Competere Foundation: Submission on Broadcast Regulation, Market Distortions, and Economic Effects in UK Television News

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1. The provision of news content on television in the United Kingdom has historically been dominated by publicly funded broadcasters (known as Public Service Broadcasters or PSBs), most notably the BBC. Over the past three decades, however, the market for news and current affairs content has undergone substantial change. This period has seen the entry and expansion of commercially funded competitors, including international news providers such as CNN during the first Gulf War, the development of cable and satellite news services such as Fox News in the United States and Sky News in the United Kingdom, and more recently the entry of GB News into the UK broadcast market. These developments have occurred alongside the growth of internet-based distribution and the emergence of content-heavy digital platforms, such as X (formerly Twitter). In practice, online platforms increasingly host, aggregate, or distribute news content in one form or another, and now constitute a significant component of the wider news and information environment.

2. Despite these substantial changes in how news and current affairs content is produced, distributed, and consumed, the institutional model for funding the BBC has remained largely unchanged. The BBC continues to rely primarily on a compulsory licence fee payable by UK households. This fee operates in a manner analogous to a tax, in that it is mandatory for all television consumers to pay irrespective of whether an individual household wishes to solely consume non-BBC channels.

3. The presence of a publicly funded broadcaster within a market that now includes a wide range of commercial actors creates the risk that the privileges and benefits afforded to the public broadcaster may generate market distortions. Such distortions can limit the effective functioning of the market for news and current affairs broadcasting by shaping competitive conditions in ways that are not neutral as between publicly funded and commercial providers. These effects are not confined to market structure alone. Where market distortions displace private investment, reduce competitive intensity, or alter incentives for entry and innovation, they can translate into measurable economic costs, including reductions in GDP per capita, thereby imposing a welfare loss on UK households.

4. These effects are particularly significant because they extend beyond economic outcomes. Market distortions in the provision of news and current affairs can also affect the availability and dissemination of ideas and viewpoints that are necessary for the effective functioning of a democratic society. Constraints on freedom of expression arising from institutional arrangements and economic incentives, rather than from explicit legal prohibitions, can be especially difficult to identify and challenge. Over time, such constraints may contribute to a narrowing of permissible or prevailing viewpoints, increasing the risk of dominance by majority or institutionally favoured perspectives. This process can weaken the quality of public discourse, diminish the informational basis on which democratic decisions are made, and contribute to progressively poorer political and economic outcomes.

An introduction to ACMD theory

5. Anti-competitive market distortions (ACMDs) are domestic policy measures that impair the competitive environment by weakening property rights protection, reducing the intensity of domestic rivalry, or restricting exposure to international competition.[1] These interventions operate through the three pillars that underpin productivity and income growth: property rights, domestic competition, and international competition.[2] Distortions in any of these areas alter the incentives that govern investment, innovation, entry, and resource allocation, and thereby depress economic performance.

6. In practical terms, ACMDs include a wide range of domestic measures, such as regulatory requirements that raise fixed costs for new entrants, subsidies or state support that shield particular firms from market discipline, selective enforcement of competition rules, and sector-specific regulations that disadvantage foreign suppliers relative to domestic firms. Some of these interventions are explicitly protectionist, while others arise as unintended consequences of sectoral regulation or precautionary approaches in competition policy. What unites these interventions is that they alter competitive conditions in ways that privilege particular firms, business models, or modes of provision, including through sector-specific regulatory frameworks that shape entry, investment, and competitive rivalry within domestic markets.

7. The SRB model was developed to quantify how such distortions affect GDP per capita by translating policy conditions into measurable pillar indices for property rights protection, domestic competition, and international competition.[3] Each index aggregates observable policy and institutional sub-factors. For example, the property rights index incorporates measures of contract enforcement, judicial effectiveness, expropriation risk, and protection of intellectual property. The domestic competition index reflects regulatory freedom, labour and financial market flexibility, business conditions, infrastructure and utilities access, and other indicators that shape firm rivalry. The international competition index captures tariff and non-tariff barriers

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[1] Shanker A. Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (Routledge, 2025), hereinafter "International Trade, Regulation and the Global Economy".
[2] Ibid
[3] Ibid

and trade-facilitation metrics, such as customs efficiency and timeliness of shipments.[4] These indices are constructed to be exogenous explanatory variables by excluding outcome-based measures, ensuring that the model captures policy conditions rather than economic results.[5] In this submission, these indices are used as analytical proxies to assess how sector-specific broadcast regulation and public service media (PSM) governance affect the underlying property rights, competition, and institutional conditions that shape market outcomes in news and current affairs.

8. The econometric structure of the SRB model relates GDP per capita to a set of fundamental variables that directly determine productivity, including foreign direct investment, domestic credit availability, public health expenditures, educational attainment, and natural resource endowments.[6] These factors represent the channels through which policy conditions in the three pillars influence productivity. The model is calibrated using cross-country data with standard controls, enabling analysts to compare countries on a consistent basis. The original SRB formulation demonstrated strong explanatory power in accounting for cross-national variation in income, supporting its use as a comparative tool for assessing how differences in policy and institutional conditions are associated with differences in GDP per capita.

9. As the model was refined, the SRB-γ specification was introduced to address econometric issues and to make the analysis more useful for policymakers. The earlier version combined the three pillars into a single composite index, creating potential multicollinearity and endogeneity concerns. The SRB-γ model resolves these issues by correlating each pillar separately with GDP per capita in a panel data framework that includes country and time fixed effects.[7] In this formulation, each pillar enters the regression independently along with appropriate control variables, allowing the model to isolate the distinct contribution of property rights, domestic competition, and international competition to income levels. The fixed-effects structure mitigates omitted-variable bias and clarifies how improvements in pillar scores translate into higher productivity.[8] This disaggregated structure is particularly relevant in a sectoral regulatory context, as it allows the analysis to distinguish between distortions arising from property rights and governance arrangements, those affecting domestic competitive conditions, and those related to openness, rather than treating regulatory effects as a single undifferentiated policy signal.

10. Because the SRB-γ model provides a transparent link between policy conditions and income, it enables policymakers to evaluate the economic cost of distortions and the benefits of reform. Improvements in domestic competition or property rights protection, for example, feed through the productivity channels in the model and produce measurable increases in GDP per capita.[9] While these effects ultimately manifest at the economy-wide level, they originate in specific policy and regulatory settings that shape incentives within particular sectors and markets. The

[4] Ibid
[5] Ibid
[6] Ibid
[7] Ibid
[8] Ibid
[9] Ibid

model's predictive accuracy and its consistency with other empirical findings on the growth impact of anti-competitive regulation reinforce the conclusion that domestic policy distortions can impose substantial macroeconomic costs.[10]

11. Competere's applied work across a range of regulated sectors illustrates the practical operation of these mechanisms. These analyses apply the SRB-γ model to examine how domestic regulatory measures can function as ACMDs by raising compliance burdens, limiting entry, shaping investment incentives, or fragmenting markets, and then estimate the associated losses in GDP per capita relative to more pro-competitive policy environments. This body of work demonstrates that domestic regulatory choices, including in sectors undergoing rapid technological and structural change, can materially influence a country's competitiveness and long-run income trajectory.[11]

12. Taken together, this body of work shows that ACMDs are not narrow competition issues but macroeconomic impediments. By weakening pillar conditions, they depress productivity and shift a country's long-run income path downward. The SRB-γ model provides a disciplined method to identify these distortions, quantify their effects, and guide reforms that strengthen competition, protect property rights, and enhance openness.[12]

13. As digital distribution and online consumption account for an increasing share of how news and current affairs content is accessed, regulatory measures affecting digital platforms and broadcast services increasingly shape the competition and property rights conditions analysed in this framework, and therefore influence long-run growth trajectories.

What are the Distortions in the Sector

14. The following areas identify the principal mechanisms through which existing institutional and regulatory arrangements distort competitive conditions in the UK market for broadcast news and current affairs.
    1. Spectrum: Reserved DTT Capacity and Distribution Advantages for PSBs
        a. In the UK television market, access to broadcast spectrum remains a core distribution input for linear television services carried over digital terrestrial television (DTT), commonly known to audiences as Freeview. Because DTT capacity is finite and centrally administered, the way spectrum is allocated and reserved can materially shape competitive conditions among providers that rely on DTT for reach and audience acquisition. Where access is guaranteed or reserved for certain broadcasters, those broadcasters are placed in a structurally advantaged distribution position relative to channels and services that must secure capacity through purely commercial arrangements, or that face a higher degree of uncertainty as to long-term carriage.
        b. Within the UK public service broadcasting framework, PSBs are afforded guaranteed access to spectrum through reserved capacity on DTT multiplexes. This is described in the Government's published impact assessment for public service broadcasting reform, which notes that guaranteed access to spectrum

[10] Ibid
[11] Ibid
[12] Ibid

and reserved DTT capacity facilitates reach of the public service broadcast channels to 98 percent of the population via Freeview.[13] The legal and regulatory architecture supporting reservation of digital capacity has long been recognised as an instrument through which spectrum capacity may be reserved and allocated for specified PSB purposes. For example, the Explanatory Memorandum accompanying the Television Multiplex Services (Reservation of Digital Capacity) Order 2008 explains that the Order modifies the underlying legislative framework to enable the Office of Communications (Ofcom) to reserve digital capacity on television multiplex services and to allocate such capacity to certain PSBs for the carriage of specified services.[14]

   c. Within that reserved-capacity structure, the BBC is not merely a beneficiary of access rules applicable to PSB channels. It also occupies an institutional position as a multiplex licence holder on the DTT platform. Ofcom has explained, in its report to Government on the future of television distribution, that the BBC is among the holders of multiplex licences on the DTT platform, and that decisions relating to the BBC's continued operation of its multiplexes have important implications for the DTT platform over the coming decade.[15] This combination of reserved spectrum access for public service broadcasting, and the BBC's role as a key DTT multiplex operator, provides the BBC with a materially stronger distribution position than non-PSB providers that do not benefit from reserved capacity and do not hold multiplex licences that are important to the operation of the platform. In competitive terms, this distribution advantage can matter because distribution reach and reliability are key determinants of a channel's ability to compete for audience share, advertising revenue, and the scale required to invest in news production.

2. Licence Fee: GB News consumers MUST pay for the BBC to consume live GB News on TV and any device.
   a. The BBC is funded primarily through a compulsory television licence fee that is payable by UK households that watch or stream live television, regardless of the broadcaster or service consumed. Under the current statutory framework, a household that watches live television content from a commercial broadcaster via any device is required to hold a television licence and therefore to contribute financially to the BBC, even if that household does not consume any BBC content. This funding mechanism operates independently of consumer choice among competing news providers and applies uniformly across PSB and non-PSB services.[16]
   b. As a result, consumers of non-PSB broadcast news services are required, as a condition of access to the television news market, to finance a publicly funded PSB competitor. This creates a form of compulsory cross-subsidy in which commercial broadcasters must compete for audience share and advertising revenue in a market where a major rival benefits from guaranteed, non-contestable funding. In competitive terms, this alters baseline market conditions by insulating the BBC from the full effects of audience substitution,

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[13] Department for Culture, Media and Sport, Modernising the UK's System of Public Service Broadcasting: Impact Assessment (London: DCMS, October 24, 2023), 8.
[14] Department for Culture, Media and Sport, Explanatory Memorandum to the Television Multiplex Services (Reservation of Digital Capacity) Order 2008 No. 1420 (London: DCMS, 2008), 1 to 2.
[15] Office of Communications (Ofcom), Future of TV Distribution: Report to Government (London: Ofcom, May 9, 2024), 24.
[16] TV Licensing, "Do I Need a TV Licence?" accessed January 2026, https://www.tvlicensing.co.uk/check-if-you-need-one.

advertising market pressure, and changes in viewing behaviour that directly affect the revenues of non-PSB providers.[17]

c. From an ACMD perspective, this arrangement constitutes a distortion of domestic competition conditions. The licence fee weakens the competitive discipline that would otherwise arise from consumer choice by ensuring that the BBC's core funding is maintained even as viewers migrate to alternative news providers. It also affects investment incentives by allowing the BBC to undertake activities in news and current affairs with a level of financial certainty that is not available to commercially funded broadcasters, which must rely on advertising or subscription revenues that are directly contingent on audience reach and engagement.[18]
d. The compulsory nature of the licence fee is particularly salient in a market that has become increasingly competitive and multi-platform. As Ofcom has documented, audiences now consume news content across a wide range of broadcast and online services, and live television viewing is no longer synonymous with consumption of PSB content.[19] Nevertheless, the licence fee framework continues to link the act of watching live television, irrespective of provider, to mandatory financial support for a single PSB. This disconnect between funding obligations and actual content consumption reinforces the structural advantage enjoyed by the BBC and contributes to an uneven competitive environment for non-PSB news providers operating within the same distribution ecosystem.

3. Major National Events: Preferential Access and Reach Advantages for PSBs
    a. Within the UK broadcasting framework, certain major national and cultural events are subject to statutory and regulatory arrangements intended to ensure wide public access. These arrangements are commonly referred to as the "listed events" regime and are designed to guarantee that events of significant public importance are made available on free-to-air television. While the policy objective of universal access is well established, the structure and operation of the listed events regime confers material advantages on PSBs, particularly in the context of reach, distribution certainty, and prominence, relative to non-PSB broadcasters operating in the same market.[20]
    b. Under the listed events framework, Category A events must be broadcast live on qualifying free-to-air services that meet defined coverage and availability requirements. In practice, PSBs are structurally better positioned to satisfy these requirements due to their guaranteed access to DTT spectrum, near-universal household reach, and statutory prominence on electronic programme guides. These distribution characteristics can place PSBs in an advantaged position when acquiring and broadcasting rights to listed events. Although the regime does not formally exclude non-PSB broadcasters, the interaction between listed events obligations and existing PSB privileges can constrain the

[17] British Broadcasting Corporation, *BBC Annual Report and Accounts 2023–24* (London: BBC, 2024); Department for Culture, Media and Sport, *BBC Royal Charter and Framework Agreement* (London: DCMS, 2017).
[18] Department for Culture, Media and Sport, *BBC Royal Charter and Framework Agreement* (London: DCMS, 2017); Office of Communications (Ofcom), *Small Screen: Big Debate* (London: Ofcom, 2021).
[19] Office of Communications (Ofcom), *News Consumption in the UK 2024* (London: Ofcom, 2024).
[20] Department for Culture, Media and Sport, *Listed Events Regime: Overview and Policy Framework* (London: DCMS, accessed January 2026), https://www.gov.uk/guidance/listed-events.

practical ability of non-PSBs to compete on equivalent terms for high-impact national content.[21]

c. The competitive significance of access to major national events extends beyond the events themselves. Broadcast coverage of nationally significant moments confers audience reach, brand association, and reputational authority that can spill over into adjacent programming, including news and current affairs. Preferential or structurally advantaged access to such events can therefore reinforce incumbency advantages by strengthening audience loyalty and perceived editorial centrality, while limiting the ability of non-PSB broadcasters to achieve comparable reach or to leverage similar moments to build scale and visibility in the market.[22]

d. The practical operation of these dynamics can be illustrated by coverage of the state funeral of Queen Elizabeth II in September 2022. The funeral constituted a major national event and was broadcast live across multiple television and online services. Ofcom's post-event analysis showed that BBC services accounted for the majority of television viewing during the broadcast period, reflecting the BBC's central role in live coverage and its distribution reach across platforms. While access to the event was not formally exclusive, the scale and prominence of the BBC's coverage reinforced its position as the default national broadcaster during a moment of exceptional public attention, limiting the practical ability of non-PSB broadcasters to achieve comparable audience reach or impact through coverage of the same event.[23] Major national events can also impose material commercial costs on commercial broadcasters, including foregone advertising revenue where channels suspend advertising during periods of national mourning and live coverage.[24]

e. Similar dynamics were evident during other nationally significant occasions, such as the Queen's Platinum Jubilee celebrations in June 2022. Ofcom's audience data identified BBC One coverage of the Jubilee as one of the most-watched broadcast events of the year, with exceptionally high reach and share of total television viewing.[25] As with the state funeral, the concentration of audience attention on PSB coverage during the Jubilee illustrates how the interaction of listed-event status, distribution reach, and prominence can translate into substantial competitive advantages for PSBs during moments of heightened national engagement.

f. From an ACMD perspective, these arrangements can distort domestic competition conditions by embedding asymmetries that are not neutral as between PSB and non-PSB providers. Although the listed events regime is designed to promote public access rather than to shape competitive outcomes, its interaction with PSB-specific privileges in funding, distribution, and prominence can have the effect of foreclosing meaningful competition for high-impact content. Where access to nationally significant events is effectively concentrated among PSBs, competitive rivalry in news and current affairs may

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[21] Office of Communications, *Review of the Listed Events Regime* (London: Ofcom, July 2022).
[22] Office of Communications, *Small Screen: Big Debate* (London: Ofcom, 2021).
[23] Office of Communications, *Media Nations 2023: UK* (London: Ofcom, 2023), section on major live events and audience viewing.
[24] The Guardian, "Queen's funeral may break TV records, but ad blackout will cost media dearly," September 18, 2022 https://www.theguardian.com/media/2022/sep/18/queen-funeral-tv-media-industry-advertising-blackout?utm_source=chatgpt.com.
[25] Office of Communications, *Media Nations 2023: UK* (London: Ofcom, 2023), "Top Trends" and audience data relating to the Queen's Platinum Jubilee.

be weakened, as non-PSB broadcasters are denied comparable opportunities to reach large audiences and to benefit from the reputational and audience spillovers associated with such events.[26]

4. International Public Broadcasting: Non-Contestable Public Funding of BBC World Service Activities
    a. The BBC World Service occupies a distinctive position within the UK's broadcasting landscape. Unlike domestically focused public service broadcasting, the World Service is explicitly funded, in part, through direct government grant-in-aid provided via the Foreign, Commonwealth and Development Office (FCDO).[27] This funding is intended to support the provision of international news and information services that advance the United Kingdom's foreign policy and soft power objectives. While the public-interest rationale for international broadcasting is well established, the institutional design of this funding arrangement raises competition and governance issues when viewed through an ACMD lens.[28]
    b. Since 2016, a substantial portion of the BBC World Service's operating budget has been financed through direct government funding rather than the domestic television licence fee. Parliamentary and government documentation makes clear that this grant-in-aid is allocated specifically to the BBC, without a mechanism through which alternative providers might contest the provision of comparable international news services using public funds.[29] As a result, the BBC is uniquely positioned as both the recipient and operator of publicly funded international broadcasting activities.
    c. From a competition perspective, the non-contestable nature of this funding distinguishes BBC World Service activities from other publicly funded cultural or informational programmes that are increasingly subject to competitive commissioning or arm's-length funding mechanisms. Where public funds are allocated directly to a single provider, without contestability or periodic reassessment of alternative delivery models, the arrangement can entrench incumbency and reduce incentives for efficiency, innovation, or adaptation. This risk is heightened in international news markets, where digital distribution has lowered entry barriers and where multiple credible providers may be capable of delivering public-interest content aligned with stated policy objectives.[30]
        i. A practical alternative model is New Zealand's contestable public-content funding system administered by NZ On Air (the Broadcasting Commission). Under the Broadcasting Act 1989, the Commission's functions include making funds available for broadcasting and for the production of programmes, and in assessing funding proposals it must have regard to factors such as whether applicants have sought and secured other funding, the likely audience benefit, and the contribution

[26] Office of Communications, *Public Service Broadcasting: Annual Report* (London: Ofcom, various years).
[27] UK Parliament, House of Commons International Development Committee, "The Future of the BBC World Service," accessed January 6, 2026, https://committees.parliament.uk/work/8391/the-future-of-the-bbc-world-service/.
[28] UK Parliament, House of Commons Foreign Affairs Committee, *The Future of the BBC World Service* (London: House of Commons, 2023), https://committees.parliament.uk/work/8391/the-future-of-the-bbc-world-service/.
[29] Department for Culture, Media and Sport and Foreign, Commonwealth and Development Office, *BBC World Service Grant-in-Aid Funding Arrangements* (London: DCMS/FCDO, various years).
[30] Office of Communications, *Media Nations 2023: UK* (London: Ofcom, 2023).

to the availability of a balanced range of programmes and content.[31] The statutory framework also limits distortion risk by prohibiting the Commission from directing the editorial content of a particular programme and, to the extent practicable, requiring the Commission to invite competitive proposals for the use of funds and to impose contractual accountability for performance and use of funds.[32] In practice, NZ On Air operates an application-based funding process with published criteria and decision processes, providing a mechanism through which a range of eligible providers can compete for public-interest content support rather than funding being allocated directly to a single incumbent provider as a standing entitlement.[33][34]

d. The implications of this funding structure are not confined to international markets. BBC World Service content, infrastructure, and editorial capacity can generate spillover benefits that support the BBC's wider news operations, including benefits associated with scale and scope in news production. Where these advantages are underwritten by non-contestable public funding, they may indirectly affect competitive conditions faced by non-PSB news providers that do not have access to comparable public support or international reach.[35]

e. From an ACMD perspective, the issue is not the existence of public funding for international broadcasting per se, but the absence of contestability and neutral allocation mechanisms. Public funding that is allocated exclusively to a single PSB, without competitive processes or periodic review against alternative provision models, can weaken domestic competition conditions and distort investment incentives. Introducing contestability, transparency, or time-limited funding reviews would preserve the public-interest objectives of international broadcasting while reducing the risk that such funding operates as an entrenched competitive advantage for a single institution.[36]

5. Prominence and EPG Placement: Mandated Visibility Advantages for PSBs

a. UK broadcasting regulation has long included rules governing the prominence of PSBs on electronic programme guides (EPGs) for linear television. These rules require that PSB channels be given priority placement to ensure ease of discovery and access by viewers. While the policy objective is to support universal availability of PSB services, the practical effect of mandated prominence on legacy platforms is to confer a structural visibility advantage on PSBs relative to non-PSB broadcasters competing for audience attention on the same interfaces.[37]

b. Ofcom has recognised that prominence on EPGs materially affects audience behaviour, particularly in linear viewing environments where default positions

[31] New Zealand Parliament, *Broadcasting Act 1989*, secs. 36(1)(e)–(g) and 39(a)–(e), https://www.legislation.govt.nz/act/public/1989/0025/latest/DLM158014.html.
[32] New Zealand Parliament, *Broadcasting Act 1989*, secs. 42 and 43(a)–(c), reprinted as at 1 October 2010, https://aceproject.org/ero-en/regions/pacific/NZ/new-zealand-broadcasting-act-2010/at_download/file.
[33] NZ On Air, "Funding," accessed January 2026, https://www.nzonair.govt.nz/funding/.
[34] NZ On Air, *Funding Decisions Explainer and Processes* (Wellington: NZ On Air, 2025), 3–4, https://www.nzonair.govt.nz/documents/1286/Funding_Decisions_Explainer_and_Processes.pdf.
[35] British Broadcasting Corporation, *BBC Annual Report and Accounts 2023–24* (London: BBC, 2024).
[36] UK Parliament, House of Commons Digital, Culture, Media and Sport Committee, *BBC Annual Report and Accounts and Governance* (London: House of Commons, various years).
[37] UK Parliament, *Communications Act 2003*, c. 21, sections 310–311; Office of Communications, *Code on Electronic Programme Guides* (London: Ofcom, updated editions).

influence channel selection and viewing patterns.[38] Priority placement on EPGs therefore operates as a non-price competitive advantage, increasing the likelihood that PSB services are accessed first and more frequently, independent of content quality or consumer preference. For non-PSB news providers, including newer entrants, the absence of comparable prominence can translate into reduced reach, lower audience awareness, and weaker incentives to invest in content intended for linear distribution.

c. These advantages are not limited to legacy EPGs. Ofcom and the Government have proposed extending prominence obligations to online and connected television environments, including smart TV home screens, streaming device interfaces, and voice-activated discovery systems. The Government's response to Ofcom's recommendations makes clear that the objective of such reforms would be to secure continued prominence for PSB services as viewing shifts away from traditional linear television.[39] In effect, these proposals would extend existing PSB visibility advantages from EPGs into new digital interfaces.

d. From an ACMD perspective, the extension of mandated prominence raises significant competition concerns. Where visibility and discoverability are governed by regulation rather than neutral market processes, priority placement can entrench incumbency advantages and foreclose competition in attention markets. This is particularly salient for news and current affairs, where audience reach is a critical determinant of advertising revenue, brand credibility, and editorial investment. Expanding PSB prominence obligations beyond legacy platforms risks amplifying existing asymmetries by ensuring that PSBs retain default visibility across successive generations of distribution technology, while non-PSB providers must compete for residual attention space.[40]

e. The issue is whether regulatory mandates that privilege specific providers across both legacy and emerging platforms remain proportionate in a market characterised by abundant content, diversified viewing habits, and multiple competing news providers. Absent careful limits, prominence requirements can function as a durable entry barrier, shaping audience behaviour in ways that are difficult for non-PSB broadcasters to overcome and reinforcing market distortions that persist even as technology and consumption patterns evolve.[41]

6. Complaints and Enforcement: BBC First and De Facto Self Adjudication for Most BBC Content Standards Complaints

    a. Although the BBC is regulated by Ofcom for content standards under the current Charter and Framework Agreement, complaints about BBC content standards are generally subject to the "BBC First" process. Under BBC First, complainants must normally take their complaint through the BBC's internal complaints process before Ofcom will consider it.[42] Ofcom's public guidance makes clear that this sequencing is the default approach, and Ofcom's own complaint intake

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[38] Office of Communications, *Small Screen: Big Debate* (London: Ofcom, 2021).

[39] Department for Culture, Media and Sport, *Government Response to the Consultation on Prominence for Public Service Broadcasting* (London: DCMS, 2023); Office of Communications, *Recommendations on Prominence for Public Service Media* (London: Ofcom, 2022).

[40] Office of Communications, *Small Screen: Big Debate* (London: Ofcom, 2021), discussion of discoverability and audience behaviour.

[41] Office of Communications, *Public Service Broadcasting: Annual Report* (London: Ofcom, various years).

[42] Office of Communications (Ofcom), "How Ofcom Deals with BBC Complaints. What You Need to Know," last updated November 29, 2024, accessed January 6, 2026, https://www.ofcom.org.uk/tv-radio-and-on-demand/bbc/how-ofcom-deals-with-bbc-complaints--what-you-need-to-know.

portal states that a complainant must complain to the BBC first and reach the end of the BBC's complaints process before Ofcom can normally consider the matter, subject to limited exceptions.[43]

b. The practical consequence is that, for most content standards issues, the BBC is the first-instance decision maker on complaints about its own output. Ofcom does not routinely adjudicate these complaints at the outset in the same way it does for non-BBC broadcasters. This is reflected in Ofcom's publication of annual complaint statistics for television programmes, which explicitly exclude complaints about BBC programmes because BBC complaints are handled by the BBC in the first instance under the BBC First process.[44]

c. From a market-governance perspective, this sequencing has two competition-relevant effects. First, it creates an asymmetry in regulatory exposure between PSB and non-PSB providers, because non-BBC broadcasters are subject to direct Ofcom complaints handling in the first instance, while BBC content standards complaints must normally pass through an internal BBC process before they are eligible for Ofcom consideration. Second, because complaints handling can impose process costs and affect reputation and compliance incentives, differences in the structure, timing, and routing of complaints can alter competitive conditions in a way that is not neutral as between providers. This is not a claim that outcomes are necessarily biased. It is a claim about institutional design and the competitive implications of asymmetrical adjudication pathways.[45]

d. It is important to distinguish this BBC First structure from other categories of complaint in which Ofcom exercises more direct jurisdiction. For example, Ofcom has published procedures for its consideration and adjudication of fairness and privacy complaints in relation to BBC broadcasting services and BBC on-demand programme services.[46] The distortion concern addressed here is therefore specific. It is the de facto self-adjudication feature of BBC First for most content standards complaints, and the resulting asymmetry relative to the complaints pathway applicable to non-BBC broadcasters.

e. From an ACMD perspective, the concern is that a regulatory structure that routes complaints about a dominant PSB through an internal process as the default first step can weaken the effective discipline of independent oversight and can create uneven compliance burdens across competitors. Where complaints processes shape risk, cost, and reputational exposure, institutional

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[43] Office of Communications (Ofcom), "Complain about the BBC," accessed January 6, 2026, https://ofcomlive.my.salesforce-sites.com/formentry/SitesFormBBCIntroductory?complaintType=SitesFormBBCStandardsComplaints.

[44] Office of Communications (Ofcom), "TV's Most Complained-about Shows of 2025. The Official Ofcom Breakdown," December 18, 2025, accessed January 6, 2026, https://www.ofcom.org.uk/tv-radio-and-on-demand/broadcast-standards/tvs-most-complained-about-shows-of-2025-the-official-ofcom-breakdown.

[45] Office of Communications (Ofcom), "How Ofcom Deals with BBC Complaints. What You Need to Know," last updated November 29, 2024, accessed January 6, 2026, https://www.ofcom.org.uk/tv-radio-and-on-demand/bbc/how-ofcom-deals-with-bbc-complaints--what-you-need-to-know.

[46] Office of Communications (Ofcom), *Procedures for the Consideration and Adjudication of Fairness and Privacy Complaints on BBC Broadcasting Services and BBC On Demand Programme Services* (London: Ofcom, April 3, 2017), https://www.ofcom.org.uk/siteassets/resources/documents/tv-radio-and-on-demand/broadcast-guidance/bbc-broadcast-procedures/procedures-for-the-consideration-and-adjudication-of-fairness-and-privacy-complaints.pdf.

asymmetry can operate as a market distortion even without any change in the substantive standards applied.[47]

7. Must-carry: Statutory Carriage Obligations for PSB Digital Television Services
    a. UK communications law provides for "must-carry" obligations that enable carriage requirements to be imposed on electronic communications networks in respect of a defined set of television programme services. The statutory must-carry list expressly includes, among other services, any television programme service provided by the BBC to the extent it is provided in digital form.[48] The purpose of this framework is to secure the availability of specified services to end users in circumstances where a network is used by a significant number of end users as their principal means of receiving television programmes.[49]
    b. The competitive relevance of must-carry obligations is that they create a guaranteed carriage baseline for PSB services that does not apply in the same way to non-PSB channels. Where a service benefits from statutory inclusion in a must-carry list, distribution is supported by regulation rather than depending entirely on commercial negotiation and market-based bargaining. This can matter in practice because carriage conditions are a foundational input to audience reach and therefore to advertising revenue, brand visibility, and the ability to sustain investment in news and current affairs programming.[50]
    c. Ofcom's description of the PSB regulatory framework confirms that the must-carry list is embedded as a core element of the distribution regime for PSB services and summarises the statutory constraint that the effect of must-carry should be confined to networks used by a significant number of end users as their principal means of receiving television programmes.[51] In institutional terms, this establishes a structural asymmetry. PSB services benefit from an availability backstop on relevant networks, whereas non-PSB services remain dependent on the outcome of commercial carriage negotiations and, where relevant, the willingness of platforms to allocate scarce capacity or prominent placement absent a regulatory duty.
    d. From an ACMD perspective, the distortion concern is not the existence of must-carry obligations in pursuit of public policy objectives, but the competition effects that can arise where mandated carriage systematically reduces distribution risk for PSBs relative to non-PSB news providers. A distribution regime that guarantees carriage for one class of services can weaken competitive neutrality by entrenching incumbent reach and limiting the scope for distribution competition to discipline investment and content decisions in the broadcast news market.[52]

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[47] Office of Communications (Ofcom), "How Ofcom Deals with BBC Complaints. What You Need to Know," last updated November 29, 2024, accessed January 6, 2026, https://www.ofcom.org.uk/tv-radio-and-on-demand/bbc/how-ofcom-deals-with-bbc-complaints--what-you-need-to-know.
[48] UK Parliament, *Communications Act 2003*, c. 21, sec. 64(1)(a), https://www.legislation.gov.uk/ukpga/2003/21/section/64.
[49] UK Parliament, *Communications Act 2003*, c. 21, sec. 64(2)(b), https://www.legislation.gov.uk/ukpga/2003/21/section/64; UK Parliament, Explanatory Notes to *Communications Act 2003*, notes to sec. 64, https://www.legislation.gov.uk/id/ukpga/2003/21/section/64/notes.
[50] Office of Communications, *Small Screen: Big Debate* (London: Ofcom, 2021).
[51] Office of Communications, "Annex 8: PSB Regulatory Framework," in *Small Screen: Big Debate Consultation* (London: Ofcom, December 2020), https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/208895-future-of-psb/consultation/annex-8-psb-regulatory-framework.pdf.
[52] Office of Communications, Small Screen: Big Debate (London: Ofcom, 2021).

8. Licence Fee Extension to BBC iPlayer: Compulsory Funding Obligation Applied to BBC On-demand Consumption
    a. Under the television licensing framework, a TV licence is required for the installation or use of a television receiver without the requisite authorisation, and the licence regime is implemented through the Communications Act 2003 and the Communications (Television Licensing) Regulations 2004 (as amended).[53] In addition to the live television requirement, the licensing obligation was extended in 2016 so that a licence is required to stream or download programmes in an on-demand programme service provided by the BBC, including BBC iPlayer.[54] TV Licensing guidance reflects this position directly, stating that a TV licence is needed to watch BBC programmes on BBC iPlayer on any device.[55]
    b. The competitive significance of this extension is that it expands the compulsory funding obligation beyond live broadcast viewing and into on-demand consumption of BBC services. In practice, the act of using BBC iPlayer triggers a legal requirement to be covered by a TV licence irrespective of whether a household watches live television content, and irrespective of whether the household consumes news and current affairs through non-BBC services. This broadens the circumstances in which consumers are required to fund the BBC, including as viewing shifts away from linear schedules and toward on-demand access.[56]
    c. From an ACMD perspective, the extension of the licence requirement to BBC iPlayer reinforces the compulsory cross-subsidy mechanism in a market environment characterised by multi-platform consumption. It maintains and extends a funding advantage for the BBC that is not conditioned on consumer choice among competing providers, and it does so in the specific segment of consumption where competition for attention and viewing time is increasingly concentrated. The distortion concern here is structural. By attaching compulsory payment to BBC on-demand usage, the regime continues to support a non-contestable funding base for a PSB service in the on-demand segment, while non-PSB services remain reliant on advertising, subscription, or other market-based revenue models.[57]
9. Governance Architecture: BBC-specific Charter and Operating Framework Regime
    a. The BBC operates under a bespoke governance and regulatory architecture established by the Royal Charter and the Framework Agreement. Under that framework, Ofcom is required to prepare and publish an Operating Framework containing the provisions Ofcom considers appropriate to secure the effective regulation of the BBC's activities as set out in the Charter and the Framework

[53] UK Parliament, *Communications Act 2003*, c. 21, sec. 363, https://www.legislation.gov.uk/ukpga/2003/21/section/363; UK Parliament, *The Communications (Television Licensing) Regulations 2004*, S.I. 2004/692, https://www.legislation.gov.uk/uksi/2004/692/contents.
[54] Department for Culture, Media and Sport, *Explanatory Memorandum to the Communications (Television Licensing) (Amendment) Regulations 2016* (2016 No. 704) (London: DCMS, July 2016), para. 2.2, https://www.legislation.gov.uk/uksi/2016/704/pdfs/uksiem_20160704_en.pdf.
[55] TV Licensing, "BBC iPlayer and the TV Licence," accessed January 6, 2026, https://www.tvlicensing.co.uk/check-if-you-need-one/topics/bbc-iplayer-and-the-tv-licence.
[56] Department for Culture, Media and Sport, *Explanatory Memorandum to the Communications (Television Licensing) (Amendment) Regulations 2016* (2016 No. 704) (London: DCMS, July 2016), para.
[57] TV Licensing, "Legal Framework," accessed January 6, 2026, https://www.tvlicensing.co.uk/about/foi-legal-framework-AB16.

Agreement.[58] Ofcom's published description of the Operating Framework confirms that it is the mechanism through which Ofcom structures and exercises its regulatory functions in relation to the BBC, including performance regulation, content standards regulation, and the framework for assessing and addressing impacts on competition.[59]

b. This BBC-specific structure is materially distinct from the regulatory position of other broadcasters. The existence of a dedicated Charter and Agreement, coupled with an Ofcom Operating Framework and an Operating Licence for the BBC's UK Public Services, creates a separate regulatory pathway with BBC-specific processes and instruments.[60] Ofcom's review document on how it regulates the BBC further illustrates this point by describing the competition and regulatory tools applicable to the BBC under this scheme, including the BBC's competition framework and the mechanisms for assessing whether proposed BBC changes may have an adverse effect on fair and effective competition.[61]
c. From an ACMD perspective, the distortion concern is not that the BBC is subject to regulation. The concern is that a bespoke governance architecture, with BBC-specific instruments and processes, can produce institutional and procedural asymmetries that affect competitive neutrality. Where one major PSB operates under a distinct rulebook and dedicated regulatory processes, the design and operation of those processes can shape incentives, timelines, and constraints in ways that are not symmetrical across market participants. In a sector where entry, investment, and audience reach are sensitive to regulatory certainty and process risk, governance asymmetry can itself function as a market distortion even if substantive standards are comparable.[62]
d. This concern is directly relevant in the present context because the Charter Review and Ofcom's review of broadcast regulation are, in part, examinations of whether existing institutional arrangements remain proportionate and fit for purpose in a transformed media environment. The BBC-specific governance framework should therefore be assessed not only for its internal accountability logic, but also for its effects on the competitive environment in which PSB and non-PSB news providers operate.[63]

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[58] Department for Culture, Media and Sport, "BBC Framework Agreement," updated December 16, 2025, accessed January 6, 2026, https://www.gov.uk/government/publications/bbc-charter-and-framework-agreement/bbc-framework-agreement.
[59] Office of Communications, "Operating Framework for the BBC," accessed January 6, 2026, https://www.ofcom.org.uk/tv-radio-and-on-demand/bbc/operating-framework; Office of Communications, *Introduction to Ofcom's Operating Framework for the BBC* (London: Ofcom, March 29, 2017, updated October 16, 2017), https://www.ofcom.org.uk/siteassets/resources/documents/consultations/uncategorised/93904-ofcom-and-the-bbc/bbc-framework.pdf.
[60] Office of Communications, *Operating Licence for the BBC's UK Public Services* (London: Ofcom, October 13, 2017), https://www.ofcom.org.uk/siteassets/resources/documents/tv-radio-and-on-demand/bbc/operating-licence/bbc-operating-licence.pdf.
[61] Office of Communications, *How Ofcom Regulates the BBC* (London: Ofcom, June 22, 2022), https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-2-6-weeks/222191-how-ofcom-regulates-the-bbc/associated-documents/how-ofcom-regulates-the-bbc.pdf.
[62] Office of Communications, *How Ofcom Regulates the BBC* (London: Ofcom, June 22, 2022).
[63] Department for Culture, Media and Sport, *Review of the BBC Royal Charter 2025 to 2027: Terms of Reference* (London: DCMS, December 16, 2025), accessed January 6, 2026, https://www.gov.uk/government/publications/review-of-the-bbc-royal-charter-2025-to-2027-terms-of-reference.

10. BBC Monitoring: Licence Fee-funded Services Provided Under a Government Monitoring Agreement
    a. The BBC is required to provide BBC Monitoring services under the BBC Monitoring Agreement, which governs the specification, funding, management, and performance of the services delivered by BBC Monitoring.[64] The published Monitoring Agreement states expressly that BBC Monitoring services are funded out of licence fee revenue and are provided in accordance with an agreement between the BBC and specified government customers, including the Foreign and Commonwealth Office (now the Foreign, Commonwealth and Development Office)st, the Ministry of Defence, the Cabinet Office, and the Security and Intelligence Agencies.[65]
    b. The competitive relevance of this arrangement is that it constitutes a public funding and capability structure that is not generally available to non-PSB news providers. Licence fee-funded monitoring capacity can support newsgathering, verification, and situational awareness functions that are valuable inputs into news production. Where a PSB benefits from licence fee-funded monitoring services under a government agreement, the resulting capability can reinforce scale and scope advantages in newsgathering and international coverage relative to commercial news providers that must fund comparable monitoring and intelligence inputs through market revenues. This is an institutional design point rather than an allegation about editorial direction, given that the Monitoring Agreement also states that the BBC retains full editorial and managerial independence and integrity in the provision of BBC Monitoring within the Charter and Framework Agreement structure.[66]
    c. From an ACMD perspective, the distortion concern is not that government requires monitoring services or that such services are procured. The concern is that a licence fee-funded capability, established and governed through a dedicated agreement with government customers, can operate as a non-contestable support mechanism that strengthens one PSB's capacity set and reduces its effective cost base for monitoring-related inputs. Where those capabilities are transferable or complementary to core news functions, the arrangement can contribute to unequal competitive conditions in the market for news and current affairs.[67]
11. Official Access and Pooling Arrangements: Royal Rota and UK Broadcast Pool Membership
    a. Coverage of major Royal engagements in the UK operates under a Royal Rota system administered through Royal Communications. The official Royal Family Media Centre guidance states that most Royal engagements operate under this system. It further states that Royal Rota material is made available to regional

[64] Foreign & Commonwealth Office, Foreign, Commonwealth & Development Office, "BBC Monitoring Agreement," published February 16, 2017, accessed January 6, 2026, https://www.gov.uk/government/publications/bbc-monitoring-agreement.
[65] British Broadcasting Corporation, *BBC Monitoring Agreement* (December 2016), published February 16, 2017, PDF, https://assets.publishing.service.gov.uk/media/5a750e5eed915d60d3b90c45/BBC_Monitoring_Agreement_Dec_2016.pdf.
[66] British Broadcasting Corporation, *BBC Monitoring Agreement* (December 2016), published February 16, 2017, PDF, https://assets.publishing.service.gov.uk/media/5a750e5eed915d60d3b90c45/BBC_Monitoring_Agreement_Dec_2016.pdf.
[67] Office of Communications, *Small Screen: Big Debate* (London: Ofcom, 2021).

and national media, and, where appropriate, overseas media.[68] This constitutes an official access framework for high-profile national events in which a defined set of broadcasters are designated as the broadcast rota participants for purposes of attendance and production. Discriminatory treatment can also still apply to members of the rota and some members of the pool may still face inequitable conditions of access. These pool arrangements operate as barriers to entry.

b. Separately, Parliamentary material describing the broadcast pooling model characterises it as an informal working arrangement through which broadcasters combine resources to cover events and take turns covering events for other pool members.[69] This evidence confirms the existence of a structured broadcast pooling practice involving the BBC and a set of peer broadcasters, with practical implications for who is positioned to capture and supply broadcast-quality footage from restricted-access environments. Again, inclusion in this pool does not preclude members from discriminatory practices.

c. From a competition perspective, these official and quasi-official access arrangements can matter because access to primary footage and live coverage from high-attention national moments can affect audience reach, credibility, and brand association for news providers. Where broadcast access is organised through a limited-member rota or pool structure that includes the BBC, the BBC is placed in a structurally advantaged position in relation to the acquisition and distribution of key visuals and live feeds from Royal engagements, even where downstream material is later made available to other media. The distortion concern is not that pooling exists. The concern is that, in a market where attention during national moments is scarce and highly valuable, structured access arrangements that allocate first-instance broadcast presence to a small set of broadcasters can create enduring asymmetries in reach and perceived authority relative to non-PSB providers that are not participants in the broadcast rota or pool.[70]

15. Against this backdrop, and considering the distortions identified above, recent presentations and submissions by Ofcom and others suggest that a central objective of the current review agenda is to strengthen PSM so that it can compete more effectively for audience attention in an environment increasingly shaped by online platforms and other commercial providers. Ofcom's call for input on the review of broadcast regulation refers expressly to its recent PSM review, Transmission Critical, and notes that Ofcom called for urgent action to strengthen and maintain PSM content, alongside reforms to remove outdated regulation. Consistent with that direction of travel, Ofcom has also stated that PSM providers should work urgently with YouTube so that PSM content is prominent and easy to find on the platform and that there is a strong case for Government to legislate to enable such change, particularly for news and children's content.

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[68] The Royal Family, "Welcome to the Media Centre," accessed January 6, 2026, https://www.royal.uk/welcome-to-the-media-centre.
[69] UK Parliament, House of Commons Culture, Media and Sport Committee, "Future for Local and Regional Media: Written Evidence Submitted by BBC News," February 2010, https://publications.parliament.uk/pa/cm200910/cmselect/cmcumeds/43/43we52.htm.
[70] Office of Communications, *Small Screen: Big Debate* (London: Ofcom, 2021).

16. This development is concerning from an ACMD standpoint because it risks treating privately operated online platforms as if they were public utilities and effectively applying essential-facilities-style obligations without analysing whether the relevant platforms are truly indispensable or whether the doctrine should apply. The essential facilities doctrine has traditionally been treated as an exceptional remedy, applicable only where a facility is demonstrably indispensable, cannot be reasonably duplicated, and where denial of access would eliminate effective competition and harm consumers. Prior ACMD analysis cautions against extending essential-facility or duty-to-deal obligations to dynamic, multi-sided digital markets without a rigorous effects-based assessment of indispensability and consumer harm. In such markets, precautionary or ex ante access mandates risk imposing substantial Type I error costs by chilling investment, fragmenting ecosystems, and suppressing innovation that competition policy is intended to protect. Treating online platforms as if they were public utilities and imposing compulsory carriage or access obligations absent a clear showing of indispensability, risks substituting competitor protection for consumer-welfare analysis. From an ACMD perspective, this represents a distortion layered on top of an existing distortion, as it both interferes with competition in online content markets and confers a regulatory privilege on PSBs that is not available to commercial providers.

17. It also appears from current Government statements on the BBC Charter Review that the intention is to consider reforms that ensure the BBC remains sustainably funded and continues to deliver public purposes, including through a framework that is independent and accountable.[71] Against this background, and given the stated policy emphasis on strengthening PSM and extending availability and prominence obligations into new distribution environments, it is important to ensure that any reform programme accounts for the competition and speech related implications of existing PSB privileges and governance arrangements and does not amplify distortions that weaken competitive neutrality in the market for news and current affairs. We note (paras. 4, 20-21, 30-31) in this report that ACMDs can have the effect of contracting the market for speech, news and current affairs in a manner that damages diversity of opinion.

Impact of Distortions on UK Economy

18. Market distortions in the media sector can have economy-wide consequences because broadcast news and current affairs markets shape the flow of information that underpins economic decision-making by households, firms, and investors. Competition and governance conditions in these markets therefore affect not only sector-specific outcomes, but also the broader institutional environment in which investment, entry, and innovation take place.[72]

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[71] Department for Culture, Media and Sport, "Government Launches Charter Review to Future Proof the BBC," published December 16, 2025, accessed January 6, 2026, https://www.gov.uk/government/news/government-launches-charter-review-to-future-proof-the-bbc.
[72] Organisation for Economic Co-operation and Development, *Competition and Productivity: Evidence and Implications for Policy Makers* (Paris: OECD, 2015).

19. Within the ACMD framework, the distortions identified above operate through identifiable changes in core policy and institutional pillars that are empirically linked to productivity and income growth. Distortions that weaken domestic competition or alter property rights and governance conditions affect incentives for market entry, capital allocation, and innovation. These mechanisms allow the economic cost of such distortions to be assessed in GDP per capita terms. These impacts constitute first-order effects of ACMDs: direct economic consequences that arise from changes in competitive intensity and institutional neutrality.[73]

20. Distortions in the media sector can also generate second-order effects that extend beyond immediate market outcomes. Because news and current affairs markets influence the availability, diversity, and contestability of information, changes in competition and governance conditions in these markets can affect the informational environment in which economic decisions are made. Economic research has long recognised that information quality and the ability to challenge prevailing views play an important role in supporting efficient market coordination and adaptive economic behaviour.[74]

21. A competitive and pluralistic information environment can support entrepreneurship and market dynamism by reducing information asymmetries and facilitating the discovery and diffusion of new ideas. Conversely, where institutional arrangements constrain viewpoint diversity or concentrate informational authority, these dynamics may weaken the conditions that support experimentation, entry, and long-run productivity growth.[75] In this sense, the economic costs associated with media-sector distortions are closely linked to their implications for speech and pluralism, not as cultural outcomes in themselves, but as factors that shape the institutional foundations of economic performance.

22. Against this background, the distortions set out above affect the ACMD pillars in specific and identifiable ways. The following section maps those distortions to the relevant ACMD pillars and sets out the analytical basis for estimating their economic impact.

Mapping Media-Sector Distortions to ACMD Pillars and Economic Impact

23. The distortions identified above operate through the ACMD framework by weakening specific policy and institutional pillars that are empirically linked to productivity and income growth. In the context of UK broadcast news and current affairs, the most salient effects arise through the domestic competition pillar and the property-rights and governance pillar. The international

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[73] Organisation for Economic Co-operation and Development, *Going for Growth 2023* (Paris: OECD, 2023), discussion of competition, entry, and productivity growth.
[74] F. A. Hayek, “The Use of Knowledge in Society,” *American Economic Review* 35, no. 4 (1945): 519–530.
[75] Philippe Aghion et al., “Competition and Innovation: An Inverted-U Relationship,” *Quarterly Journal of Economics* 120, no. 2 (2005): 701–728; Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Business, 2012), chapters on institutions and innovation.

competition pillar is engaged to a more limited extent, principally where public funding and regulatory arrangements support activities with cross-border reach or spillover effects.[76]

24. Distortions affecting domestic competition arise where regulatory and institutional arrangements alter entry conditions, distribution access, or funding neutrality in ways that reduce competitive intensity. The licence fee, spectrum reservation, must-carry obligations, mandated prominence, and preferential access to high-impact national events all operate to shape market conditions independently of consumer choice. Within the ACMD framework, such measures weaken the domestic competition pillar by insulating incumbents from competitive pressure, raising barriers to entry, and reducing the disciplining effect of audience substitution and advertising market dynamics. Empirical work underlying the ACMD model shows that reductions in domestic competitive intensity are associated with weaker investment incentives and lower productivity growth.[77] Detailed mapping of these distortions to the domestic-competition sub-pillars is set out in Appendix A.

25. Distortions affecting property-rights and governance conditions arise where regulatory processes, enforcement pathways, or institutional architectures reduce the neutrality, predictability, or contestability of decision-making. The BBC-specific Charter and Operating Framework regime, together with the BBC First complaints process, shape the governance environment in which broadcast news providers operate. Within the ACMD framework, such arrangements affect the property-rights pillar by altering the effective ability of market participants to challenge decisions, manage regulatory risk, and rely on consistent application of rules. Where governance structures create asymmetrical exposure to process costs or enforcement risk, the resulting effects can influence investment decisions and long-run market structure even in the absence of differences in substantive standards.[78]

26. The first-order economic effects identified in this report arise from the way the distortions described above operate through specific, well-defined institutional channels captured within the domestic competition and property rights pillars of the ACMD framework. These channels describe how regulatory design, governance arrangements, and market structure affect entry, investment, and competitive discipline in the provision of news and current affairs. The sub-pillars identified below are those directly implicated by the broadcast-sector distortions under consideration and are not an arbitrary selection.

Domestic Competition Pillar (DC)

27. The domestic competition pillar captures how regulatory design and market structure affect entry, expansion, and rivalry in broadcast news and current affairs. The following sub-variables are most relevant:

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[76] Shanker A. Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (London: Routledge, 2025), chs. 3–4.
[77] Organisation for Economic Co-operation and Development, *Competition and Productivity: Evidence and Implications for Policy Makers* (Paris: OECD Publishing, 2015).
[78] Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Business, 2012).

- **Regulatory promulgation process**: Rules governing spectrum allocation, prominence, must-carry obligations, and complaints handling affect the transparency, predictability, and contestability of regulatory decision-making. Weak promulgation processes increase procedural arbitrariness and raise compliance risk for non-PSB broadcasters.
- **Business freedom**: Funding asymmetries, preferential access to distribution, and regulatory privileges increase barriers to entry for new or smaller news providers and limit the scope for competitive challenge to incumbents.
- **Financial freedom**: Guaranteed or privileged funding arrangements weaken financial neutrality and reduce the ability of competitors to access finance on comparable terms, increasing the risk of soft financial suppression.
- **Individuals using the internet and mobile telephone subscriptions**: These variables capture baseline channel capacity for reaching audiences. Distribution arrangements that privilege particular providers through default placement or mandated carriage reduce the effective reach of rival news services, even where formal access exists.

Property rights and governance pillar (PR)

28. The property rights and governance pillar captures the legal and institutional conditions that determine whether firms can contest adverse decisions, enforce rights, and invest with confidence. The following sub-variables are most relevant:

- **Efficiency of the legal framework in challenging regulations**: This variable proxies the practical ability of affected parties to contest regulatory decisions, licence conditions, and administrative actions that affect news provision.
- **Efficiency of the legal framework in settling disputes**: Predictable and timely dispute resolution reduces the chilling effect associated with prolonged legal exposure and uncertainty.
- **Enforcing contracts (time and cost)**: High costs or delays in contract enforcement increase vulnerability to retaliation-by-process, including strategic complaints, contractual pressure, or regulatory escalation.
- **Investor protection and legal rights (financial)**: Strong investor protection supports investment in independent news provision, while weak protection increases the scope for financial pressure to be used as an indirect constraint on entry and expansion.
- **Insolvency regime variables (outcome, time, cost, recovery rate)**: Opaque or punitive insolvency outcomes can be used to eliminate or deter competitors in sectors characterised by high fixed costs and uncertain revenue streams.
- **Intellectual property protection**: Effective protection of intellectual property supports investment in original news content by reducing appropriation risk and improving the ability of producers to capture returns from content creation. Weak IP protection undermines incentives to invest in journalism and original programming, particularly in markets characterised by high fixed costs and low marginal costs of distribution.

29. These domestic competition and property-rights channels describe how the broadcast-sector distortions identified above translate into changes in institutional conditions that affect market structure, entry, and investment. These changes form the basis for the first-order economic effects mapped through the SRB-γ framework and quantified in Appendix A.

30. Certain distortions have implications that extend beyond purely domestic competition conditions. Public funding arrangements supporting international broadcasting activities, including the BBC World Service and associated monitoring capabilities, engage the international competition pillar to the extent that they support cross-border activities and generate spillovers that are not available to commercially funded providers. Within the ACMD framework, such measures can influence relative competitiveness and scale, although their primary relevance in the present context remains their interaction with domestic competition and governance conditions. Appendix A identifies the limited international-competition channels implicated by these arrangements.[79]

31. The combined effect of these distortions is to weaken the ACMD pillars that underpin productivity and income growth. Under the SRB-γ specification of the ACMD framework, the identified changes in domestic competition and property-rights conditions are first translated into an economy-wide first-order effect on GDP per capita. That economy-wide effect is not presented as a claimed outcome but is used solely as a scaling step. The analysis then apportions this intermediate effect to the news and broadcast media sector using conservative footprint proxies that reflect the share of economic activity plausibly affected by broadcast-sector distortions.

32. As set out in Appendix A, applying a narrow footprint based on traditional news production yields an apportioned loss of approximately £1.8 billion. Using a broadcast-centric footprint based on publishing, audiovisual, and broadcasting activities yields an intermediate estimate of approximately £7.5 billion. Allowing for a bounded and explicitly limited spillover into online discovery and intermediation channels yields an upper-bound estimate of approximately £12.4 billion.

33. The estimates reported above reflect first-order economic effects arising from changes in competitive conditions, investment incentives, and productivity within the news and broadcast media sector. Consistent with the ACMD framework, these first-order effects are expected to materialise over a medium-term horizon of approximately three to five years, as firms adjust entry, exit, and investment decisions in response to altered market conditions. Second-order effects, including longer-run impacts on diversity of news provision, plurality of viewpoints, and institutional resilience, are expected to emerge over a longer horizon of around ten years and are discussed separately. These second-order effects are not included in the first-order estimates reported here.

When the economy-wide effect is apportioned to the news and broadcast media sector using a broadcast-centric footprint, the estimated first-order economic impact lies between approximately £7.5 billion and £12.4 billion, over a three to five year period, depending on the degree of bounded online spillover included.

[79] Organisation for Economic Co-operation and Development, *Global Value Chains and Development: Investment and Value Added Trade in the Global Economy* (Paris: OECD Publishing, 2013).

34. The lower end of this range reflects an apportionment based on publishing, audiovisual, and broadcasting activities alone, while the upper end allows for a controlled and explicitly limited spillover into online discovery and distribution channels. These figures represent first-order effects expected to materialise over a three-to-five-year period, consistent with the timing of productivity and investment responses to changes in competition and governance conditions.[80]

35. The detailed explanation of the SRB and SRB-γ models, including the econometric structure, coefficient estimates, and interpretation of pillar elasticities, is provided in Appendix B. The application of those coefficients to UK-specific pillar adjustments, together with the updated GDP-per-head, GDP, and population inputs and the resulting sector-apportioned loss estimates, is set out in Appendix A. The purpose of presenting quantified results in the body of this report is not to assert a precise point estimate, but to demonstrate that the magnitude and direction of the economic effects implied by the identified distortions are economically material and warrant careful consideration in the design of future broadcast regulation and PSM policy.

Second-Order Effects

36. The first-order economic effects identified above operate primarily through reduced competition, weakened investment incentives, and lower productivity growth. Over time, however, these effects can give rise to broader second-order consequences that extend beyond immediate market outcomes. In the context of broadcast news and current affairs, a key second-order risk is the loss of diversity in news programming and viewpoints if sustained distortions cause commercial or independent providers to exit the market or materially reduce investment.

Impact of Loss of Diversity in News Programming

37. Loss of diversity in news programming can arise through several identifiable mechanisms. These mechanisms do not require explicit censorship statutes to operate and are often the result of institutional and economic conditions that shape incentives and risks faced by media providers.

    1. **Legal suppression risk (de jure and de facto)**: Speech may be constrained where courts, regulators, law-enforcement authorities, or politically influenced adjudicatory processes impose sanctions, penalties, or legal exposure that discourage lawful expression. Even where restrictions are formally content-neutral, selective or unpredictable application of legal rules can have a chilling effect on speech.
    2. **Procedural suppression risk (arbitrary rulemaking and limited appeal):** Speech may be constrained where rules affecting content or distribution are adopted without transparent promulgation, consultation, or clear standards, and where affected parties lack effective mechanisms to challenge those rules. Procedural opacity and weak appeal rights can function as indirect restraints on expression by increasing uncertainty and compliance risk.
    3. **Economic suppression (soft censorship, de-platforming, retaliation):** Even in the absence of formal censorship laws, speech can be chilled through economic channels,

[80] See Appendix A, Steps 4.3–4.6, using DCMS Annual GVA Estimates 2023 (provisional), ONS UK National Accounts (Blue Book 2024), and ONS provisional mid-2025 population estimates.

including access to finance, licensing decisions, banking and payment services, investor risk, contractual pressure, or targeted compliance burdens. These mechanisms can discourage participation in news markets by raising the expected cost of expression.

4. **Channel access and communications constraints**: Practical freedom of expression depends on the ability of speech to reach audiences. Constraints on distribution infrastructure, platform access, or communications channels can limit the effective dissemination of lawful speech, even where formal expression rights remain intact.
5. **Enforced naming or compelled language**: The measurable concern in this category is not cultural or semantic debate per se, but the use of legal or regulatory authority to compel or coerce specific terminology or framing. Such requirements typically rely on regulatory power combined with weak institutional checks and can restrict expressive autonomy in ways that are difficult to contest.

Proxy Measurement within the ACMD Framework

38. Because second-order effects on speech and diversity are not directly observable in economic data, the ACMD framework relies on institutional and market proxies that capture the conditions under which such effects are more likely to arise. These proxies are not measures of speech content; they are indicators of legal protection, procedural fairness, and market openness.

A. Property Rights Pillar (PR)

39. The property rights pillar provides the strongest signal for risks related to speech as a protected activity and to compelled or coerced expression. The following sub-variables are most relevant:

- **Judicial independence:** Weak judicial independence increases the likelihood that speech-related disputes are resolved in ways that favour political or institutional interests and makes restrictive measures harder to reverse.
- **Efficiency of the legal framework in challenging regulations:** This variable proxies the ability of affected parties to contest speech-affecting rules, licensing decisions, or regulatory interventions through effective legal challenge.
- **Efficiency of the legal framework in settling disputes:** Predictable and timely dispute resolution reduces the chilling effect associated with prolonged or uncertain legal exposure.
- **Enforcing contracts (time and cost):** High costs or delays in contract enforcement can deter challenges to retaliatory or coercive actions and facilitate punishment through process rather than outcome.
- **Intellectual property protection**: Protection of intellectual property correlates with protection of publishing and idea markets. Weak IP protection is often associated with weaker institutional safeguards for independent media and expression.
- **Strength of investor protection and legal rights (financial)**: These variables proxy the ease with which financial pressure can be applied to silence or deter outlets, as well as the feasibility of funding independent media ventures.
- **Insolvency regime variables (outcome, time, cost, recovery rate):** Opaque or punitive insolvency regimes can be used to destroy or deter media providers through targeted financial distress.

40. Less direct but contextually relevant PR variables include registering property (time and cost), which can signal broader administrative arbitrariness even where speech impacts are indirect.

B. Domestic Competition Pillar (DC)

41. The domestic competition pillar is particularly relevant for procedural arbitrariness and for the availability of exit options and alternative platforms. Key DC sub-variables include:
   - **Regulatory promulgation process:** This variable directly captures transparency, consultation, and predictability in rulemaking. Low scores are associated with environments where speech-affecting rules can be imposed abruptly and enforced arbitrarily.
   - **Business freedom:** This proxies the ease with which new outlets or platforms can enter the market when incumbents or dominant actors suppress speech.
   - **Financial freedom:** This reflects whether access to finance is competitive and insulated from political steering, which is relevant to economic suppression risks.
   - **Individuals using the internet and mobile telephone subscriptions:** These variables capture baseline channel capacity for speech dissemination, affecting reach rather than expressive freedom itself.

42. DC variables such as electricity, transport, and logistics infrastructure are generally weak proxies for speech-specific risks and are not relied upon in this context.

C. International Competition Pillar (IC)

43. The international competition pillar has the weakest direct connection to speech outcomes. One variable is nevertheless contextually relevant:
   - **Freedom of foreigners to visit (Human Freedom Index)**: This variable proxies general openness and is often correlated with broader civil-liberties conditions.

44. Other IC variables, such as customs efficiency or trade logistics, are not speech proxies, although capital controls or currency restrictions may in some contexts contribute to financial suppression. These are treated as tertiary considerations.

Baseline Institutional Conditions and Pillar Scores

45. Before applying the ACMD pillar shocks described above, the analysis establishes baseline institutional conditions for the UK using the composite pillar scores generated from the ACMD/SRB index dataset. These baseline scores represent the UK's prevailing position on the domestic competition, property rights and governance, and international competition pillars prior to the application of the sector-specific distortions analysed in this report.

46. The purpose of establishing baseline pillar scores is not to assess the absolute quality of UK institutions in isolation, but to provide a consistent reference point from which to measure the marginal effects of identified distortions. In the SRB-γ framework, economic impacts are derived from changes in pillar conditions relative to an observed baseline, rather than from the baseline level itself. As a result, the baseline scores function as inputs to the model rather than as substantive findings. The scale of the economy-wide effects implied by changes relative to this baseline is illustrated below.

Long-run economy-wide impact of ACMDs translates to around £2,577 per person, or a total loss to the UK economy of around £179bn. This loss would be spread across a much longer period than the first order effect loss – likely taking ten years or so to flow through the UK system.

47. Consistent with prior applications of the SRB-γ framework, the baseline pillar scores are drawn from the most recent complete year of index data available at the time the analysis was undertaken, namely the 2023 index year. These scores are constructed from underlying sub-variables capturing regulatory quality, legal and institutional performance, and market openness, using a methodology designed to exclude outcome-based measures and to focus on policy-relevant institutional conditions.[81]

48. The table below sets out an illustrative year-by-year profile of economic losses arising from the first- and second-order effects identified in this report. First-order effects reflect transitional, sector-apportioned impacts associated with changes in competition conditions, entry, and investment in the news and broadcast media sector, and are assumed to flow through over a period of approximately three to five years. Second-order effects reflect longer-run, economy-wide impacts on the market for speech, news, and current affairs, and are described elsewhere in this report as accumulating over a period of approximately ten years. The timing of second-order effects is represented using a sigmoidal curve (Gompertz variant), which exhibits a flatter initial phase, a steeper period of acceleration, and a flatter long-run plateau.

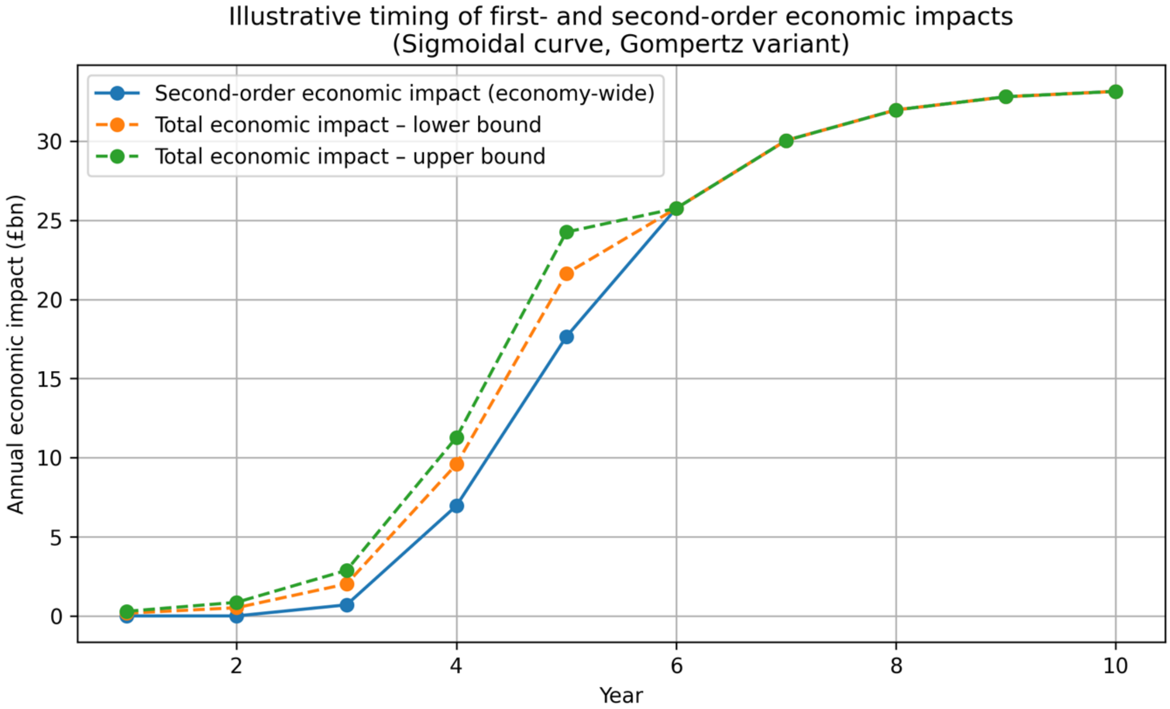
Table 1: Illustrative annual economic losses from first- and second-order effects using sigmoidal curve (Gompertz variant)[82] (logistic) profiles and interaction (Years 1–10)

Year	First-order loss – low (£bn)	First-order loss – high (£bn)	Second-order loss (£bn)	Interaction low (£bn)	Interaction high (£bn)	Total loss – low (£bn)	Total loss – high (£bn)
1	0.17	0.29	0	0	0	0.17	0.29
2	0.52	0.86	0	0	0	0.52	0.86
3	1.30	2.15	0.7	0.01	0.02	2.02	2.88
4	2.37	3.91	6.96	0.25	0.42	9.58	11.28
5	3.14	5.20	17.64	0.85	1.41	21.63	24.25
6	0.00	0.00	25.75	0	0	25.75	25.75
7	0.00	0.00	30.04	0	0	30.04	30.04
8	0.00	0.00	31.97	0	0	31.97	31.97
9	0.00	0.00	32.8	0	0	32.8	32.8
10	0.00	0.00	33.14	0	0	33.14	33.14

The figure below shows the annual profile of second-order, economy-wide impacts and the resulting total annual losses when combined with the lower- and upper-bound first-order

[81] Singham, Shanker A. *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions*. London: Routledge, 2025, chapters 3–4.
[82] Sigmoid distribution over time has been used to reflect the gradually increasing impact and then the set cost once the ACMDs have fully re-sized the market.

effects. First-order effects are transitional and flow through over approximately three to five years, while second-order effects accumulate over a longer horizon of around ten years.



49. The specific baseline pillar scores for the United Kingdom, together with the underlying sub-variable values and weights used to construct them, are set out in Appendix C. The appendix also documents the data sources and index methodology used to derive the baseline scores.

Recommendations

50. The recommendations below are structured to distinguish clearly between the policy objective, the implementable instruments, and the expected effects on the ACMD pillar pathways. The focus is on distortions affecting television broadcast news, while recognising spillovers into the wider information and media market.

A. Funding and contestability

Objective:

51. Reduce coercive cross-subsidy and incumbency advantages created by compulsory funding arrangements, while preserving public-interest outcomes in news and current affairs.

Instruments

1. Transition the BBC away from reliance on the licence fee for non-news services, and toward either subscription-based provision or a transparently funded public-interest model for news and current affairs.
2. Establish a Public Service News and Current Affairs Fund that is open to any qualifying provider meeting clearly defined public-interest criteria, with funding allocated through competitive and transparent processes.

3. Require auditable service-level accounts for publicly funded activities, including clear allocation of overheads and transfer pricing, and publication of market-impact assessments for significant service changes.

Expected ACMD pillar effect

52. Improves domestic competition by lowering entry barriers and reducing soft-financing distortions, as reflected in business freedom and financial freedom proxies. Strengthens property rights conditions by improving investor confidence and reducing the scope for coercive financial pressure linked to funding arrangements.

B. Distribution and prominence neutrality (spectrum, EPG, and connected television)

Objective

53. Prevent distribution privileges and default prominence rules from foreclosing rival broadcast news services or entrenching a single editorial centre of gravity.

Instruments

1. Allocate spectrum and related distribution capacity on transparent and non-discriminatory terms, including published methodologies, time-limited reservations where applicable, and periodic review.
2. Implement prominence rules as prominence with user choice, including clear eligibility criteria, configurability for users, and a defined right of appeal for affected services.
3. Apply non-discrimination principles to EPG and connected television placement arrangements, ensuring that placement decisions are contestable and subject to oversight.

Expected ACMD pillar effect

54. Improves domestic competition by reducing procedural arbitrariness and widening practical channel access for entrants. Indirectly supports property rights conditions by ensuring that regulated distribution decisions are subject to due process and effective challenge.

C. Rights markets and major national events

Objective

55. Avoid rights acquisition practices and PSB reach advantages operating as barriers to entry for competing television news and current affairs providers.

Instruments

1. Where events are protected or otherwise conditioned by public-access objectives, require transparent tendering and or mandatory sub-licensing on fair and reasonable terms.
2. Publish the rationale and cost allocation associated with any public funding or preferential arrangements linked to event coverage.
3. Apply sunset clauses and periodic review to any preferential access or reach arrangements.

Expected ACMD pillar effect

56. Improves domestic competition by reducing foreclosure risk and enhancing contestability in adjacent markets that shape television news demand and audience reach.

D. Regulatory symmetry and external adjudication

Objective

57. Ensure that broadcast news providers face symmetric, timely, and independent oversight, and that complaints and enforcement processes do not operate as a de facto advantage for any single provider.

Instruments

1. Reform the BBC First pathway so that defined categories of complaints, including broadcast news standards issues, may be routed directly to Ofcom or are subject to strict time limits and publication requirements.
2. Harmonise standards expectations across linear and on-demand news content to reduce the scope for regulatory arbitrage.
3. Ensure that any new online duties do not create de facto must-carry obligations for platforms beyond clearly defined public-interest thresholds.

Expected ACMD pillar effect

58. Strengthens property rights conditions by improving the efficiency of challenging decisions and the credibility of independent adjudication. Supports domestic competition by reducing uncertainty and inconsistent rule application.

E. Competition enforcement, transparency, and monitoring

Objective

59. Detect and deter collusion, discriminatory pricing, bundling, and other practices that can suppress entry or reduce viewpoint diversity in television news markets.

Instruments

1. Commission a joint Ofcom and CMA market study covering television news distribution and advertising market conduct, including measurement and bundling practices.
2. Publish an annual pluralism and distortion dashboard, including indicators such as share of voice, entry and exit, complaints outcomes, and distribution placement metrics.
3. Introduce sunset clauses and periodic independent review for any BBC-specific privileges or exemptions.

Expected ACMD pillar effect

60. Improves domestic competition through stronger competitive conditions and more predictable market governance. Reinforces property rights conditions by reducing incentives and capacity for retaliation by process and by improving the contestability of regulatory outcomes.

Appendix A: Quantitative Estimation of Economic Impact Using the SRB-γ ACMD Model

The calculations below follow the methodology set out in the main text and apply the SRB-γ ACMD model using the most up-to-date annual official UK data available at the time of drafting. GDP per head and GDP are taken from the latest complete annual ONS series, and population is taken from the latest provisional mid-year estimate.

Denominators used in this Appendix:

1. UK GDP per head, current prices, seasonally adjusted, annual (IHXT), 2024: £41,626.
2. UK GDP at market prices, current prices, seasonally adjusted, annual (YBHA), 2024: £2,883,887 million.
3. UK population (provisional), 30 June 2025: 69,487,000.

Step 1: Compute DC pillar-point reduction (ΔDC) from DC subpillar changes

Method (weighted average):
For each sub-pillar i:

- Sub-pillar reduction $r_i = \text{Old}_i - \text{New}_i$
- Contribution to pillar reduction $= w_i \times r_i$
  Then:

$$\Delta DC = \sum_i (w_i \times r_i)$$

DC inputs (including proxies for different ACMDs identified)

DC sub-pillar	Weight w	Old	New	Reduction r	Weighted reduction $w \times r$
Business Freedom	25%	6.6	3.6	3.0	0.25 × 3.0 = **0.750**
Mobile telephone	3%	3.6	2.6	1.0	0.03 × 1.0 = **0.030**
Internet use	3%	6.6	3.6	3.0	0.03 × 3.0 = **0.090**
Reg. promulgation	25%	6.6	3.6	3.0	0.25 × 3.0 = **0.750**

DC total pillar-point reduction:

$$\Delta DC = 0.750 + 0.030 + 0.090 + 0.750 = \mathbf{1.620\ points}$$

Step 2: Compute PR pillar-point reduction (ΔPR) from PR sub-pillar changes

$$\Delta PR = \sum_i (w_i \times r_i)$$

PR inputs (including proxies for ACMDs)

PR sub-pillar	Weight w	Old	New	Reduction r	Weighted reduction $w \times r$
Efficiency of challenging legal regs	24%	4.55	2.55	2.00	0.24 × 2.00 = **0.480**
IP protection	25%	5.53	4.43	1.10	0.25 × 1.10 = **0.275**
Investor protection	9%	5.8	3.0	2.8	0.09 × 2.8 = **0.252**
Legal rights	5%	4.5	3.0	1.5	0.05 × 1.5 = **0.075**

PR total pillar-point reduction:

$$\Delta PR = 0.480 + 0.275 + 0.252 + 0.075 = \mathbf{1.082\ points}$$

Step 3: Convert pillar-point reductions into economy-wide GDP per head impact

We use the following model elasticities:

- **DC:** 1.0 point reduction → **8%** GDP per head loss
- **PR:** 1.0 point reduction → **6.9%** GDP per head loss
- (IC not adjusted here → implicitly 0 contribution in this refinement)

DC contribution

$$Loss\%_{DC} = \Delta DC \times 8\% = 1.620 \times 8\% = \mathbf{12.96}\%$$

PR contribution

$$Loss\%_{PR} = \Delta PR \times 6.9\% = 1.082 \times 6.9\% = \mathbf{7.47}\%$$

Total economy-wide GDP per head loss

$$Loss\%_{overall} = 12.96\% + 7.47\% = \mathbf{20.43}\%$$

Expressing this in £/head using **UK GDP per head (UK, current prices, annual, 2024):** £41,626 (ONS time series IHXT):[83]

$$£Loss/head_{overall} = 20.43\% \times 41{,}626 = \mathbf{£8,507\ per\ head\ (approx.)}$$

UK population (mid-2025 provisional): 69,487,000[84]

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[83] Office for National Statistics. *Gross Domestic Product (GDP) per head, at current market prices: seasonally adjusted (IHXT)*. GDP quarterly national accounts time series. Last updated November 13, 2025. https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihxt/pn2.

[84] Office for National Statistics. *Provisional population estimate for the UK: mid-2025*. Statistical bulletin. Published November 27, 2025. https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/provisionalpopulationestimatefortheuk/mid2025.

£8,507 × 69,487,000 = ~ £591 billion[85]

Step 4 — Calculate "news media market" share of UK GDP (s) and apportion the loss

4.1 News market proxy (GVA basis) – Narrow Definition

Using DCMS Annual GVA 2023 (provisional) – SIC table, 2023[p] values (current prices, £m):

- SIC **5813** (Publishing of newspapers): **£2,113.6m**
- SIC **6010** (Radio broadcasting): **£1,067.1m**
- SIC **6020** (TV programming & broadcasting): **£5,669.9m**[86]

Sum:

$$NewsGVA = 2{,}113.6 + 1{,}067.1 + 5{,}669.9 = \pounds\mathbf{8,850.6m}$$

4.2 News market proxy (GVA basis – wide definition)

In practice, news and current affairs content is consumed across a wider range of platforms and delivery mechanisms than those captured by the narrow broadcast and publishing categories alone. Online platforms, streaming services, and digital intermediaries increasingly play a role in the distribution and discovery of news content. For this reason, the narrow GVA definition in Section 4.1 is likely to understate the full economic footprint through which broadcast news distortions may operate.

However, extending the footprint to encompass the entire information and communication sector would materially overstate the plausible scope of impact, as a substantial share of that sector consists of business-to-business IT and communications services that are not meaningfully affected by broadcast news regulation. The apportionment therefore proceeds in stages, beginning with the narrow definition and then considering intermediate and bounded spillover cases below.

4.3 News share (narrow) of UK GDP

UK GDP denominator

To calculate the share of the UK economy attributable to the narrow news media market, the GVA total above is expressed as a share of UK nominal GDP.

[85] These figures represent an indicative first-order, economy-wide impact implied by the specified ACMD pillar shocks under the SRB-γ framework. They are not a forecast and do not attribute losses to any single firm or measure. The timing of these effects is expected to be multi-year, consistent with the dynamics of productivity and investment responses.
[86] Office for National Statistics, "Gross Domestic Product at market prices: current price: seasonally adjusted (£m) (YBHA)," GDP first quarterly estimate time series (PN2), annual value for 2024, accessed January 7, 2026, https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybha/pn2.

UK nominal GDP (current prices, annual), 2024: £2,883,887 million[87]

$$s = \frac{8{,}850.6}{2{,}883{,}887} = 0.003069 = \mathbf{0.3069}\%$$

4.4 Apportioned GDP per head loss attributable to news distortions

Apportionment rule:

$$Loss\%_{news} = Loss\%_{overall} \times s$$

So:

$$Loss\%_{news} = 20.43\% \times 0.3069\% = \mathbf{0.0627}\%$$

In £ per head (using UK GDP per head 2024 = £41,626):[88]

$$£Loss/head_{news} = 41{,}626 \times 0.0627\% = \mathbf{£26.11\ per\ head}$$

Total £ (using UK mid-2025 population 69.487m):[89]

$$Total£_{news} = 26.11 \times 69.487m \approx \mathbf{£1.81bn}$$

4.5 Applying broader media market to include online platforms

This proxies the broader information economy measure to get a better sense of what the total information market is in the UK, as opposed to just traditional outlets.

A) GVA-style "broader information economy" = ONS Section J (Information & communication)

Step A1 — Numerator: UK GVA for Section J (current prices)

ONS Blue Book time series KKJ9 ("Section J: Information and Communication (£m): CP") reports:

- 2023: £152,297m
- 2024: £161,074m[90]

[87] Office for National Statistics, "Gross Domestic Product at market prices: current price: seasonally adjusted (£m) (YBHA)," GDP first quarterly estimate time series (PN2), annual value for 2024, accessed January 7, 2026, https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybha/pn2.
[88] Office for National Statistics, "Gross domestic product (Average) per head, at current market prices: seasonally adjusted (IHXT)," GDP first quarterly estimate time series (PN2), annual value for 2024, accessed January 7, 2026, https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihxt/pn2.
[89] Department for Culture, Media and Sport, "DCMS Annual Gross Value Added (GVA) Estimates, 2023 (provisional)," accessed January 7, 2026, https://www.gov.uk/government/statistics/dcms-annual-gva-estimates.
[90] Office for National Statistics, "Gross Domestic Product at market prices: current price: seasonally adjusted (£m) (YBHA)," GDP first quarterly estimate time series (PN2), annual value for 2024, accessed January 7, 2026, https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybha/pn2.

Step A2 — Denominator: UK GDP (current prices)

ONS GDP time series YBHA (“GDP at market prices: current price, £m”) reports:

- 2024: £2,883,887m[91]

Step A3 — Compute share of overall UK economy (GDP basis)

2024 share

$$\text{Share}_{2024} = \frac{161{,}074}{2{,}883{,}887} = 0.05585 = \mathbf{5.59}\%$$

Result (ONS Section J as % of UK GDP): ~5.59% (2024)

Share of total UK GVA: ONS Blue Book commentary gives total UK GVA (basic prices) in 2023 = £2,497bn.[92] So, Section J share of total GVA (2023) is approximately:

$$\frac{152.297}{2{,}497} = \mathbf{6.10}\%$$

(This is “GVA-on-GVA”, which is conceptually cleaner than GVA-on-GDP.)[93]

B) Alternative official “platform-adjacent” GVA: DSIT Digital Sector (2019–2023)

DSIT’s accredited statistics (previously DCMS series) report:

- Digital Sector GVA (current prices) 2023 = £153.5bn
- Digital Sector accounted for 6.5% of total UK GVA in 2023[94]

If we express that as a share of GDP (using ONS GDP 2024 = £2,883.887bn):

$$\frac{153.5}{2{,}883.887} = 5.32\%$$

[91] Office of Communications, News Consumption in the UK 2024, accessed January 7, 2026, https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption.
[92] Department for Science, Innovation and Technology, Digital Sector Economic Estimates 2023, accessed January 7, 2026, https://www.gov.uk/government/statistics/digital-sector-estimates.
[93] Office of Communications, News Consumption in the UK 2023, accessed January 7, 2026, https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption.
[94] Office of Communications, News Consumption in the UK 2023, accessed January 7, 2026, https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption.

So, on a GDP-denominator basis, the DSIT Digital Sector proxy is also ~5.3% of the UK economy (2023).

Interpretation difference (important):

- ONS Section J is the broad “information + communications” production sector definition.
- DSIT Digital Sector is a curated subset intended to represent the “digital tech” economy (telecoms, software/IT services, data/hosting, etc.), and is often closer to “online platform infrastructure” than Section J’s content-heavy components. [95]

The online platform media market loss is thus given by (20.43% * 5.32%) = 1.09%

This gives a GDP per capita loss of £452. Applying to UK 2025 latest population numbers (given the sharply increasing UK population) of 69.487m, a loss to the UK economy of £31.4bn.

This upper end estimate likely over estimates the impact of these ACMDs. The range is too large to offer useful insight so it is necessary to provide more context to the £1.81bn to £31.4bn range as follows.

1) Evidence basis for “spillover exists, but should not be economy-wide”

Ofcom’s News Consumption work shows TV and online are now broadly on par in reach for news:

- In 2024, 71% of UK adults used online sources for news and 70% used television.[96]
- In 2023, online news use (68%) was just behind broadcast TV, and TV was still around 70% in platform reach terms (supporting data).[97]

This supports including some online/platform layer in our footprint, but it does not justify allocating across the entire information/IT economy (because a large share of “information economy” GVA is B2B IT/services that is not plausibly impacted by *broadcast news* distortions).

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2) Use an intermediate “broadcast-centric” footprint from ONS (recommended core)

Step 2.1 — Use UK GDP (denominator)

[95] Office of Communications, News Consumption in the UK 2024, accessed January 7, 2026, https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption.
[96] Office for National Statistics, “Gross domestic product (Average) per head, at current market prices: seasonally adjusted (IHXT),” GDP first quarterly estimate time series (PN2), annual value for 2024, accessed January 7, 2026, https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihxt/pn2.
[97] Office for National Statistics, “Gross Domestic Product at market prices: current price: seasonally adjusted (£m) (YBHA),” GDP first quarterly estimate time series (PN2), annual value for 2024, accessed January 7, 2026, https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybha/pn2.

ONS nominal UK GDP (current price) for 2024:
GDP = £ 2,883,887m[98]

Step 2.2 — Use a content/broadcast ecosystem numerator (KKK3)

ONS Blue Book time series:

Publishing, audiovisual and broadcasting activities (KKK3) in 2023 = £36,607m[99]

This aggregate is a strong intermediate proxy because it sits structurally much closer to TV broadcast news distortions (distribution, prominence, public service broadcasting ecology) than "all information & communication".

Step 2.3 — Compute the intermediate share of GDP

$$s_{KKK3} = \frac{36{,}607}{2{,}883{,}887} = 0.01269 \approx 1.27\%$$

So the KKK3 footprint ≈ 1.27% of UK GDP.[100]

3) Translate that footprint into an intermediate £ impact (scaling from £1.81bn baseline)

We already have two endpoints expressed in £:

- £1.81bn (narrow "traditional news producer market" apportionment)
- £31.4bn (broad "information economy" apportionment)

Because our apportionment method is linear in "affected footprint share", we can scale from the £1.81bn baseline using:

$$\text{Impact}_{\text{candidate}} = £1.81\text{bn} \times \frac{s_{\text{candidate}}}{s_{\text{narrow}}}$$

From our prior workings, the narrow footprint underlying the £1.81bn result is about 0.3069% of GDP (i.e., the "newspapers + radio + TV" proxy in the model).

Using KKK3 as the intermediate footprint

[98] Office for National Statistics, "Gross Domestic Product at market prices: current price: seasonally adjusted (£m) (YBHA)," GDP first quarterly estimate time series (PN2), annual value for 2024, accessed January 7, 2026, https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybha/pn2.
[99] Department for Culture, Media and Sport, "DCMS Annual Gross Value Added (GVA) Estimates, 2023 (provisional)," accessed January 7, 2026, https://www.gov.uk/government/statistics/dcms-annual-gva-estimates.
[100] Office for National Statistics, Provisional population estimate for the UK: mid-2025, statistical bulletin, published November 27, 2025, accessed January 7, 2026, https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/provisionalpopulationestimatefortheuk/mid2025.

$$\text{Impact}_{KKK3} = £1.81\text{bn} \times \frac{1.27\%}{0.3069\%} \approx £7.5\text{bn}$$

Result: ~£7.5bn (2024 nominal) as a *broadcast-centric intermediate*.

This is, in practice, the most defensible “mid” estimate if ACMDs are specifically TV broadcast news.

4) Add a controlled online/platform spillover (optional, but usually advisable)

To reflect Ofcom’s evidence that online reach is comparable to TV reach, we can add a partial online-intermediation layer.

ONS gives an aggregate that captures much of the “online layer”, but it is too broad to include at 100%:

IT and other information service activities (KKK7) in 2023 = £80,451m[101][102]

Share of GDP:

$$s_{KKK7} = \frac{80{,}451}{2{,}883{,}887} = 0.02790 \approx 2.79\%$$

However, KKK7 includes a lot of general IT/services activity that is not “news distribution”. So use only a fraction of KKK7 as a spillover proxy.

Practical spillover bracket (10% to 30% of KKK7)

Define:

$$s_{\text{hybrid}} = s_{KKK3} + \alpha \cdot s_{KKK7}$$

where $\alpha$is the spillover factor into the online intermediation layer.

Reasonable bracket for a TV-broadcast-centric distortion with cross-platform effects:

- Low spillover: $\alpha = 0.10$
- Mid spillover: $\alpha = 0.20$
- High spillover: $\alpha = 0.30$

That yields:

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[101] Office for National Statistics, UK National Accounts, The Blue Book 2024, time series for KKJ9 (Section J), KKK3, and KKK7, accessed January 7, 2026, https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/bluebook.
[102] Department for Science, Innovation and Technology, Digital Sector Economic Estimates 2023, accessed January 7, 2026, https://www.gov.uk/government/statistics/digital-sector-estimates.

- α = 0.10: $s \approx 1.55\%$→ impact ≈ £9.1bn
- α = 0.20: $s \approx 1.83\%$→ impact ≈ £10.8bn
- α = 0.30: $s \approx 2.11\%$→ impact ≈ £12.4bn

(These are scaled from the £1.81bn narrow baseline as described above.)

Recommended intermediate range to use in the project

Given the subject is TV broadcast news ACMDs (high direct relevance to broadcast distribution and prominence) with clear but not economy-wide spillovers into online discovery, a sensible reporting range is:

- Intermediate range (recommended): £7.5bn to £12.4bn
  - Lower end (~£7.5bn): treat it as primarily a *broadcast/content ecosystem* distortion (KKK3 only).[103]
  - Upper end (~£12.4bn): allow a meaningful but bounded *online intermediation spillover* (KKK3 + ~30% of KKK7), consistent with Ofcom showing online reach is comparable to TV reach.[104]

If we need a single "central" figure for narration, use ~£10.8bn (i.e., KKK3 + ~20% of KKK7 → ~£10.78bn).

Hence the estimated first order effect is between £7.5bn and £12.4bn in damage to the UK economy over a three to five year period.

These first order effects are expected to flow through the UK economy within three to five years.

[103] Office of Communications, News Consumption in the UK 2024, accessed January 7, 2026, https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption.

[104] Office of Communications, News Consumption in the UK 2023, accessed January 7, 2026, https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption.

Appendix B: The Singham-Rangan-Bradley (SRB) and the SRB-γ Models

The following annex provides an overview of the Singham-Rangan-Bradley (SRB) and SRB-γ models. The content in this section includes direct excerpts, as well as summarized and rewritten information from *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* by Shanker Singham.[105] For a full, comprehensive explanation of the models, consult chapters 3 and 4 of the cited book.

Overview of the SRB ACMD Model

The Singham-Rangan-Bradley (SRB) model is an econometric framework designed to quantify the impact of anti-competitive market distortions (ACMDs) on a country's economic performance. It is the first model of its kind to provide a basis for evaluating how policy-induced distortions in key areas affect GDP per capita. "The SRB model is founded on the notion that there are three fundamental pillars of economic development through which anti-competitive policies affect market outcomes: property rights protection, domestic competition, and international competition." In other words, distortive government interventions in the economy ultimately operate by undermining one or more of these three pillars, which are all essential to productivity and growth. The SRB model's purpose is to measure and predict how improvements or degradations in these pillars translate into changes in a country's GDP per capita, thereby giving policymakers an objective gauge of the cost of distortive policies and the benefits of pro-competitive reforms.

Structure and Inputs of the SRB Model

Composite Pillar Indices: To capture each pillar quantitatively, the SRB model uses composite indices for Property Rights, Domestic Competition, and International Competition. Each index is constructed from numerous measurable sub-factors reflecting policy conditions and institutional quality in that area. For example, the Property Rights Protection index follows the Heritage Foundation's criteria for grading legal protection of property rights (including enforcement of contracts, expropriation risk, intellectual property protection, judicial effectiveness, etc.). The Domestic Competition index similarly aggregates indicators of regulatory freedom and market conditions such as business freedom, labor market flexibility, financial freedom, infrastructure and utilities access (e.g., electricity availability, logistics performance), and market openness measures to reflect the extent to which government policies

[105] Shanker A. Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (New York: Routledge, 2024), https://www.routledge.com/International-Trade-Regulation-and-the-Global-Economy-The-Impact-of-Anti-Competitive-Market-Distortions/Singham/p/book/9781032944166?srsltid=AfmBOoqXzFG_ToNS1-Dl6VPYsMYz6ttsNaWOkFYlXlVoLCvlEQ-LKICr.

enable or restrict competitive behavior in the domestic economy. The International Competition index comprises factors like tariff and non-tariff barriers and trade facilitation metrics (logistics performance indicators on customs efficiency, timeliness of shipments, etc.). Each pillar index is thus an aggregate score that captures how conducive a country's policy environment is to competition and property rights in that domain, independent of direct economic outcomes.

Econometric Model Structure: The SRB model links these policy indices to economic outcomes through a two-stage econometric structure grounded in growth theory. First, it identifies a set of fundamental factors that directly determine productivity (and thereby GDP per capita) in an economy. In the initial SRB specification, these factors included the stock of foreign direct investment per capita, domestic credit availability (financial capital from the banking sector), public health expenditures, educational attainment, and the presence of natural resource exports (e.g., fuel, ores, and metals). Together, such variables represent the channels through which policy distortions affect productivity. The model then posits that a country's performance in each of these areas is influenced by the policy "pillar" scores (i.e., by the degree of property rights protection, domestic market competition, and openness to international competition in that country). In other words, the SRB framework models GDP per capita (productivity) as a function of key input factors (investment, credit, human capital, etc.), which in turn are functions of the three pillar indices that reflect the policy environment. This approach follows the insight of Solow-type growth models that emphasize factor accumulation and total factor productivity, while explicitly incorporating institutional quality through the competition and property rights indicators.

Data Inputs and Calibration: The SRB model is calibrated on cross-country data and uses standard controls to ensure robustness. GDP per capita is measured in comparable international-dollar terms (PPP) so that countries can be evaluated on an equal footing. The model deliberately excludes outcome-driven metrics from the construction of its pillar indices, focusing on policy and institutional inputs. This avoids circularity and ensures that the indices are truly exogenous explanatory variables. In the regression analysis, additional control variables such as human capital (e.g., expected years of schooling) and population size (log of population) are included to account for differences in labor force quality and economic scale, to isolate the impact of policy distortions on income. Thanks to its rich specification, the original SRB model achieved a very high goodness-of-fit. In sample, it could explain roughly 90% of the cross-country variation in GDP per capita, with a mean prediction error of only ~4% (i.e., 96% accuracy in estimating income levels from the input variables). This far exceeds the explanatory power of previous single-index measures. Such results underscore that the SRB approach, by assigning appropriate weights to myriad policy factors across the three pillars, captures the true drivers of productivity more effectively than simpler metrics.

Purpose and Use: By quantifying the relationships between policy-induced competition metrics and economic outcomes, the SRB model allows analysts to simulate the effect of reforms. For example, one can estimate how a given improvement in a country's Domestic Competition score or Property Rights score would feed through to greater investment, credit, and productivity, ultimately increasing per-capita GDP. Indeed, SRB model projections indicate that reducing anti-competitive market distortions yields substantial gains in GDP per capita, in line with findings from other studies (e.g., OECD research on growth impacts of regulatory reform). In practical terms, the model can be used to produce estimates such as "a one-point increase (on a 1–7 scale) in a country's domestic competition index is associated with a double-digit percentage increase in GDP per capita", illustrating the large payoff to pro-competitive policy improvements. These quantitative insights provide an evidence-based rationale for regulatory and trade policy reforms by showing the order-of-magnitude impact on economic welfare.

The SRB-γ Model

As the SRB model was further developed and tested, refinements were made to address certain econometric concerns and to simplify its application. SRB-γ (the SRB "gamma" model) refers to the final, refined version of the SRB econometric model. This version retains the same foundational pillars and purpose but introduces adjustments to improve the model's robustness and usability for policymakers. The main impetus for developing the SRB-γ variant was to resolve endogeneity issues identified in the original specification. In the first SRB model, the three pillars were in effect combined into a single overall policy index (through interaction terms and the multi-stage regression structure), which raised the possibility of multicollinearity and made it harder to discern each pillar's distinct effect. There was also a potential feedback issue insofar as a single composite score might be influenced by GDP itself or by unobserved country traits, complicating causal interpretation.

Refinements in SRB-γ: "This model refines and simplifies the model and correlates the three different pillars separately with GDP per capita." In practical terms, this means the revised model abandons the single-index reduced-form in favor of a clearer specification where each pillar enters as an independent variable in the regression (rather than being multiplied together in complex interactions). By breaking down each pillar and evaluating its relationship with GDP per capita individually, the model eliminates the endogeneity concern that arose from using one combined score. The SRB-γ model is implemented as a panel data regression (covering multiple countries over time) with appropriate fixed effects. Specifically, it models (logged) GDP per capita as a function of the Property Rights, Domestic Competition, and International Competition index values for each country-year, along with several control variables (e.g., human capital, population, fiscal factors) and includes an unobserved country-specific effect (to capture time-invariant national attributes) and a time-period effect (to capture global trends). This panel approach improves the rigor of the estimates by using within-country changes over time and controlling for country fixed effects, thereby mitigating omitted variable bias and better pinpointing the impact of policy changes.

The SRB-γ variant provides a rigorous, data-driven means to evaluate how anti-competitive distortions in property rights, domestic markets, and trade reduce a nation's economic output, and conversely how pro-competitive policy reforms can boost productivity and incomes. The SRB-γ framework's pillar structure and empirical calibration allow it to translate abstract concepts of competition and market health into concrete numerical estimates of GDP per capita impact. The refinement to the SRB-γ model has enhanced the clarity and reliability of these estimates, making the tool even more useful for guiding policy. This model forms a technically robust annex to policy analysis, enabling stakeholders to quantify the growth dividends of removing distortive regulations and strengthening the competitive foundations of an economy.

Changes to SRB Model

"Initial projections from the SRB model suggest that a reduction in ACMDs does lead to a significant increase in GDP per capita in line with the projections from the agency based model and from other sources, such as OECD and other figures on the impact of anti-competitive regulation on growth.

In order to deal with the concerns which emanate from attempting a single correlation between a single pillar score covering IC, DC and PR we then attempted to break down each pillar or force to correlate that force with GDP per capita by itself. We found this eliminated the endogeneity concern. We also greatly simplified the model specifications as below, incorporating country and time fixed effects.

$$\ln\,(GDP\ per\ capita)_{it} = \beta_0 + \beta_1 Domestic\ Competition_{it} + \boldsymbol{X}'_{it}\boldsymbol{\gamma} + v_t + \lambda_i + \epsilon_{it}\ (1)$$

$$\ln\,(GDP\ per\ capita)_{it} = \beta_0 + \beta_1 Property\ Rights_{it} + \boldsymbol{X}'_{it}\boldsymbol{\gamma} + v_t + \lambda_i + \epsilon_{it}\ (2)$$

$$\ln\,(GDP\ per\ capita)_{it} = \beta_0 + \beta_1 International\ Competition_{it} + \boldsymbol{X}'_{it}\boldsymbol{\gamma} + v_t + \lambda_i + \epsilon_{it}\ (3)$$

We construct a panel data model of GDP as a function of each competition index, several observed control variables and an unobserved time invariant country specific effect and a country invariant time period specific effect." The initial panel data set of 2010-2019 was extended to 2023 and the OLS regressions re-run. The below table shows the coefficients applicable for a one-point increase in each individualized pillar score.

Results of SRB-γ ACMD OLS Regression using longer set of 2010-2023 Panel Data

Independent Variable	Coefficient	Standard Error. Clustered at the country level	t-stat	p-value	Observations
Property Rights	0.0686	0.0283	2.42	0.017	1,852
Domestic Competition	0.0803	0.0373	2.15	0.033	1,798

International Competition	0.0637	0.0367	1.74	0.085	2,042

The dependent variable is the log of country GDP per capita, by year. Estimation results are based on annual data from 2010 to 2023. All regressions include country and year fixed effects. The most demanding specification.

Interpretation: For the Property Rights Index, which ranges from 2.2 to 6.2, the estimate suggests that when a country achieves a one-point increase in the property rights index, then its per capita income increases by 6.9%. A similar interpretation applies to the other two indices.

Appendix C: Baseline UK ACMD Pillar Scores (Index Year 2023)

From the UK(GBR), 2023 row in each pillar file:

- DC index (UK 2023) = 5.916803
- PR index (UK 2023) = 5.390927
- IC index (UK 2023) = 5.603476

Step 1 — Apply DC sub-pillar shocks (each lowered by 0.5) and compute ΔDC

DC sub-pillars specified to reduce by 0.5

(Weights shown are the DC weights in the data; pillar reduction is weighted average.)

Formula

$$\Delta DC = \sum_{i} w_i \times 0.5$$

DC workings (UK 2023)

DC sub-pillar	Weight	Old	New (Old-0.5)	Reduction	Weighted pillar reduction
Regulatory promulgation process 0–100	0.25000	6.028000	5.528000	0.5	0.125000
Business freedom score	0.25000	6.574000	6.074000	0.5	0.125000
Financial freedom score	0.06250	5.800000	5.300000	0.5	0.031250
Individuals using internet (% pop.)	0.03125	6.567617	6.067617	0.5	0.015625
Mobile telephone subscription	0.03125	3.518667	3.018667	0.5	0.015625

Sum of weighted reductions (ΔDC):

$$\Delta DC = 0.125 + 0.125 + 0.03125 + 0.015625 + 0.015625 = 0.3125$$

New DC index (UK 2023)

$$DC_{new} = 5.916803 - 0.3125 = 5.604303$$

Step 2 — Apply PR sub-pillar shocks (each lowered by 0.5) and compute ΔPR

Using PR sub-pillars that effectively cover the full PR basket:

- Judicial independence

- Efficiency (challenge regulations)
- Efficiency (settle disputes)
- Enforcing contracts (time, cost)
- IP protection
- Strength of investor protection
- Legal rights index (financial)
- Registering property (time, cost)
- Insolvency (Outcome, Time, Cost, Recovery rate)

PR weights across these subpillars sum to 1.0. Therefore:

$$\Delta PR = \sum_i w_i \times 0.5 = 1.0 \times 0.5 = 0.5$$

(For transparency: the workbook shows each PR subpillar weight and the $w_i \times 0.5$contribution; they add to 0.5.)

New PR index (UK 2023)

$$PR_{new} = 5.390927 - 0.5 = 4.890927$$

Step 3 — Apply IC sub-pillar shock (lowered by 0.5) and compute ΔIC

Sub-Pillar:

- Freedom of foreigners to visit (Human Freedom Index) ↓ 0.5

In the IC file, the weight on "Freedom of foreigners to visit" is 0.08.

Formula

$$\Delta IC = 0.08 \times 0.5 = 0.04$$

New IC index (UK 2023)

$$IC_{new} = 5.603476 - 0.04 = 5.563476$$

Step 4 — Convert pillar-point reductions into economy-wide GDP per capita loss

Model coefficients (given)

- IC: 1 point ↓ → GDP/head ↓ 6%
- DC: 1 point ↓ → GDP/head ↓ 8%
- PR: 1 point ↓ → GDP/head ↓ 6.9%

Pillar contributions

DC contribution

$$Loss\%_{DC} = 0.3125 \times 8\% = 2.50\%$$

PR contribution

$$Loss\%_{PR} = 0.5 \times 6.9\% = 3.45\%$$

IC contribution

$$Loss\%_{IC} = 0.04 \times 6\% = 0.24\%$$

Total economy-wide GDP per capita loss

$$Loss\%_{Total} = 2.50\% + 3.45\% + 0.24\% = 6.19\%$$

This translates to around £2,577 per person, or a total loss to the UK economy of around £179bn. This loss would be spread across a much longer period than the first order effect loss – likely taking ten years or so to flow through the UK system.