



Shutting down the Greek public broadcaster: a case of political economics

by Dr. Emmanuel Sigalas, Department of Political Science at IHS, 14.06.2013

On Tuesday the 11th of June 2013, and all of the sudden, the Greek public broadcaster (ERT) stopped transmitting. Those who had tuned to ERT's TV channel watched, shortly before midnight, their screens going black. Earlier the same day the senior partner of the Greek coalition government 'New Democracy' (ND) had issued an executive legislative order allowing for the closure of public corporations with just the signature of the ministers' cabinet. At the same time, the government's spokesman, and responsible for media affairs, Mr. Kedikoglou was announcing that 'ERT is a typical case of unique [*sic*] opacity and unbelievable waste. This ends today'. And it did, sending waves of shock and disbelief not only in Greece but throughout Europe.

Until now no one expected that a democratically elected European government would dare to shut down the operation of the country's public broadcaster from one day to the next. It reeks of authoritarianism, even if it is within the legal remit of the government. So why is the Greek government jeopardising its reputation? How can such behaviour be explained in a democratic country?

ERT is the equivalent of the BBC (Britain) or the ORF (Austria) in Greece. Until Tuesday it operated three TV channels of national coverage and several radio stations of national and regional coverage. In addition, it ran one symphonic orchestra, one choir and one TV-Radio magazine. Its media archive is unique containing and reflecting a history of over 70 years of transmission. There is no doubt that ERT was offering valuable services, but they came at a rapidly growing cost. ERT was funded by revenues from commercials, the state budget and a licence fee. Paradoxically enough everyone had to pay the licence fee, regardless of whether they had a TV set or a Radio at home or not. This was always a source of some public discontent, but it was not ERT's main worry. In the late 1980s and early 1990s the TV and Radio market were liberalised and ERT almost immediately lost its dominant position. Over the years competition against the private broadcasters intensified and ERT saw its audience and more importantly its commercial revenues share shrink. Put simply, in terms of free market economics ERT was not competitive enough. But this was by and large justifiable and acceptable, as long as the state could finance ERT's deficit.

As everyone knows, this is no longer the case. Greece is facing huge economic problems and the spectre of a bankruptcy is still haunting the country. Restructuring and financial adjustments are asked from the troika (European Commission, European Central Bank and International Monetary Fund) to release the next bailout instalments. One of the more specific conditions is reducing the number of state-paid employees and laying-off all the ERT employees is a step in this direction.¹ But this begs the question why did the Greek government decide to shut down ERT in particular and why so abruptly without prior public consultation.

The answer has to be sought in political economics instead of macroeconomics. The party of ND took into account the anticipated costs and benefits stemming from its actions. Apparently, it thought that given the external constraint of having to lay off a few thousand employees in the

¹ The government's stated that it will first make redundant all 2615 ERT employees only to hire up to 1000 of them after the new ERT (or NERIT) is re-launched.



coming years, closing and re-launching ERT a few months later was the optimal thing to do. And this is why:

- With just one move the government is cutting the broader public sector by 2615 posts thus demonstrating that it is fulfilling its obligations towards the troika. It would have been far more difficult to do the same to other public organisations of comparable size. Restructuring ministries and cutting down their size is a logistical nightmare, and the prospect of long-term strikes in other, more vital public service providers like the public electricity corporation (DEI) is a huge deterrent.
- The government thought that (almost) no one would miss ERT. Not just because there are numerous alternative private broadcasters, but because the public opinion is divided on ERT. Many Greeks view the public broadcaster as being expensive, corrupt and inefficient. Allegations of nepotism, clientelism and the government interfering with the management of ERT played an important role in this respect. (The irony is that these allegations concern the current and previous governments of ND as well).

Electoral priorities and concerns are also crucial explanatory factors.

- Despite their opposition to the closing of ERT, the junior partners of the coalition government (PASOK and DIMAR) are unlikely to withdraw their support completely. Were they to do that, they know that they would be charged with behaving irresponsibly dragging the country to political instability. Consequently, the centre-left PASOK and DIMAR voters are likely to move to SYRIZA. In short, ND wins, PASOK and DIMAR lose.
- Taking such a draconian measure feeds on the populist stereotype that all civil servants in Greece are corrupt and lazy. As a result, the government is hoping to attract more right-wing voters who had 'defected' to populist or extreme right parties.
- Polarising the public opinion further helps restore the bipartisan political landscape which was a dominant feature of Greek politics until recently. This will benefit SYRIZA (currently the main opposition party), but even more so ND which tries to portray itself as the only responsible political force with realistic chances of forming a strong government.

Other explanations are also plausible, but most of them are marred by contradictions. Here are some:

- As the government spokesman explained, keeping ERT open and reforming it at the same time would have resulted in several months of strike in ERT.² This is indeed likely, but it is unclear how long the present social reactions will last or if the unrest will culminate instead of subside.
- Previous governments had also prepared proposals for reforming ERT. Therefore, a plan was already in place. However, the main problem with the government's plan is that it is half-baked. Most importantly, the proposal does not specify the recruitment criteria that will ensure meritocracy in the new ERT.
- ND genuinely wants to drastically reform ERT, because of the latter's inefficiency, nepotism and opacity problems. But if this is the case, then why did ND oppose the reform plan proposed by the government of PASOK in 2011? The Mossialos report (named after the minister devising the proposed reforms then) recommended, amongst others, reducing the number of employees, taking

² See <http://www.naftemporiki.gr/story/665026> (13.6.2013)



one TV channel off air and merging the 9 regional Radio stations into 5. In essence, a smaller ERT which is also what the current government appears to want. However, Mr. Kedikoglou said back then: 'ERT is public property. Shrinking it is in the interest of private and foreign interests and we will not allow this to happen'.³

- It is easier to start from scratch than reform ERT piece by piece, the Greek prime minister maintained, because 'the privileges [of the ERT employees] and the opacity were institutionally secured, so that no one could do anything [to reform ERT]'.⁴ This is only partly true. Why didn't the Greek government do the same thing with all the other public sector organisations facing similar problems?
- Mr. Samaras and others in ND were irritated with the way ERT was covering the government's activities. In a speech the day after the announcement of ERT's closure he said: 'Over the past few months there was no occasion when an important foreign leader came to Greece to support the country's efforts, the sacrifices of the Greek people... there was also no occasion when we made an important visit to a foreign country to look for some support without stumbling accidentally on a "strike" of ERT. They were on strike every time there was something important and optimistic taking place. This is the kind of news reports they were offering'.⁵ One should not underestimate the importance of personal preferences and factors in politics, but basing such grave decisions on personal irritation rather than on calm and sound judgement seems too precarious to be true. Instead, it is more likely that Mr. Samaras's opinions are part of a rhetorical strategy aimed at undermining the credibility and standing of the 'old' ERT.

In conclusion, ND took the decision to terminate the operation of ERT after a political cost benefit analysis. I argued that it was the rational thing to do, provided that all relevant parameters have been examined carefully and estimated correctly. However, democratic politics are complex, and important parameters can be neglected or estimated wrongly. Actions rich in political symbolism are not only difficult to assess beforehand, they often have unpredictable consequences too.

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³ www.kedikoglou.gr/δελτια-τυπου/223-δηλώσεις-σχετικά-με-τις-αποφάσεις-της-κυβέρνησης-για-την-ετ1.html

⁴ http://www.kathimerini.gr/4dcgi/w_articles_kathremote_1_12/06/2013_504131 (13.6.2013)

⁵ http://www.kathimerini.gr/4dcgi/w_articles_kathremote_1_12/06/2013_504131 (13.6.2013)