

## **Protecting Local Culture in a Global Environment: The Case of Israel's Broadcast Media**

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The research examines the tensions in Israeli broadcasting between the commitment to local culture and the counter-pressures stemming from commercial competition, new technology, and global markets. It looks at the changes in public broadcasting as part of a universal process, one in which the global spread of culture has made its impact beyond commercialization, thus expanding the limits and effects of culture from a local level into a process where cultural experiences and meanings can be seen as global versions. This course of change in perception is particularly relevant to the role of broadcasting in Israel, where, initially, a British-inspired model of public broadcasting monopoly was developed, serving the goals of nation-building and emphasizing the role of the government in building a communications system that could best serve a new society and protect its local culture. The paper discusses the implications of the introduction of commercial competition many years later, implications which represent the continuation of public control alongside the adoption of new technologies, especially cable and satellite, and their institutionalization. This process can be described as an attempt to navigate the global marketplace, as the country is constantly debating the need to protect local culture in a competitive, highly advanced, and global media market. Despite the dominance of public broadcasting, the multi-channel environment is different in many ways from the traditional broadcasting sector, and new technologies, globalization, and global culture are dominating.

The local aspects of the relationship between media policy and society have been an issue for debate in all countries. The quality of programming has always been one of the key aspects of local media policy, but commercialization and the addition of new media has changed the ability of public authorities to maintain strict public supervision over the nature of programming. The research examines changes in media policy following the impact of cultural conceptions and technological developments. It argues that new media policy initiated a change from the traditional role of governments as the main provider of information and a key player in protecting local culture and local programming (Katz, 2000). Further, it concentrates on changes in Israel's broadcast media as a way to evaluate the policy of protecting and

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encouraging local production. This evaluation can be seen as part of a universal problem that deals with the impact of the free market approach, which has secured the transformation of broadcasting into a market-led industry, dominated by commercial considerations and technological advancement.

The changes in media policy and the transition from cultural values to commercialization resulted in growing adoption of technological advancement and new policy objectives. It emphasized the role of free competition and provided the market with the means to determine the course and nature of development according to technological advancement and market demand. Deregulation and privatization policies led to a rapid growth in the number and variety of channels, and this process resulted in a growing number of subscribers. Global television created two central developments: a new global communications order and the striving for a new cultural order whose influence is significant beyond global changes. Changes began taking place after public broadcasting bodies were exposed to competition from commercial broadcasters. Reactions were mixed which led to debates on the culture of communications. Though these debates differed among countries, the trend was clear: a merging of the old model of public broadcasting with the new model of commercialized broadcasting (Katz, 2005).

The marketplace for television programming changed considerably with the emergence of new technology and multi-channel services. The globalization of media markets also changed the concept of local culture, as the distribution of global programming became a subject matter for debate in many countries. The dominance of American programming has meant that almost the same programming is available in all markets, including programming provided on local channels. Partially because of this, local authorities now have difficulties combating global media services and global culture, and even programming quotas have loopholes that allow foreign ideas to enter as long as they are produced domestically (Waisbord, 2004).

The vast increase in the number of available channels, together with the wide range of advanced technological and information services that are provided, has changed the relations between technological advancement and cultural aspects. The global flow of cultural media products means that cultural distinctions have become less powerful than the free flow of information and the spread of commercial programming (Katz, 2000). According to Colin Sparks, there is a general consensus that the contemporary world is best understood through the prism of globalization. Opinions differ as to whether globalization is a positive or a negative development, but there is general agreement that whatever is going on is either a symptom or a consequence of globalization (Sparks, 2005).

The concept of global culture refers to the formation of common cultural values in different societies. The cultural impact of global media offers a dominant structure which includes competitive and commercial transmissions, live transmissions around the clock, and programs with characteristics which are common to a large number of countries (i.e., news, sports, music, entertainment, fashion, science, and movies). These global media offerings bypass the authority of local governments by providing transmission and reception of channels outside their country of origin. The global environment of proliferation of programming and culture has created common cultural characteristics having to do with food, fashion, music, entertainment, tourism, and the consumption of television programs. Global media

services aim at a global audience, one with no geographical or national borders, as well as no political, religious, social, cultural, or other differences.<sup>1</sup>

Thus, the question that arises from the proliferation of global culture is this: What should be the response of local cultures? There is no argument that American domination of the global television market is a key factor in the rise of global communications culture, nor is it a reason why countries outside the United States feel the need to encourage local television production. But in contrast in examining the local aspects of the global programming marketplace, it is evident that more traditional values like religion, language, and local symbols have remained within the boundaries of local cultures.

The result is that commercialization has been an issue for debate around the world, as has been the threat to local cultures from an increase in foreign programming. However, despite differing political philosophies, the general trend over the last three decades has resulted in a reduction of direct controls as market forces became the primary determinant of market directions (Alexander, Owers, Carveth, Hollifield & Greco, 2004).

Policy changes in the traditional cultural policy that identified Israeli communications for many years have included new channels and more pluralism, changes were introduced as technological renovations and deregulation started to dominate. The global atmosphere of privatization now dominates local policy changes, and the transition from a public and monopolistic media to an advanced system also includes competition between technologies. Israel has turned to new technologies and broadband services as a way to boost its economy and develop the telecommunications network. Driven by the adoption of new technology, building an advanced telecommunications infrastructure is regarded as essential, since global companies are investing in local and international telecommunications projects.<sup>2</sup>

The new structure means that new media services have become widespread. Multi-channel competition is leading the transformation, featuring new programming services and advanced applications. In examining the global revolution in media policy and the convergence of new media and

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<sup>1</sup> Despite the global course that has prevailed, definition of the influence of global communications is wide. According to Hamelink (1993), global communications is defined as a creation of a multi-nation market of entertainment and advertisement that influences most, if not all, people and reaches all corners of the world. Others narrowed the range of influence by relating to the international aspect of communications. Negrine and Panalpanopoulos (1990) refer to global in television broadcasting that is transmitted in at least three countries, and Herman (1993) claims that a broadcast that crosses borders is one whose influence exists within the state borders, but still manages to influence other states or societies. According to this notion, while the definition of global communications includes worldwide television broadcasting, the definition of global culture blurs the difference between local and global media, in that they include almost every kind of broadcasting.

<sup>2</sup> As the experience from other countries shows, foreign investment is needed to develop an advanced and modern infrastructure, as local markets cannot undertake this mission alone. Similarly, the communications revolution in Israel was also stalled for many years until foreign investment became available.

telecommunications policies, it is evident that new media are in competition with other information services, guided by commercial and global, rather than cultural and local considerations. The most distinct development course that identifies Israeli broadcasting is the changing structure of new media policies, led by deregulation, privatization, and convergence.

The changing definition of culture has been the result of deregulation and privatization policies. New technology is seen as an opportunity to change the course of development from that which fit the old technology to a new structure that benefits from the global connection. The investigation of Israel's broadcast media in this research is based on the conclusion that, as a modern and advanced country that can be considered as an integral part of the globalization process, there is great importance in protecting local interests. This conflict is well rooted in the development of the local media policy.<sup>3</sup>

### ***The British-inspired Model of Public Broadcast Monopoly***

Israel is considered a country of immigrants, and television has always been an important mean in creating an immigrants' society. It has been seen as an important medium in the process of social unity, as part of a demographic structure of immigrant absorption, and as a force which has affected all groups in Israeli culture equally. With the beginning of television broadcasting, the public broadcasting model became dominant, based on the European experience. The goals were to serve the good of the public and to be independent of political or commercial influence, with emphasis on local culture programs. To achieve these goals, the public broadcasting organization (the Broadcasting Authority) was compelled to promise representation of all groups of the population — to give true expression to a range of opinions, tastes, interests, traditions, preferences, beliefs, and local subcultures — including different regional representations, minorities, and languages.<sup>4</sup>

The development of the broadcast media was led by requirements for educational and cultural programs, based on the traditional concepts practiced by the governmental public broadcasting organizations in Europe. The public broadcasting network was established in the likeness of the BBC — in its reign as a monopolizing body — and based on the public broadcasting model. Like the BBC, the transmission of public and educational programming was an important mission of the public broadcasting service, which had the duty to strengthen the connections between the Jewish traditions and encourage Hebrew culture. Public financing was another important element, as the main financial source for public broadcasting was license fees (in addition to radio advertising and limited non-commercial advertising on television). The Broadcasting Authority was also established in the likeness of the BBC in terms of public accountability: It was directed by a council representing the cultural and educational segments in society, and it had to be independent of the government, thus representing the public's good and not political interests.<sup>5</sup>

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<sup>3</sup> For more information on the development of the communications system during this period, see Doron, 2001; Katz, 1999; Schejter, 2003.

<sup>4</sup> On the public broadcasting in Israel, for example, see Caspi, 1996; and Caspi and Limor, 1992.

<sup>5</sup> On the first two decades of broadcasting in Israel, see Gil, 1986.

The reasons for establishing public broadcasting were based on technological, political, and cultural considerations:

1. Technologically, public broadcasting developed as a means to control the national frequencies, considered a limited public resource (Israel has only two over-the-air national broadcasting stations, and another national channel is available only through cable and satellite).
2. Politically, because of the great influence of television, there was a need for supervision of political broadcasting, so that it would be of educational and cultural nature (Israel is small in both area and population, and the limited competition and commercial potential prevented transferring the control of broadcasting to the hands of commercial entrepreneurs).
3. Culturally, television was an important element in the process of social unity, as part of a demographic structure that encouraged immigrant absorption, which affected all groups of the population. (The central roles were instrumental in the process of national integration through the adoption of one nation that united different ethnic and cultural groups, and the public television service was an important vehicle in creating an immigrants' society).

The media system can be described as the actual set of the mass media in a given national society (McQuail, 2000), and indeed the development of the broadcasting media can be seen as a symptom of the development of the Israeli society. Public broadcasting policy reigned unopposed, based on the need to encourage local culture and prevent the control of commercial programming. The unity of the local society, as an immigrants' country, was a key principle. The goals were to integrate the different groups of the population and prompting socio-economic development by focusing on cultural and educational broadcasting.<sup>6</sup> A central characteristic of Israeli broadcast media is the public supervision of its development. Although this policy has been modified to match changes in global communications, it remains inclusive and influential in all branches of the broadcast media. This structure still stands today, since all broadcasting stations, both public and commercial, are under public supervision.<sup>7</sup>

Over the years, technological upgrades have allowed for the addition of new channels, but the government has asked to maintain control of the entire system. Until the start of commercial transmissions and cable services in the 1990s, public television included only one governmental channel. The long delays in new developments and the political arguments surrounding them required a mixed model, one which guaranteed that commercial services were obligated to be a part of public broadcast programming.

Israel reanimated the public broadcasting model that characterized the country for many years with the breakup of the monopoly, the transition to private ownership, and the expansion of commercial channels. The monopolistic television changed to a multi-channel system, with commercial television, cable, and satellite broadcasting. The new structure offers a combined approach, where, alongside each

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<sup>6</sup> On the role of public broadcasting in Israel, see Gil, 1986 and Katz, 1971.

<sup>7</sup> On the development of new services, see Katz, 1999.

other, there are privately financed cultural and commercial programming and government broadcasts which are publicly financed.

The development of the broadcast media followed the trail of European broadcasting, although the role of public broadcasting remains inclusive. In examining the changes in media policy, it is evident that the public service structure still stands today, as all broadcasting stations, both public and commercial, are under public supervision. With the addition of new services, the traditional structure was changed into a mixed model, combining public and commercial broadcasting under the same public principles.

Even after the breakup of the monopoly, Israeli media policy continues to enforce broadcasting of public programming and public supervision, both in commercial media and the multi-channel systems. The commercial national services followed the structure of the British Channel 4 in all that relates to programming and public supervision. Despite the transition to competitive and commercial media, a disagreement on what the nature of new media should be — public or commercial — still dominates. The extent of the debate shows that the combination of public and commercial broadcasting leaves a solution that is not agreed upon, a situation where the creation of a combination is without reprise between public broadcasting policies, competitive commerce, and the multi-channel system. The multi-channel network can also be compared to the British structure, mainly in the adoption of technological advancement and the start of digital services on cable and satellite.

As in other countries, the government has been directly involved in establishing new policy, although what makes Israel different is that the government is still the most influential player in both public and commercial broadcasting. Two decades after the outset of private broadcasting and commercial television, the broadcast media still await the breakthrough to independence. In the current situation, broadcasting is not truly private, not truly commercial, and not truly independent. The government remains involved in all aspects of broadcasting through its roles appointing the public councils, determining the annual budgets, and providing the franchise system. This policy also applies to commercial television, as the government and the public council determine the terms of the franchises, including the amount of local production, the type of programming, the schedule, and the total investment according to the proposed programming.

The duty of maintaining local culture ensures the principle of “quality programming” on the new map of the broadcast media. The original version of ITV (British Channel 3) was embodied in the Second Channel Law and later in the Third Channel Law: The channels were activated by private companies subject to public supervision. It is interesting to note that, in that respect, the list of requirements for local production has been growing consistently. The original franchise for Channel 2 (Israel) required 33% of local production; this proportion was raised to 40% in the franchise for Channel 10 (formerly known as Israel 10), and it has now been increased to 50% in the new franchise for Channel 2.<sup>8</sup>

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<sup>8</sup> These rules have also been applied to the renewed franchise of Channel 2, starting from November 2005. The rules in the first franchise included a demand for at least one third of the broadcasting time to be devoted to local and original production, and in the Channel 10 franchise, a limit of 40% was

The law sees Channels 2 and 10 as public television stations, when practically the main difference between them and Channel 1 (the all-public network) is the financing of the transmissions through commercial and noncommercial advertisements. The combination of public and commercial broadcasting is apparent in the goals set by law and in the franchises, which provide the character and content of the channels. Therefore, the Second Authority for Television and Radio regards channels as commercial, since the establishment, operation, and execution of broadcasts is financed by the commercial operators. Yet this Authority puts meticulous care into the quality of broadcast as a response to the needs of unique groups of the population and in relation to the public considerations.<sup>9</sup>

The government has been deeply involved in all aspects of commercial television, starting from the franchising process and continuing on into its current operation. The laws for the commercial channels construe them as national channels obligated to broadcast public and commercial programs with high proportions of local production. The franchise includes specific sections on original production representing issues like local culture, local science and history, and Jewish heritage, as well as focusing on different segments of the population including peripheral areas and minorities. The roles of local communications culture are to give a platform for the expression of different opinions and stands, provide unbiased and reliable information, supply programs to all sections of the public, provide a platform for criticism of government activities and policies, give opportunities for original creation from all fields of culture, and provide reliable means for emergency communications — all in a manner that presents the principle need for public communications tools in a democratic society.<sup>10</sup>

Under the new structure of broadcasting, the foundations of public broadcasting still exist today, since all of the channels are under public supervision. The current media policy is based on preservation of local culture through commercial broadcasting under public supervision. The formula of combining cultures was adopted in the commercial policy, with the channels being operated by private companies under the supervision of the public authority that applies strict regulations regarding original production.<sup>11</sup>

### ***Implications of Commercial Competition and Continuation of Public Control***

Media policy changed considerably within the global process, although local perceptions remain significant. In Israel, this process started with cable systems and commercial television, and it was intensified by the addition of direct television broadcasts via satellite and a second commercial channel. But the dominance of multi-channel culture has aroused local opposition, and it obligates the creation of

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imposed (before it was changed by the regulators). The current franchise for Channel 2 requires 50%: Since the channel includes only two operators, instead of three in the previous structure, the amount of original programming is much higher.

<sup>9</sup> This is according to the Head of Israeli Television, as stated in an interview in Yedioth Aharonot. See "The Journal of the Public Officer," Yedioth Aharonot, Seven Days Section, pp. 30-34, April 29, 2005.

<sup>10</sup> According to the texts of the franchises for the commercial channels, Channel 2 and 10.

<sup>11</sup> See Katz, 1999; Doron, 2001; and Schejter, 2003.

defense mechanisms. The opposition goals are to defend local culture from dominance by multi-channel culture, as well as to enable local broadcasts to compete with commercial broadcasting.

Israel has adopted the mixed model of public broadcasting and a free market approach. Despite the will of the government to keep the power of public broadcasting in its hands, the addition of commercial and multi-channel services was a result of the changes in the political and public atmosphere. The development of new media demonstrated the transitions from public to commercial broadcasting and from locally focused policy to a multi-channel structure, and it also created major changes in the broadcasting policy.

Public policies have been influenced by the clear tendency of the transition to commercial policies based on competition. The television advertising market expanded mildly following the addition of a second general commercial channel (Channel 10), and additional designated channels transmitted through cable and satellite — an Israeli channel in Russian and an Israeli music channel. As part of the mixed structure, the limited advertising market needs to maintain the requirements for original production. The opposition to the expansion of commercial advertising maintains that the television advertising market cannot expand beyond its current dimension because new channels would not be able to transmit the required amount of local programming, which are more expensive, and still survive the competition.<sup>12</sup>

The mixed structure of combining commercial broadcasting under public supervision was developed because cultural aspects consolidated in every broadcast means, based on regulatory preferences for cultural and informational programs. This policy has been implemented through supervising bodies whose jobs are to ensure local productions. The compromised structure has remained almost unchanged, despite technological changes, based mainly on a commonly agreed-upon principle that there is a status quo between the three branches of the broadcast media: Public broadcasting is financed through the license fees, the commercial services have a monopolized status over commercial advertising, and cable and satellite are financed through subscription fees. This structure is voiced every time a change in policy is discussed, as the desire to upgrade the range of broadcasting via adding commercial channels clashes with the need to maintain the public character of broadcasting.

The dual system has been implemented according to the structure that has dominated European broadcasting for many years, representing a combination of commercial broadcasting under public supervision. It is a compromised system, one enacted in order to promise a high quality of programs. The transition to market policies is balanced with the continuation of public supervision: The government establishes the legal framework to allow private commercial broadcasting and new media to operate while assuming that these obligations are fulfilled (Weiman, 1998).

The restrictions imposed on commercial television illustrate their perception as public channels. For the first 12 years, the main commercial service, Channel 2, was operated by three companies with each one transmitting two days a week, and Saturday being divided among them. In addition, three other

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<sup>12</sup> On the compromised structure of public broadcasting, see Zukerman, 1989. On the compromised structure of the commercial market, see Katz, 1999.



public agencies were involved in the transmissions: Educational Television, the Second Authority for Television and Radio, and the News Company.<sup>13</sup>

The combination between public and commercial broadcasting stands out among the goals set by the law and the franchise documents of the commercial channels. According to the franchise text, the commercial channels are operated and financed by the franchise owners, but they are supervised by the Second Authority for Television and Radio. The supervision is strict on the quality of programming, providing solutions to the needs of the entire population and different groups while relating to public considerations and local culture.

The franchise for the main commercial service (Channel 2) states specific requirements for the imposition of local culture, mainly in the total expenditure in programming and the specific type of transmissions. Total investment in programming should be at least 60% of the revenue, with at least 17% for drama and documentary; 45% of the programming budget should be devoted to local production, and when the revenue is above \$150 million annually, local production should be 50%; 10% of local production should be in peripheral areas, including 60 hours a year devoted to peripheral areas, 60 hours to cultural programming, and 48 hours to Jewish heritage and culture; 5% of the transmissions needs to be translated into Arabic, including 1.5 hours per week of general programming and another half hour for an Arabic news program produced by teams from the Arab sector; and 5% of the transmission time has to be in Russian. These requirements were designed based on the claim that, in the initial period of Channel 2, the transmissions were aimed mainly at the mainstream and a more economically-based segmentation of the population, and they did not properly represent the whole of the society; i.e., it did not fulfill its social and cultural duties as a channel with public obligations.<sup>14</sup>

Despite public criticism of the heavy requirements, viewing surveys carried out by the Israeli Rating Committee show that local productions constantly acquire a higher viewing percentage than foreign programs. Programs transmitted by the national channels are the most viewed. Programs produced by cable and satellite do not appear in these lists, and this fact alone demonstrates that the commercial channels are not in direct competition with cable and satellite, since their main goal is to provide cultural programming. Among the most popular programs are news shows, current affairs programs and local productions featuring a combination of global and local events. The most lucrative are those that combine global characteristics with television genres having local culture characteristics. This shows that the best way to combine global and local interests is to implement the successful principles of imported entertainment broadcasts and exploit them to convey local cultural messages.

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<sup>13</sup> State agencies run other public television services, including Educational Television (transmitting on Channel 1 and an independent channel on cable and satellite) and the Knesset Channel, as well as public radio services — the radio services being operated by the Broadcasting Authority — and Galei Zahal, the military station.

<sup>14</sup> According to the former Director General of the Second Authority for Television and Radio, in the initial period of Channel 2, from 1993 to 2005, it represented "young, rich, highly educated men living in the central part of Israel (greater Tel Aviv area). The current requirements favor programming that appeals to all segments that had been neglected.

The policy of protecting local culture has been further intensified by the Knesset — the Israeli Parliament. All new media services are obligated to fill in different quotas of original production, including channels transmitted by cable and satellite and foreign channels with Hebrew subtitles, although their quotas are low in comparison to commercial channels.<sup>15</sup> Another legislative effort to protect local culture was the decision to launch five designated channels financed by advertising: one targeted to Russian speakers, one for Israeli music, one in Arabic, one for Israeli heritage, and a news channel. This structure aims to explore different cultures of Israeli society in a way that provides better opportunity for the parts that had previously not been equally served by the national channels. Conflicting views exist over these channels, challenging the claim that the government's job is to explore traditional cultures through commercial services (and indeed only the first two have actually been launched). Another argument maintains that the concept of channels aimed at special-interest groups harms the collective culture that identifies a society and threatens the national concept of a common culture. The debate over the structure of the broadcast media shows that they are operating according to conflicting conceptions of public and commercial nature, as a compromised structure aimed to answer public demands for a wider variety of transmissions. The role of advertising within this structure can be seen as a means to offset the financial requirements for public and original transmissions. Accordingly, the public service nature demonstrates that the financial future of commercial transmissions is dependent not only on market forces, but also — and perhaps even more so — on the nature of political supervision imposed on the broadcasting media.

### ***Attempts to Navigate the Global Marketplace***

During the last three decades, European broadcasting experienced a period of continuous change that has been associated with technological developments (Papathanassopoulos, 2005). Common to all countries was that the traditional public service broadcasting came under scrutiny, with questions being raised about the viability of continued public funding (Harrison & Wessels, 2005). This complex environment resulted in the new, modern structure of broadcasting, one which combines public broadcasting with commercial and new media services.<sup>16</sup>

Israel went through the same course as Europe, although at a different timetable. It adopted commercial television and multi-channel services in the early 1990s, thereby abandoning the monopoly status of the public broadcasting service. Despite the long-standing domination of public broadcasting, policy changes resulted in the defeat of early theoretical models and the triumph of commercialization and

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<sup>15</sup> These rules also apply to foreign channels aimed at Israeli audiences. The 2001 Telecommunications Law sets the rules for commercial advertising in foreign channels. Any channel with more than 25% of the ads aimed at the Israeli public is defined as a local channel and cannot be commercial. The Cable and Broadcasting Council set additional strict rules on the transmission of foreign channels that include programs aimed at the Israeli public. They ruled that, since foreign channels are not obligated to transmit locally originated programming, they should also be prohibited from airing commercials aimed at Israeli audiences.

<sup>16</sup> On changes in media policy in Europe, see McQuail, 1995.

new media. It was the combination of technological development and deregulation that provided social and political transformations and allowed for the immense growth of private services.

This process can be defined as transformation from local to global culture, as well as from public supervision to competition. It reflects two main processes that occurred in the local media policy:

Firstly, commercialization, which resulted in the passage from public to commercial broadcasting. Dominated by competition between new and traditional means, it allowed for the adoption of technological innovations and a new variety of programming. The start of commercial broadcasting reflected a new policy based on the desire of the public for a wider variety of transmissions, although market policy had been balanced through a franchising system.

Secondly, globalization, which enabled technological development and allowed the adoption of a dominant-free market philosophy. The influence of global culture includes the adoption of technological developments, along with domination of new media and commercial competition. Despite the partial adoption of market policy, the current structure demonstrates a compromise between global culture and local interests, as the communications culture is based on a policy of discrimination in favor of cultural programs and inclusive public broadcasting, one that also influences the commercial and private media.

Although the global course has made its impact on the Israeli broadcast media market as well, analysis of the evolution of new media policy illuminates the different way that policy has developed. Privatization and commercialization are certainly increasing, but these trends are still partial, following the debate on the means to finance the broadcasting channels. Additional policy changes, having given priority to a free market approach without government supervision, have not been adopted, despite the global impact. Despite the attempts to navigate the global marketplace, it is fair to say that as long as public service principles dominate, the adoption of an open-skies policy is not feasible.

The policy of trying to protect local culture in a global environment has resulted in the preservation of local culture and limited competition. The government is deeply involved in determining media policy through indirect control. It doesn't directly intervene, but it does appoint different authorities who determine policy. According to this approach, cultural needs constitute the main goal of broadcasting in Israel, where global communications and local culture live in harmony. This includes requirements for local production and encouragement of local culture in all the channels which are defined as local.

Common to Israel is the contrast of interests between local and global effects. Global trends forced technological advancement and policy changes, while local policy and interest groups which have maintained the public service nature of the broadcasting system. These two conflicting forces have provoked a debate on the impact of the commercialization of the broadcasting system, which has then resulted in a complex structure of public service and commercial provisions.

The significant changes came as privatization and commercial advertising started to challenge the favorable status of the public service structure. They included an increase in the number of broadcast means, a breaking of the monopoly on news and domination of commercial approach, combined public and commercial broadcasting, and private ownership of broadcast means. Similar to the changes that took place in other countries, changes in the structural order were apparent in the privatization of the

broadcast media, with a wider variety of channels and programs, a reduction in supervision, and authorization for commercial advertising on additional channels. The increase in the number of channels and the availability of a wider range of programs resulted in adoption of new communications means and private and commercial channels.

European public broadcasting changed since the growth in the number of commercial channels, it made it difficult to justify the continuation of public broadcasting, whose audience was diminishing. It became necessary for commercial advertising to finance public broadcasting, which lost its nature and identity and began to be influenced by financial power groups and advertisers. The same changes are taking place in Israel today, although the policy of protecting local culture through the imposition of local programming still dominates the nature of the broadcasting system. Although the process of transfer of influence from public to commercial broadcasting is partial, global influence is also evident, and the experience in Israel cannot be different from that of other countries.

Although it can be assumed that the global process of commercialization and domination of technological advancement will also prevail in Israel, the local aspects are related to the lack of decision regarding the future structure of the media and its public or commercial character. Although the government has decided on a new plan to revolutionize the broadcasting system, the main cultural issue up for debate relates to the extent of multi-channel and commercial competition in a way that would guarantee the right combination between multiple channels and local culture.

Fully implemented, the new policy would introduce competition into the media market, as all broadcasting services will operate under a 'lighter touch,' which means that licenses rather than franchises would be granted. In the long term, the new policy is also intended to change the structure of the regulatory authorities by transferring their powers to a new body based on the model of the American FCC. The new central public authority would be responsible for licensing and supervising all public and commercial television services. Thus far, the lack of a comprehensive policy that considers the most likely structure for the broadcast media has prevented a revision in the existing structure and the possible adoption of an open-skies policy.<sup>17</sup>

### ***Pressures on Localism Arising from New Technologies***

Israel is considered an advanced high-tech country. It was referred to by Bill Gates as the "second Silicon Valley"; it is ranked second only to the U.S. in the number of companies listed in the NASDAQ; and it dedicates 4.8% of its budget to support high-tech endeavors.<sup>18</sup> The requirement for advanced services identifies the entire broadcast and telecom markets and places Israel as a leading country in terms of the provision of advanced services. Digital services are available through cable and satellite, providing multiple channel and advanced services; high-speed Internet services are available

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<sup>17</sup> The government has approved the new policy, although the Knesset, the Israeli parliament, has not advanced the legislation.

<sup>18</sup> According to the former Prime Minister, Ehud Olmert, Israel invests in high-tech more than any other country. See Glocs, February 26, 2008.

through cable and telephony; competition is starting in local telephone services; cellular companies offer advanced services, including 3-G; new technologies are being developed, such as IPTV and VoIP, HDTV, and digital radio, and the government intends to establish a digital terrestrial network. The main characteristic of the new structure is the ability of different technologies, including the national telephony service, the national cable service, and the cellular companies, to supply a range of services including television, Internet, and telephony.

The structural changes are a result of technological and global processes that are influencing political decisions and changing the definition of culture. But although privatization has increased the impact of market forces by allowing commercial operation, the main consequence of the requirements for advanced technology is limited competition, which means that only large-scale service providers are involved in the market. Competition is limited in all sectors of the communications market: public broadcasting is controlled by the Israel Broadcasting Authority; the commercial market is dominated by two national channels; and the cable systems have been permitted to merge into a national service that is in competition with the national satellite service, Yes. The national telephone service, Bezeq, controls 85% of the local telephony market and supplies 65% of Internet connections. It also controls the satellite service and a cellular company (Pelephone), and thus it is involved in all parts of the communications sector. The national cable network offers a bundled service of television, telephone, and high-speed Internet, and provides marginal competition to Bezeq. Competition has developed in the cellular market, although this is also limited, since the four national operators provide the same services and act, in practice, in a monopolized manner, according to the Monopolies Commissioner.

The policy that encourages large media and telecom groups has been initiated to secure technological advancement, based on the assumption that in a country that is considered small in population (7 million), there needs to be an incentive for entrepreneurs to develop technology-advanced systems and local programming.

The lack of competition has its own price, as the immense influence of the monopolized services prevents the government from issuing a competitive policy aimed at dismantling monopolies. Despite the exploitation of new services, the communications sector has not advanced to the same standards of competitiveness and commercialization of media markets around the world. The television advertising market expanded mildly following the addition of a second commercial channel and designated channels, but the impact of the channels aimed at specific segments of the population is limited, and the national service of Channel 10 has failed to provide real competition to Channel 2. It ceased regular transmissions a month after it went on the air and started a period of "experimental transmissions" in which it was temporarily released of the requirements for original productions.

Regulatory conclusions from the early period of Channel 10 were that the commercial market is too small for free-market competition, and that without assistance from the government, even a sole competitor to Channel 2 would collapse. As a result, the franchise for Channel 10 was extended by four years, until 2014, and a franchise was awarded for the second period of Channel 2, from 2005 to 2015. These moves guaranteed limited competition between two commercial channels and delayed the start of open-skies policy for many years.

Even this limited competition is not certain, as Channel 10 did not live up to its contractual obligations for local production, and the Knesset decided to terminate its franchise. The operators of Channel 2 supported the request to reduce these obligations, while local producers demanded that the government should enforce the original terms of the franchise. After long debate between the Second Authority for Television and Radio and Channel 10, it was decided the channel would complete its obligations according to the franchise.<sup>19</sup>

The current policy offers limited availability of advertising channels. With limited space available, the cost of a televised advertising campaign is too high for most Israeli advertisers. According to the Second Authority for Television and Radio, only about 200 companies regularly advertise on commercial television, with around 50 big advertisers providing most of the total advertising income.

The decision to privatize the broadcasting media cannot be considered a change in policy, but a partial commercialization of the public radio and television services. Despite shift in the balance between public and commercial broadcasting, the overall global impact is still marginal. The limited development of the broadcast sector is related to the larger debate on the perceived global and commercial influence on the complicated structure of the broadcasting system. Local interest groups argue that the limitations imposed on the broadcasting media are aimed at guaranteeing the financial base of the existing television services, and at the same time, at maintaining the public service nature of the television sector.

This process can be seen as having the role of maintaining the public service nature of the broadcasting services while providing a wider variety of services. Since all channels are committed to heavy duties of public broadcasting, the limited competitive market is aimed at securing their financial stability to produce local programming. Cultural opposition to commercial expansion states that the market cannot extend beyond its present dimensions. According to this approach, the meaning of addition of new commercial channels is that more parties will compete for the same share, and the income of the national services will decrease. In this situation, despite the advent of pluralism, free competition will lead to deterioration of program quality.

There are conflicting forces at work here, between the advocates of public service and the forces supporting commercial policy arising from new technology. Examination of the question of open-skies policy demonstrates the relevance of the internal debate on the extent of commercialization. Further deregulation is subject to the perceived influence of global media policies and the counter-impact of domestic forces operating the media sector. The result of this conflict of interests should establish a coherent policy for the development of the broadcast media, under which the larger question of open-skies policy should also be concluded.

Global changes are making their impact on the Israeli media market in technological advancement. Like other countries, the new private and commercial outlets have evolved to play an important role within the broadcast system. The new atmosphere, which can be compared to the state of broadcasting in other countries in earlier times, leads to the conclusion that policy changes are likely to follow the global course, although at a different timetable. Based on this assumption, an open-skies policy

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<sup>19</sup> See "Channel 10 establishes a plan to continue its transmissions," Inian Merkazi, [www.nil.co.il](http://www.nil.co.il), February 2, 2009.

is also likely to be adopted, following global trends and changes in the local media market. However, this process might be further delayed because of the existing public service nature and the strong hold of domestic special-interest groups. Although, based on global experience, the end result is clear, the timetable remains to be seen.<sup>20</sup>

### ***The Counter-Impact of Foreign Investments***

Another critical debate that results from the protection of local culture relates to the policy of encouraging local ownership of the broadcast and telecom systems. Government intervention only impinges on the development of the communications system, since forcing a high percentage of origin production makes it less appealing for foreign investors to come and invest in a non-competitive broadcast media.

The direction of foreign investments in Israel's communications has been in contrast to the greater globalization process and opposite to that which everyone would normally expect. Until the 1990s, public broadcasting and a state-owned national telephone service dominated, and there was no room for commercial or private initiative. Obviously, no foreign investment was available. The communications revolutions started in the first half of the last decade, as massive foreign investments boosted the broadcast and telecom markets (the establishment of a national cable TV system and the launch of commercial television, the partial privatization of the telephony service, the start of competition in long-distance telephone, and the addition of a national cellular service). However, in the second half of the 1990s, almost all foreign investors left the market. Since then, new projects have been begun (a national satellite service, a second commercial channel, and a variety of channels available via cable and satellite), but these have been financially supported almost entirely by local investors. A decade-long requirement for local ownership of the national telephone and telecommunications monopoly service proved unsuccessful until the government agreed to change the foreign ownership rules. In addition to foreign control of Bezeq, the broadcast market also witnessed recently the coming of foreign investors, who control 49% of Channel 10 (Israeli law requires 51% control by an Israeli corporation or businessmen in commercial television). But the other main broadcast services — namely Channel 2, cable, and satellite — are still dominated by local groups.

With Israel being an advanced and modern country, a significant question then arises: Why was almost no foreign investment available in the broadcast market for so long, even during the best years of the telecom market around the world?

The obvious answer, with which almost everyone immediately responds, is that global politics and the political situation in Israel, namely wars and the Intifada, the Palestinian uprising, made it an unstable

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<sup>20</sup> The limited commercialization has made its impact on the cost of subscription to basic cable or satellite services, which is much more expensive than in other countries. The high cost means that basic subscription is more than 60% more expensive compared to other countries. This claim is based on a survey comparing basic subscription fees in Israel, the U.S., Britain, Australia, France, and Spain (Institute for Public Trust, March 13, 2008).

investment. But this conception is wrong, and opposite to the real reasons for the development of communications services in Israel.

In the period between the late 1980s and the mid-1990s, the first Intifada took place, and the Gulf War threatened global peace. Yet during that time, foreign investment was at its peak. During the following period, the Oslo Accords between Israel and the Palestinian Authority had been achieved, the Intifada was terminated, the Middle East was at one of its best times ever as far as political and economic prospects, and the Israeli economy grew at the highest rate in the world for several years (with GDP around 6% annually). Yet, it was then that almost all foreign investors left Israeli communications and that others did not come in, despite new projects issued by the government.

The early 1990s provided a great opportunity for investing in a modern country with a communications system that had lagged for many years, while the period after that was identified by a mixed and unclear policy by the Israeli government, providing an unclear future for the development of the communications and telecommunications markets. Entrepreneurs who looked at Israel as a country with great potential saw how this potential could not be realized due to lack of coherent government policy. And they left.

During this period, the media markets had been transformed from a monopolistic system to a diversified and competitive structure, with advanced technologies and high penetration rates. Israel was an advanced and modern country, and its broadcasting and telecom sectors were highly advanced in terms of technology and the provision of advanced services, yet its media policy was based on public-service principles and lack of competition, and it was dominated by monopolized services.

The process of removing the restrictions on the provision of additional private and commercial channels has been balanced by distinct local influences, including political, social, and cultural interests. The way leading to open-skies policy is still far-off, despite the advanced technological abilities to provide hundreds of digital channels and advanced interactive services. The extent of the new policy is yet to be determined, and that means that different hurdles are to be expected, including the control of different monopolies and the consent and knowledge of the public to act in a free-market landscape. It should be acknowledged that, while monopolistic media and telecom systems have dominated the entire existence of Israel, neither the market nor the public are fully prepared to change the traditional and familiar, yet old-fashioned, rules.

It seems that the things which really drive the market are the prospects for the development of the communications system. Politics, global politics, and the internal situation in Israel are not relevant. At least that's what history tells us. This can be explained in that Israel is considered a well-advanced, hi-tech country, and what is really important to global investors is a comprehensive policy that allows market forces to develop technology and compete in a commercial and deregulated environment. Future development is dependent upon finding the combination between the need to protect local culture and the imposition of multi-channel culture. In order for Israel's multi-channel sector to achieve the goal of an open-skies policy, a media policy that is attuned to global policy changes and able to protect local needs should be established.

Adoption (and implementation) of an open-skies policy should bring Israel to new heights, with more money devoted to commercial transmissions and dominant global policy objectives, rather than the



local- and public-based policy that has dominated for many years. To achieve this goal, the local market should be more competitive, and a competitive environment should be enforced. With an open-skies policy in the media and telecommunications markets, the potential is huge, and this goal achievable.

### **Conclusion**

This article attempts to explore the counter-relationship between culture and new media while concentrating on the perceived changes in communications culture as a subject that can assist countries that are more culturally vulnerable, such as Israel in defining their identities. It explores different aspects of the junction between local and global culture, which best explain Israel's convoluted media policy. Although the passage from local to commercial dominance is gradual, it is possible to distinguish a policy of local culture encouragement, which includes a demand for a given minimum of local programs and limitation of commercialization.

This policy followed the trail of European experience, where a tradition was formed of monopolistic broadcasting bodies with an obligation to public broadcasts. Governments tried to preserve local culture by significantly lowering the percentage level of programs purchased from other countries, and educational and cultural programs were imposed even in the information and entertainment sectors. But deregulatory moves and new media policies have progressively increased the role of market forces in shaping technological expansion. The process represents a departure from the previous theoretical preference for an emphasis on cultural representation, as national distinctions between new media policies have diminished and new media services have become widespread. Multi-channel competition is leading the transformation, along with new programming services, advanced applications, and free-market approaches.

The research concentrates on changes in the communications culture of Israel's broadcast media and the transformation from public service principles to commercial environment. Although the marketplace for television programming changed considerably with the emergence of new technology and multi-channel services, the changes in the communications culture followed the increase in global television programs and created a passage from a local culture to a global one. One of the main aspects of this process is the debate over open-skies policy, an issue that brings into play the counter-impact of global policy on the efforts of local-interest groups involving new technology and cultural identity. Although it involves the question of how to deal with global changes, the main dilemma is the extent of cultural versus commercial and technological impact.

The development of the Israeli broadcasting media can be seen as a part of a structure that allows new media and commercial services while protecting the principles of public broadcasting. The idea of protecting local culture has found its biggest support in commercial television, as both of the channels are obligated to transmit a high proportion of local-origination programming that represents all segments of the Israeli society. The public approach that dominates Israeli media policy limits commercial competition, allowing local culture to flourish. Under this structure, public broadcasting still dominates, since all channels are under public supervision, with the channels being operated by private companies are under the supervision of the public authority that applies strict regulations regarding Israeli-original production.

Israel's media policy amplifies the high level of local culture, and balances that with global advancement in technology and global policy changes. The cultural influence manifests itself in demand for local production in all channels, including designated channels and foreign channels targeted to Israeli audiences. This process can be seen as having the role of maintaining the public service nature of the broadcasting services while providing a wider variety of services.

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