

Why does the BBC traditionally defend its license fee from an information gap/merit good perspective?

The BBC hosts many of the UK's most popular documentaries and programmes alongside their news coverage. Everyone in the UK who watches or records TV as it is broadcasted needs to be covered by a TV licence. This includes TV on computers, mobile phones, DVD/video recorders and other devices, which allow access to media on demand via BBC iPlayer.

The BBC first aired in 1936 at Alexandra Palace and was the first channel ever to be aired on television. The BBC being the first TV channel ever broadcasted on TV there were no advertisements at the time, as a result their air time needed to be funded somehow. Consequently the TV license was introduced and was charged or taxed to all British households, companies, and organisations using any type of equipment to receive or record live television broadcasts. The TV license allows users to access BBC content on multiple platforms without the nuisance of advertisements from third parties.

However, consumers are growing frustrated as they are forced into paying this tax which is looking to increase due to inflation from the 1st of April 2017. On the other hand other channels such as ITV adopt a different approach whereby they have advertisements from other organisations air between their shows, which generates enough money to pay for their programme costs and also for their media access on different platforms for example ITV player.

The government who are responsible for collecting the tax encourage the coverage of the BBC content as a merit good. As there are no other third parties involved in advertising the BBC represent an unbiased view to the public which the government believe is a necessity for all. Being a merit good it also has the possibility of holding an information gap whereby the government are aware of the BBC's benefits to its viewers, but the viewers are complaining for having to pay for a license for a channel which they don't have to pay for others. All in all this leaves the BBC and the government to defend the license fee due to the unbiased coverage they claim to put out to their viewers.

Although there is a conflict and information gap caused by the license fee, the BBC are covered from almost all bases having the government be in control of the income from the tax and setting the cost accordingly to inflation. The government being a legal figure applying the license fee also means if the viewers were to not pay the fee they would be guilty of tax evasion. Ultimately forcing viewers to pay the license, which creates the information gap.