

CHAPTER SIXTEEN

Israel: From Monopoly to Open Sky

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Television in Israel has developed in parallel with the growth and fashioning of this new nation as a modern Western democracy, ever since it achieved national independence in 1948. For many long years, State leaders contended with the question of if and how best to adopt a new medium in a new country. The socio-cultural climate left its mark on the adoption of the new medium while economic and human resources molded its characteristics.

Partial television broadcasts began in 1964, but it was only in 1968 that general television broadcasts were introduced. Three major stages can be identified in the development of television in Israel, each stage spanning approximately two decades. The first stage was the formative, incubation stage, spanning the first two decades of the nation's existence. This was followed by the stage in which television was monopolized by a single-channel system, also approximately two decades. Finally, the "open-sky" stage, characterized by multichannel television, began in the 1980s and continues to date.

The transition from a single-channel monopoly to an "open sky" cannot be considered apart from the overall context, particularly the climate of dramatic value changes in Israeli society, as expressed in a transition from a socialist European to a capitalist American orientation. These changes have extended to regulation policies of the broadcasting map, to control procedures of broadcasting media, and in particular, to television. The changes brought about many fissures in the original

British format of public-service broadcasting in favor of the adoption of various components of the U.S. model.

By and large, Israel has and still serves as a fertile field of competition between two basic broadcasting approaches—the European social attitude of public service broadcasting versus the American commercial attitude. Overall trends such as globalization, growth of media conglomerates, technological innovations and a variety of broadcasting techniques, coupled with local factors such as the identity crisis of public broadcasting and a shift in values amongst the political elite to neoliberalism, as well as pressure from entrepreneurs, have tipped the scales in recent years in favor of the American perspective. This includes a clear preference for the regulation of television channels by market forces.

BACKGROUND

The declared aspiration of Israel's founding fathers to establish a Western democracy could not bypass a burgeoning media. Just as political, judiciary, welfare, and economic institutions were molded in the semblance of modern democratic institutions, so too were resources and thought processes invested in the fashioning of an appropriate media industry (Caspi, 2005a). Founding fathers, including leading figures in the media, quickly understood the double-edged sword involved in the establishment of a modern media institution in a Western democracy: it is simultaneously an inseparable part of the infrastructure while also championing inevitable change in values and culture. Such change was of particular importance in light of the crystallizing of a new national entity founded on Zionist values, whose role was to melt the cultural gaps between immigrants from all over the world into a new pot. The cumulative cultural capital amassed as a result of the waves of immigration actually eased the fashioning of an appropriate media infrastructure, including television.

The adoption of a democratic ethos posed an essential challenge to the founders of the new nation. From its inception, the media institutions were promised a status similar to that acceptable in modern Western democracies (Murdock, 1993). However, from its first steps, the nation's founding fathers were drawn into a conundrum: as far as values, they were immediately faced with the need to reconcile authoritarian traditions in existence from the days of the Mandate, with new democratic norms. On a practical level, founders encountered the conflict between a desire to fashion a media map with maximum press freedom and expression and the practical needs of a regime that must continue supervising and controlling the media. In other words, how much media control is necessary in order to preserve command while remaining "democratic" enough? How much control can be given up, without risking vital political and national interests? (Caspi, 2005b)

The nation's new leaders sought legitimacy in the broadest sense possible, particularly from Western countries. It was therefore very important that they adopt the prevailing symbols of Western democracy, status of the media being among the most distinctive. It would seem that coping with this challenge was to characterize the process of shaping the media during the following years and, in particular, the subsequent status of television in Israeli society.

THE INCUBATION STAGE (1948–1967)

In the first decade after the establishment of the State, the partisan press and the foreign-language press dominated the media map (Limor, 1999). Continuity and succession marked mainly the partisan press, which flourished in this decade, because more than ever before, the newspaper was perceived as an efficient tool for mobilization of political support, particularly vital during election times (Peri, 1999).

In Israel, as in many other new nations, the founding leader was granted a nearly unquestioned status in many areas, including radio and television broadcasting. The resistance of David Ben-Gurion and his colleagues to the introduction of television was well-known. It apparently rested on three major reasons: first, a technology phobia, nourished by the climate in the Western world that attributed overwhelming influence to television.¹ Second, an economic concern of high costs that a new economy with limited resources could not shoulder. Third, a cultural anxiety that the new medium would challenge the Western cultural hegemony and accelerate pseudo-Western (Levantinization) processes. In particular, the nation's leaders were worried about the fact that Arab countries had hurried to adopt the medium. Broadcasts from neighboring countries were received in Israel and also threatened, though to a lesser extent, the cultural *Ashkenazi* (Western) Jews hegemony. They were able, however to fortify the ethnic identities of Jewish immigrants from Islamic countries (Winkler, 2005).

Several circumstances were responsible for a change in Ben-Gurion's initial negative opinions toward television, one of them bordering on the anecdotal. In 1960, while visiting France, the Prime Minister was exposed to a documentary film on the life of the bee. This program apparently brought home the fact that television could be used as a positive educational tool (Gil, 1986). And indeed, 1964 saw the introduction of educational television broadcasts, with the intention of promoting social and educational goals.² These broadcasts were first seen as instrumental in augmenting and enriching the educational system, particularly in development towns and border settlements, suffering from a lack of skilled teaching personnel.³

At first, the professional infrastructure, left by the British Mandate, was used to reorganize the radio broadcasts of "Kol Israel" (The Voice of Israel). Experienced broadcasters filled positions at the national radio station, which functioned under

¹Ami Kamir, former Vice-Director of the Prime Minister's office and Levi Eshkol's confidante, claimed that "television simply intimidated them [the politicians]. The fear extended to all political levels, and the problem was how to restrain such a monster" (Mishal, 1978, p. 66).

²In addition to recognizing the value of the small screen as an educational tool, "Yad Hanadiv" (The Rothschild Foundation) accelerated the establishment of educational television by promising funding for its establishment and maintenance. It was also responsible for management during its initial years of existence.

³In its first decade, educational television focused on programs for schools. However, in the 1970s, it expanded its broadcasts to include a wide variety of educational and enrichment programs earmarked for the general public.

the auspices of the Prime Minister.⁴ The Broadcasting Authority Law, inspired by the British model, was passed in 1965 and updated 3 years later, to include television broadcasts. The law first established order in the broadcasts of "Kol Israel" and later on television, within the framework of a quasi-independent authority. Subsequently, it would become clear that the British model of public service broadcasting had contained sufficient space to navigate between the principles of an independent media alongside the more practical needs of continuing political control over broadcasting, mainly of television (Caspi, 2005b).

The structure of the public broadcasting authority evidently suited the political culture of the young democracy. The adoption of the British model allowed for a wide range of freedom for broadcasting media while continuing to deal with political control. On a practical level, the British model was domesticated and adapted to local political needs. The Israeli Broadcasting Authority (IBA), with a 31-member plenum and an organizing committee of seven members, including a chairperson who heads the Authority, was aimed to buffer political pressure on broadcasters and allow them a sufficient measure of professional freedom.

However, the balance of powers existing in the Knesset (Israeli Parliament) was consistently transplanted into the composition of the IBA plenum and organizing committee. This balance of powers was also evident in the appointments to major positions, including the General Director and top officials.

THE SINGLE CHANNEL MONOPOLY (1968–1986)

Another dramatic circumstance that contributed to a change in traditional resistance to television broadcasting took place immediately after the cessation of fighting during the Six-Day War. Government ministers began to realize that television could serve vital interests in a postwar era. Thus, television was perceived as having the ability to "extend a bridge" to the Arab population in the new occupied territories. Therefore, the government allocated generous resources to begin broadcasts immediately. Right from the start, they determined that broadcasts would be in two languages, Hebrew and Arabic; due to a lack of frequencies, they would share airtime on the same television channel (Katz, 1971).

The inception of general television reverberated throughout the entire media map in Israel, ultimately changing the relationship between the different media. Radio lost its birthright and mainly its dominant status, in favor of the small screen,

⁴In a television interview, Levi Eshkol, who replaced Ben-Gurion as Prime Minister, admitted "you can't imagine to what extent Ben-Gurion's people took advantage of the fact that the radio was subject to their control. . . . I know, and I have telltale signs and proof of the fact that they only began to consider a change in the status of radio when they knew that he [Ben-Gurion] was about to retire. All of a sudden they became big on democracy. . . . They wanted to save their seats and also to take my influence over the radio away from me; they understood very well the kind of power they held by controlling the radio. . . . (Mishal, 1978, p. 66).

which adopted the role of the "tribal campfire." For many long years, single-channel television held its monopoly, largely thanks to the political establishment that, by preventing additional television channels, further increased the political power of single-channel television. As with any locus of power, monopolistic television necessitated supervision (Liebes, 2000).

This need grew particularly urgent with the political upheaval in 1977, when the Likud party, under the leadership of Menachem Begin, came into power. The new government believed that the management and broadcasting levels of radio and television were suffused with a biased identification for the leftist parties who had lost the election. Therefore, they saw an urgent need for far-reaching change in the composition of the regulatory bodies of the IBA and top levels of management.

The seeds of politicization, which had been sown with the establishment of the IBA, began to sprout patterns of political intervention in broadcasting policies and content (Caspi, 2005b). The politicization of the IBA was further honed and cemented over the years, particularly in three cases where the Prime Minister decided to assume the "Portfolio" and was thus formally responsible for the implementation of the Broadcasting Authority Law.⁵ Consequently, the IBA increasingly became a political asset and responsibility for the law's implementation turned into a clause for negotiation in coalition agreements, involving the distribution of portfolios among ministers belonging to a particular party.⁶ The monopoly over public broadcasting, limited to several radio networks and one television channel, continued through the mid-1980s.

However, the more the power of the IBA was preserved during these years, the stronger grew the recognition of a need to bring an end to this monopoly. In light of increasing communication needs in the entire political system, particularly with the introduction of personal elections and primaries in the party's central committee, single-channel television lost its ability to gratify politicians' media thirst. The adoption of a new political style, tele-politics, in which politicians utilize television to address the public and draft its support, further increased the need for additional channels and more airtime (Peri, 2004). Media "distress" spurred politicians into initiating the deregulation of broadcasting; mainly to put an end to the monopoly of single-channel television.

⁵In 1996, Benjamin Netanyahu took responsibility for implementing the Broadcasting Authority Law. Following Netanyahu, in 1997, Ehud Barak held the portfolio for 1 year. In 2002, when Raanan Cohen left the government, internal circumstances in the Labor Party paved the way for the transfer of the portfolio to Ariel Sharon.

⁶According to the coalition agreement between the two big parties, Likud and Labor, following the elections in 1999 and 2001, the responsibility for implementing the Broadcasting Authority Law was granted, along with other ministerial portfolios, to the Labor Party. In the meantime, on formation of the coalition in 2001, it was agreed on that the Broadcasting Authority portfolio would remain in the hands of the Minister of Industry and Commerce, reverting after 6 months to a minister without portfolio, by way of compensation.

OPEN SKIES (1986–PRESENT)

It is no coincidence, therefore, that the third stage of the development of television is characterized mainly by vigorous regulation. The more right-wing parties became established after the political upheaval of the 1977 election, the more they accelerated an essential value change. Traditional socialist orientations, requiring ongoing intervention in life systems, gave way to a more liberal orientation; one that reduces the nation's share, in favor of market forces. These value changes could not bypass the media map in general and broadcasting and television, in particular.

On a public level, it became easy under the catchy slogan of an "open sky" to market a liberal broadcasting policy, with an abundance of television channels, implying a relative pluralistic media for public benefit (Livnat, 1997). The new media reality offered an attractive alternative to a public weary of the long-standing monopoly of single-channel television, identified, as it was, with a patronizing, socialistic perspective. Technological innovations also undermined the status-quo and created considerable pressure to deregulate the broadcasting map.

In the mid-1980s, combined political,⁷ professional,⁸ and economic⁹ forces combined to create a coalition against the monopoly of the Broadcasting Authority, in favor of granting opportunities to new communications technologies. The coalition prompted a transition from the European approach of broadcasting as a public service for all segments in society, as espoused by the nation's founders, to the American commercial view of television as another venture, in which investors seek to maximize profits rather than to provide service. The focus is on consumers rather than customers; who consume a product rather than being exposed to a broadcast. In this new ideological climate, which matches the more general trend toward Americanization, audience ratings become the major mechanism regulating reciprocal relations between the media industry and the public (Caspi & Limor, 1999).

During the next two decades, these combined forces led to at least three major steps in reshaping the broadcasting map. The first made cable television broadcasts legal. The second achievement was the establishment of two general television channels and the third was the legalization of satellite television.

⁷In the mid-1980s, during the tenure of the 11th Knesset, a lobby was formed under the leadership of MK Meir Shitrit (Likud). The lobby acted to promote a law that would allow cable television in development towns. Lobby members presented local cable television as an aid to local governing agencies in the improvement of services to and communications with local residents ("Facing the Community").

⁸During the years of the IBA's monopoly, broadcasting potential had developed far and beyond the absorption and buying power of single-channel television. Many production companies, founded by private entrepreneurs or retired IBA officials, competed in a small local market and tried to market their programs and production services to television stations abroad.

⁹Optimistic assessments of professional parties ignited the imaginations of private investors, who were convinced of the economic potential to be found in this field.

The first step took place in 1986 with the passing of "Amendment 4 to the Bezeq Law," which legalized cable television broadcasts, and the Council for Cable Broadcasting (CCB) was established.¹⁰ The CCSB is comprised of 11 members; five government and six public representatives, all government appointed, with the CCSB director appointed by the Minister of Communications. Its major tasks are to decide on cable television policy; to act as an advisory body to the Minister of Communications, and to determine subscription conditions to cable television services.

Besides the national council, there is a local advisory committee in each broadcasting region. Each committee is composed of seven members, three recommended by local regional authorities and four local citizens, representing educational and cultural institutions in the region. The regional committees have a dual role: They are both a local extension of the national council and they also control broadcast content on cable channels (Altshuller-Shwartz, 2002).

The passing of the amendment had been preceded by a period in which flourishing pirate cable stations indicated a growing economic potential, igniting the imagination of quick-moving entrepreneurs,¹¹ similar to the blossoming of local newspapers, which has begun in the 1970s (Caspi, 1986). Entrepreneurs joined "back-bench" members of the Knesset to form a noisily effective lobby, waving the popular banner of "Facing the Community." They demanded an amendment to the Bezeq Law, claiming that cable television can play an important role in reducing the "communications deprivation" of peripheral municipalities, where people felt they had been neglected by the nationwide media (Nossek, 2001). As far as the government was concerned, by answering this demand, it would be able to eliminate uncontrolled, pirate broadcasts and regain political control over new cable broadcasts, with cable operators subject to government control.

The fact that two of the communications corporations, each of which owns a daily newspaper (*Yediot Abaronot* and *Ma'ariv*), were investors in two of the three concessions for cable broadcasting,¹² assured political control over the printed press, if only indirectly (Limor, 1997). As the two communications corporations remain in ongoing negotiations with the government over cable television concessions, their daily newspapers may decrease their antagonism toward parties, on which they depend for part of their livelihood.

¹⁰It was later expanded to include satellite broadcasts and became the CCSB. See www.moc.gov.il/moc/doa_iis.dll/Serve/item/English/1.1.78.1.html

¹¹Pirate cable culture, as still surviving in the Arab sector, has been most charmingly described in the feature film *Choleb Abava Mishikun Gimmel* (Lovesick in the Neighborhood), directed by Shabi Gabison. This culture encourages small entrepreneurs, some criminal or eccentric, to operate pirate cable stations at minimal expense. All that they required was a minimum of equipment; a video machine hooked up to the antennas of apartment buildings. As to content, they could easily borrow movies and other recorded programs from video libraries at little cost.

¹²Yediot Communications, the publisher of *Yediot Abaronot*, held 47.5% of the cable television company Arutzei Zahav (Golden Channels). The Communications Corporation owned by Nimrodi, publisher of *Ma'ariv*, held 15% of the cable television company Matav.

Perhaps as a result of past experience, to prevent centralization of power and to seemingly promise free competition, franchises were granted to six operators, whose numbers gradually dropped to three—Arutzei Zahav, Tevel, and Matav. Each franchise received two regions; one in the heavily populated central region and one “as a punishment” in a sparsely populated peripheral region.¹³ Each operator was entitled to offer a standard channel package, comprised of foreign satellite channels, movie channels and other “local” channels with purchased programs and sub-titled them into Hebrew, as well as a limited number of independent productions.

It would seem therefore, that cable television was putting an end to the single-channel monopoly and the “tribal campfire” could be doused (Nossek & Adoni, 1996). Although it is true that cable packages included foreign news channels such as BBC, CNN, SKY, TVE, SAT3, or TV2 were aired, they were not allowed to produce local news programs. In fact, therefore, the monopoly of public television was partially preserved, at least as far as supplying visual information in Hebrew: approximately 80% of the public continued to watch the central news program, every evening at 9 p.m.

Optimistic economic forecasts fanned hopes of the second step towards the deregulation of television and its transformation into a profitable economic venture. At the beginning of the 1990s, after political debates and lengthy delays, the ground was broken for the establishment of a second general television channel.¹⁴ This was, by and large, in answer to the increasing needs of the advertising industry, which was no longer satisfied with the opportunities provided for advertising with newspapers and the broadcasts of *Kol Israel*, and exerted increasing pressures for an additional television channel, funded by advertising revenues (Caspi, 2005a).

This time, the coalition was joined by newspaper publishers, who feared the economic competition of the new channel, which threatened to bite into their profits. A multitude of broadcasting channels nourished by advertising was a real threat to the printed press. Small newspapers stopped appearing and the three major dailies were forced to seek alternate survival tactics. In an attempt to prepare for the competition expected in a multichannel era, the three largest publishers, or as they are more popularly known, “the media barons,” hurried to

¹³Tevel's franchise covered Tel Aviv, Givatayim, Rishon, Le Tzion, Lod, Ramle, and Ashdod. To balance this, it also received the northern areas of Ma'alot and Carmiel. Arutzei Zahav was entitled to Jerusalem, Ramat Gan, Petach Tikva, the southern Sharon region, and Be'er Sheva as well as Eilat, Mitzpe Ramon, Ofakim, and Beit She'an. The third company, Matav, had broadcasting rights in Bat Yam, Holon, Haifa, Hadera, Netanya as well as Kiriat Shmona, the Kinneret region and the Golan Heights (see CCBS, 2002, pp. 22–23).

¹⁴Though experimental broadcasts began on October 7, 1986, and lasted no less than 7 years, regular broadcasts of the Second Channel of Israeli Television were first inaugurated in 1993, 3 years after the law passed in the Knesset [<http://rashut2.org.il/editor/UploadLow/B-55.pdf>]. The proposed law utilized a typical security clause according to which immediate activation of the channel was vital to “snaring” the frequencies meant for this channel before other, hostile countries use them.

establish themselves as communications conglomerates (Limor, 1997).¹⁵ It would seem that the “open-sky” policy (Livnat, 1997) was particularly beneficial, therefore, for the media barons, who expanded their assets across other media networks. At first, each conglomerate tightened its grip on local newspapers, by establishing a national network of local titles, intended first to realize the economic potential of local advertising and continue on to the broadcasting map. Two of the “barons”—Arnon Moses and Ofer Nimrodi¹⁶—ensured themselves a share of broadcasting franchise groups, at first in the cable companies Arutzei Zahav and Matav and later on in the franchise groups of the Second Channel, Reshet and Tel-Ad respectively.

The Israeli legislators remained faithful to British broadcasting models, with a slight change. Following legislation, the Israeli Second Television and Radio Authority (ISTRA) was established under the auspices of the Ministry of Communications and held responsible for television as well as regional and local radio broadcasts.¹⁷ The Minister of Communications was invested with the power to recommend personnel appointments for a 15-member public council with the right to grant and supervise broadcasting franchises (Tokatly, 1997). Similar to what is customary in Britain, broadcasting rights were at first granted to three groups with a nationwide weekly time allotment. Each franchise operator received two days a week, with the seventh day rotating between operators once every 6 months. The first franchise was given for a 12-year period, beginning in November 1993, to allow franchise operators time to settle in and see a return on what they had invested in the establishment of the channel's infrastructure.¹⁸ With the renewal of the franchise in 2005, the ISRATA decided to reduce the number of franchise operators to two. The time allocation was decided according to an assessment of the bids: The winning bidder with maximum points was given 4 days whereas the second-placed operator was given 3 days.

By and large, Channel Two fulfilled political expectations of ending the monopoly of political intervention in single-channel television and creating competition in the supply of visual information. Furthermore, the establishment of Channel Two proved that there is an alternative: Public broadcasting can be established with the private financing of the advertising industry rather than the imposition, by law, of fees on all television owners. Moreover, over the years, monopolistic television has faced built-in constraints, which considerably reduced local productions. The new channel proved that a real choice does indeed exist. Proper funding from advertising and effective management can lead to a diverse

¹⁵Three media barons, Arnon Moses, Ofer Nimrodi, and Amos Shocken, dominate the printed media map. Each of them owns a multi-influential communications conglomerate revolving around a daily newspaper—*Yediot Abaronot*, *Ma'Ariv*, and *Ha'aretz*, respectively, and including a wide range of publications such as periodicals, local newspaper, and publishing companies.

¹⁶They were later joined by Eliezer Fishman, a businessman with a founding communications conglomerate based on the economic daily *Globes*.

¹⁷See www.rashut2.org.il/english_index.asp

¹⁸See www.rashut2.org.il/english_channel2.asp

broadcasting schedule; local productions can be increased and despite rating constraints, content matter can be of continual interest.

In 2001, perhaps in order to restrain Channel Two's political influence, even if ever so slightly, the ISRATA granted a concession to an additional television channel of a similar framework and format. Channel Ten, the new commercial channel, came on the air at the end of January 2002.¹⁹ This time as well, a coalition of politicians, businessmen, and broadcasting industrialists worked hard to persuade the general public that another commercial channel would gratify its current needs. The same rhetoric was employed once again, including pretexts such, "we must encourage competition between channels; we must have diverse channels; competition is beneficial to viewers and even more so for advertisers; the competition will lower the rates of television advertisements," and so on.

After a nearly decade-long monopoly, cable operators were finally exposed to competition. Due to pressures from new technological innovations and their inherent economic potential, the regulative body added the word "satellite" to its name, thus becoming the Council for Cable and Satellite Broadcasting (CCSB). This was the third step in reshaping the broadcasting map.

The continuing proliferation of the broadcasting map exercised a significant impact on both the macro- and microlevel. On the macrolevel, the dramatic changes intensified the double crisis of the IBA—its identity crisis and the crisis in management. Despite early cues, IBA channels were not properly prepared for new and fierce competition. As a result, and similar to other previous cases, the new channels challenged the *raison d'être* of public broadcasting.

The main commercial channel immediately gained high ratings, with a majority of viewers changing their traditional patterns of exposure and leaving the singular monopolistic public channel. The public channel was wrongly engaged in an ambitious race for rating and as expected, the new commercial channels won both the fight and more viewers. Besides, several niche channels specializing in news, music, art, or documentaries were able to satisfy numerous small ethnic and cultural minorities, once again challenging the need for a public channel.

Most probably, it was the "negative selection" of human capital that was one of the major factors responsible for the public channel crash. With the establishment of each new TV channel, the most skillful professionals were tempted to flee the old public channel, leaving it in the hands of those who were unprepared to cope with the identity crisis of public broadcasting, in a new era of channel abundance. Although the IBA assured an annual budget of around US\$200 million, based on an approximately US\$90 license fee and about US\$29 per capita,²⁰ the new commercial

¹⁹Channel Ten is also subordinate to ISRATA. However, Channel Two and Channel Ten Broadcasts are both in the hands of one franchise operator. At first, the Second Authority wanted to divide airtime between two franchisers. However, when Eden Broadcasts was late in realizing its concession, the Second Authority agreed to Channel Ten's request to broadcast in a 7-day format; first for a limited period of time, later on with no time limitations (see ISTR, 2002, p. 94: www.rashut2.org.il/english_channel110.asp)

²⁰The calculation is based on the 2004 IBA budget of new Israeli shekel 864 million; Israeli population during that year numbered almost 7 million citizens (6,889,500). See www1.cbs.gov.il/reader/cw_usr_view_SHTML?ID=629

channels could offer even better conditions to young, upcoming talents. As a result, and contrary to the original charter, the commercial channel, rather than public broadcasting, happens to offer the best and the most highly invested programs, with the most skillful talents and broadcasters.

The quick, massive penetration of cable broadcasting into nearly two thirds of all Israeli households threatened to turn the franchisers into major loci of economic power. In these new circumstances, the political establishment intervened once again and granted generous technological assistance to "correct" and refashion the broadcasting map.

The ever-increasing economic potential incited the imagination of many more entrepreneurs, who demanded the right to make use of satellite broadcasting technology. A response to their pressing demands and the regulation of satellite broadcasts enabled the government to reduce the impact of the cable broadcast franchisers' economic power. With the new millennium on the horizon, the CCSB granted a franchise to YES—the sole satellite operator. To compensate for this, the CCSB allowed the three cable operators to unite in a single body, named HOT, ostensibly in order to improve their ability to compete with the satellite company.

The competition between cable and satellite technologies renewed the franchisers' race to gain the good graces of those granting concessions (Harosh, 2003). And indeed, in 2000, the Ministry of Communications through CCSB granted the concession for satellite broadcasts, but not before it regulated the terms of competition between the existing franchisers and newer colleagues.

As a result, the public channel has constantly lost its audience. Share data confirms that, over the years, Channel 2 has replaced Channel 1, culminating in a one-digit share: Less than 9% have remained loyal to the public channel (see Table 16.1). The numerous cable and satellite channels have also seemed to affect the popularity of the main commercial channel. In 1998, the first year that the Israel Audience Research Board started to measure rating, Channel 2 obtained 28.5%—more than a quarter of the audience. Seven years later, the most popular Channel 2 lost nearly half of its audience, probably to the multichannel cable and satellite networks; almost 3 out of 4 viewers stay tuned in 2004 to one of these channels. The satellite network, with its diverse narrowcast channels has broadened the supply and seems to attract more viewers than the terrestrial channels; raising the share after a year of

TABLE 16.1
Shares of the Main TV Channels, 1998–2004

Channel/Year	1998	1999	2000	2001	2002	2003	2004
Public channels, 1+3	17.3	13.2	13.5	12.5	11.0	9.7	8.7
Channel 2	28.5	26.1	21.1	16.7	16.6	15.8	15.6
Channel 10	—	—	—	—	2.0	4.3	5.2
Other cable and satellite channels	54.2	60.7	65.4	70.8	70.4	70.2	70.5

Note. Adapted from Israel Audience Research Board, data produced by Telegal-TNS (2005).

operation (2000–2001) by more than 5%. It seems that the new commercial Channel 10 has failed to fight its real competitor, Channel 2, garnering a mere 5.2% share in its third year of operation.

In essence, they guaranteed control over the competition between all the various parties. Thus, cable franchisers, among others, were required at first to sell content channels to the satellite company during its initial years, which became well established as a result; acquiring subscribers who, by and large, were ex-subscribers of the self same cable broadcasting companies.

For several years, HOT worked hard to prevent subscribers from abandoning them in favor of the newly sprouting competition. At the end of 2002, the satellite broadcasting company reached a grand total of 379,000 subscribers, 31% or about one third of overall subscribers, with an average take-up rate of 6000 new subscribers per month. In other words, for every two cable subscribers, there is one satellite television subscriber. Competition has deepened the financial crisis of the three cable companies, with the largest one, Tevel, managing to remain above water solely due to court injunctions (Harosh, 2003). In May, 2005, after 5 years of competition, YES had garnered more than 40% of the subscriber's market and held 489,000 subscribers with HOT holding 932,000 subscribers (Koren-Dinar, 2005).

SUMMARY: SUPERVISING THE OPEN SKIES

Three central agencies regulate the broadcasting map in Israel—the Israeli Broadcasting Authority (IBA), the Israeli Second Television, and Radio Authority (ISTRA), and the Council for Cable and Satellite Broadcasting (CCSB). The IBA partially controls the nonmilitary content of army radio station, Galei Tzahal, and the Ministry of Education and Culture supervises through funding the Israeli Educational Television (IETV); the oldest of all television channels in Israel (see Table 16.2).

At the beginning of 2003, just days before the general elections, the government decided to unite ISTRA and CCSB into The Israeli Federal Communications Commission (IFCC) (*Ha'aretz*, January 6, 2003). This structural change heralds in an additional step in the ongoing transition to the U.S. model of broadcasting regulation, as well as establishing political control over the broadcasting media. It seems that the Israeli Federal Communications Commission will soon make the Ministry of Communications redundant and cancel out its existence. However, to date, it remains subordinate to one of the government bureaus and includes two bodies: The Communications Council and the Public Broadcasting Council. The first body, composed of six members and headed by a director approved by the Prime Minister, will deal with functioning and licensing. The second, 10-member body will be involved in content programming. The Communications Council is allegedly independent; in actuality, it is subordinate to government decisions with economic and macroeconomic implications. The Broadcasting Council will receive services from the Communication Council administration.

TABLE 16.2
Broadcasting Agencies in Israel in 2005

Broadcasting Body	Status	Authority	Responsible Minister	Radio Broadcasts	Television Broadcasts
Israeli Broadcasting Authority	Statutory Public Authority	Control of broadcasts	Government minister dictated by coalition circumstances	Kol Israel—10 other languages,	Channels 1 & 33 networks in Hebrew, Arabic &
Israeli Second Television and Radio Authority	Independent Statutory Authority	educational stations Granting broadcasting rights per bid; Supervision of franchise operators and specific broadcasting slots.	Minister of Communications	14 regional and sectoral radio stations including Arabic & religious radio stations, and broadcasts of the Second Authority	Channels 2 & 10
Council for Cable and Satellite Broadcasting	Combination of Statutory Council subordinate to a government ministry	Granting franchises to cable infrastructure and broadcasting companies; approval of content channels; supervision of franchise operators	Minister of Communications	Transmission of FM radio broadcasts and digital radio broadcasts by cable and satellite channels	Local content channels; specifically designated channels; Foreign satellite
Galei Tzahal	Military-agency governmental	Civil broadcasts supervised by the Broadcast Authority	Minister of Defense	Two channels Galei Tzahal and Gal-Galatz	
Israel Educational Television	Government agency within the Ministry of Education and Culture	Broadcasts	Minister of Education and Culture		Partial broadcasts on channels 1, 2, & 10; broadcasts on channel 23 in cable and satellite

Note. Updated according to Tokatly (2000, p. 130).

Though the recent years of vigorous deregulation have splintered the structure of the broadcasting network into tens of channels and scattered viewers among them, the process has yielded an unexpected result: media barons, who had been considered easy partners to negotiations, became more and more entrenched as a result of the creeping process of cross-ownership, which led them to insufferable levels of economic power. Therefore, just as the franchise process had been intended to splinter the structure of broadcasting into many channels, so is the planned licensing system meant to crush cross-ownership and break it into a large number of relatively weaker investors, with inferior bargaining abilities, or the ability to withstand pressures from a national communications concession (Caspi, 2002).

However, future technological innovations may challenge existing regulations, emptying them of their relevancy. For example, in the summer of 2003, entrepreneurs introduced television broadcasts via Internet, bypassing the need for establishment licensing and without any supervision whatsoever. Various institutions and agencies are discovering a variety of broadcasting avenues through the Internet. Some of the online newspapers have begun experimenting with a combination of text and video clips.

The convergence of text and video may further balance the fierce competition between the printed press and the electronic media. Electronic versions of independent online newspapers may be able to provide a forceful reply to the immediacy advantage of the "old" broadcasting media—radio and television. This introduction of visuals may, once again enhance the ability of online newspapers to compete with television, as it may provide a clear advantage over radio.

CONCLUSION

In this chapter we have identified three main stages in the process of development of television and its establishment in Israeli society: the period of incubation, the period of broadcasting monopoly, and the period of "open skies." At each stage, the ideological climate made its mark, mainly on the reciprocal relations between television and political echelons. Doubts and misgivings on the part of founding fathers were reflected in the fashioning of the communications establishment, particularly in the adoption of television. When Israeli politicians adopted the ethos of a modern Western democracy, they dictated various ongoing control patterns over mass media in general and television in particular, which mediated between the governance needs and requisites normative to democracy.

At least three ideological changes left a significant mark on the broadcasting map: The first change was in evidence in the first decades of a general transition of the political establishment from an authoritarian orientation to that of a regulated democracy, in which the nation retains an ever-decreasing hold on various activities, the communications industry among them (Curran & Park, 2000). Political establishment intervention in media matters predictably and even justifiably continues, without harming basic rights of freedom of expression and free of information.

16. ISRAEL: FROM MONOPOLY TO OPEN SKY

The second change was in the economic orientation, increasing in the 1990s, with an intense shift from a Western European social-democratic stance to a neoliberal orientation. The latter position is highly identified with overall trends towards Americanization, whereby the nation gives up areas of intervention in favor of obscure "market forces."

This switch seemed to pave the way for the third change, the transition from a social approach that considers the media a service rendered to citizens, to an economic orientation that regards it as one of the industries that run under market forces. During the initial years of nationhood, the political establishment unquestioningly adopted the British model of public broadcasting, whereas during the second stage there is evidence of the effort to attain influence by politicizing public institutions. During the past two decades, clear preference has been given to a reorganization of the structure of broadcasts, in line with the U.S. model that rests on regulation by market forces.

The creeping transition to an economic orientation, coupled with general trends towards Americanization, was warmly welcomed by the political establishment marked by a similar orientation. The neoliberal climate was intended to reduce government intervention while simultaneously increasing the independence of the communications establishment. However, the result was different and in fact the reverse of what had been intended: a splintered channel structure allows, *de facto*, for continuing and even more intensive political supervision over the media. Economic uncertainty of each media channel only deepens the dependence of investors on politicians.

Accelerated development of television seemingly strengthens its status and ability to stand up to the political establishment, as the multitude of media augments media's ability to reconcile various divisions of the political establishment and the general public. However, it is precisely the abundance of channels and the apparent pluralism, which is no more than a shattered version of the old broadcasting map, with many local and international channels, that paves the way for ongoing political intervention; allowing continual regulation as the basis for the triangulated dubious relationship between political power, capital, and the media.

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