able to push through their views alone. Thus, it remains to be seen if these recent debates will be viewed as an exceptional period of politicization or the beginning of an end to the consensual media policy tradition.

Besides political parties, the commercial media industry have had a notable role in the public debates. As in many other countries, including Germany, the newspapers in particular have not hesitated to use the editorial and news space at their disposal to criticize Yle and advocate their own interests (cf. Brüggeman, Esser & Humprecht 2012). Finland's largest newspaper *Helsingin Sanomat*, for example, has been very consistent in its criticism on Yle, even after changing its editor-in-chief. Further suggesting a coordinated campaign, the argumentation of the newspaper editorials has been largely similar to the positions of Finnmedia and the European interest groups, such as European Newspaper Publishers' Association and the European Publishers Council (Ala-Fossi & Hujanen 2010).

One of the recurring arguments is that PSM is a threat to the business models of (regional) newspapers and commercial media's online activities. One of the main proponents of this view, Vesa-Pekka Kangaskorpi, the CEO of *Keskisuomalainen* newspaper and the chairman of the Finnmedia board, for example, has reportedly claimed that Yle's annual funding should be cut at

least €100-150 million from its current level (Luukka 2016). Finnmedia (2016) has also advocated restrictions of Yle's online activities, and particularly its online news content. Despite persistent references to market distortions, however, little evidence has been produced of how weakening Yle would actually help newspapers cope with the digital transformation.

In addition, the debates have featured individual politicians and commentators like Eero Lehti, a member of the parliament and former newspaper owner and industry figure, who are hostile to PSM for either self-interest or ideological motives. The role of these 'policy entrepreneurs' (see Kingdon 2003) is to use their knowledge of the policy process and networks to exploit windows of opportunity and heightened levels of attention to reframe policy issues or to promote their own solutions and policy ends. On the other hand, new friends and sympathizers of PSM have also emerged in public debate. Prominent economist and public commentator Sixten Korkman (2016), for example, has argued for recognizing the role of Yle as a public good, with positive externalities for welfare and democracy, as a key pillar of the Finnish society and its future success.

Other academic researchers, including communication scholars, have also supported Yle and tried to introduce more fact-based perspectives into the debates (see e.g. Hellman & Nieminen 2016). Despite their statements, and even a presence of academics in Yle's board of directors, it can be argued that public debates have not been primarily driven by academic or research-based perspectives, but more by the views of politicians and industry lobbyists. As a result, the debates have largely been framed in terms of 'for and against' arguments, or short-term political aims, with relatively little serious consideration of how PSM could be further developed in future to better serve citizens, or for example, how the Finnish case compares with other countries.

## **Conclusions and future outlook**

The current political trends in Finland, as in many other European countries, appear mostly unfavorable to PSM. The government that combines market liberalism, cultural conservatism and populist nationalism has evoked fears of radical cuts or decreasing independence among many, as it has in the fields of education, science and cultural policy more broadly. The government's austerity agenda, new political polarization, and the lobbying of private media have all contributed to a political climate that is increasingly hostile to PSM.

Yet, the role of PSM in Finnish society has proved to be resilient, enduring political and economic fluctuations as well as technological changes. Despite the persistent criticism, the core values of PSM still enjoy considerable public and political support. Recent contestation can also be seen as a test for the political arrangements designed to protect the stability and independence of PSM, and for the democratic institutions more broadly. At least for the time being, it seems that the fragile consensus over the importance of PSM is maintained, and it is unlikely that the current government would push through radical changes. In this sense, it can be argued that tradition of consensual decision-making has shown its strength in protecting the stability of PSM provision and preventing one party or even the government of the day from making unilateral reforms according to short-term political aims.

The Finnish case thus clearly differs from countries, such as Poland and Hungary, where right-wing government have succeeded in pushing through rapid changes in media laws to introduce stricter controls of state media. On the other hand, in comparison to its traditional reference group of other Nordic countries, the Finnish case also departs from the idealized image of the 'media welfare state'. In comparison to public debates in many other Nordic countries on the importance of strong PSM for social cohesion, democracy, and for maintaining national culture and language, these perspectives have largely been missing in recent Finnish debates. PSM is presented more often as a problem than as a solution, a market disturbance, rather than a tool for supporting national media policy objectives. As discussed above, the reasons for such negative framing are many, including political changes and power politics, prolonged economic crisis, and the dominance of public debate by lobbyists and interest groups rather than research-based arguments or cultural policy concerns.

Finally, despite yet another fragile consensus by a parliamentary working group to maintain Yle's role, there are few signs that the debates on PSM would be settled for good any time soon. In the continuously changing environment where political and ideological views on the role of Yle in the Finnish society increasingly diverge, the proper role, funding, and organization of Yle will likely continue to be under heavy scrutiny, for better or for worse.

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