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Public Television in
the Cultural
Marketplace**

By Laurence Jarvik



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INTRODUCTION

In 1964, Marshall McLuhan pointed out that new technologies, such as television and the computer, have changed our vision of the world. He wrote describing his new paradigm:

After three thousand years of explosion, by means of fragmentary and mechanical technologies, the Western world is imploding. Today, after more than a century of electric technology, we have extended our central nervous system itself in a global embrace, abolishing both space and time as far as our planet is concerned. Rapidly, we approach the final phase of the extension of man—the technological simulation of consciousness, when the creative process of knowing will be collectively and corporately extended to the whole of human society.

McLuhan's vision came to be known as the global village; a result of his equation, in its own way as revolutionary as Albert Einstein's $E=MC^2$, that "the medium is the message." McLuhan's insight was that media are the extension of the human nervous system, and "the personal and social consequences of any medium result from the new scale that is introduced into our affairs...by any new technology."

One of the most important writers to follow McLuhan has been George Gilder. His *Life After Television*, significantly distributed in "The Larger Agenda" series by Whittle Direct Books in 1990, argued that "television, in technical terms, was dead." Gilder counselled against following the Japanese model of government bureaucracies and business consortia because large, centralized organizations were an outdated relic of obsolete technologies—dating from the Industrial Revolution of the 19th Century.

With the introduction of the micro-chip, Gilder argued "Intelligence could move from the broadcast station into inexpensive, home-based personal computers....The choices now made by broadcasters at an event could be made at home by a viewer's hand-held remote control." The entire existing terrestrial broadcast system became outdated, in Gilder's words, "as passe as last century's ice-box and ice wagon." According to Gilder, the result will be enhanced individualism, strengthening democracy and capitalism all around the world. In Gilder's view, all networks are the equivalent of ice companies doomed by the invention of refrigeration.

Such an individualism means that the era of television as a purely mass medium is over, to be replaced by an electronic marketplace entered through the "telecomputer." This marketplace will be accessible through fiber optic cables and digital compression. Gilder argues such an "elec-

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tronic town hall” (to borrow from Ross Perot or Heritage’s own new service) will “liberate our imaginations from programs regulated by bureaucrats chosen by a small elite of broadcasting professionals and governed by the need to target the lowest common denominators of public interests,” or in the case of PBS, by political considerations.

Gilder uses the metaphor of the magazine business, with dozens of special interest publications for every taste, as his vision for the micro-chip age, which is now upon us.

Critic David Marc argues that we don’t even have to wait for the telecomputer—that cable and satellite broadcasting, along with the home-video cassette, have already rendered mass media as a thing of the past. In *Demographic Vistas*, he remarks:

As NBC, CBS, ABC, and PBS and big-city independents are joined by HBO, ESPN, A&E, CBN, WHT, USA, CNN and the rest yet to come in the alphabet soup of the cable converter, the forty years or so during which scores of millions of people watched the same TV shows day in and day out are likely to be remembered as a quaint, naive period. Cable innovations will allow the demographer marketers to decentralize structure and even to isolate and attack pockets of aesthetic resistance (the highly educated are among the early, prominent target groups).

So McLuhan, Gilder, and Marc all argue that the transformation of technology has changed our way of life irrevocably, and that the approaches of the past will be of little help in the future. In this sense they have an affinity with Jacques Ellul, who argues in *The Technological System* that “the human being who uses technology today is by that very fact the human being who serves it. And conversely, only the human being who serves technology is truly able to use it.” At a crucial moment, then, one might ask “not what your technology can do for you, but what you can do for your technology.” And it is with this constrained vision that I would like to discuss the role of public television on the cultural marketplace after privatization.

A SEA CHANGE

The current debate over public television is not occurring in isolation. The present moment is one of tremendous change in the communications industry and show-business, as the impact of the events of the 1980s is beginning to be felt.

In Europe, the fall of Communism has resulted in an explosion of private media outlets, and a revolution in the relationship between broadcasters and the marketplace. I recently returned from MIP, the international TV program market in Cannes, where I attended a press conference on the privatization of Russian television, and heard a pitch on why a network buy in Russia now was a bargain. At the same time, the European Community is preparing to increase production of television, much of it in English, designed for sale to the American market. And in France there are rumors that Antenne 2, the second public channel, will be sold off to private investors before the next national elections. Already, Canal Plus, a private wireless cable channel, is the most successful station in Europe, and owns Carolco pictures, which produced both *Basic Instinct* and *JFK*. TF-1 successfully drove its competitor, le Cinq, off the air—with a little help from the French government, which plans to split its franchise between a French-German cultural channel and Jacques Lang’s dream of a national MTV for France.

In England, the BBC announced a joint venture with Thames Television on a new satellite channel featuring shows from their tape libraries—fully financed by advertising. This is a dramatic change for the BBC, and was announced only days after the victory of John Major and the

Conservatives. The BBC also has started a service to Asia, again with advertising on its satellite feed. Thus, even Auntie Bee is moving into the marketplace with surprising alacrity.

Here in the United States there is evidence of dramatic change in telecommunications. In addition to the CPB reauthorization still pending in the Senate, there remains serious legislation to re-regulate the cable industry; to decide on the entry of telephone companies into competition with the networks; and to set up a new satellite service dedicated to educational use called EDSAT. The networks are pressing for an end to Fin/Syn. In addition, the competing HDTV suppliers have pooled their resources. Each of these events alone is a small sign of the sea change in broadcasting. Put together, they mark the most significant shift since the Nixon Administration's decisions of Financial Interest in Syndication, Prime-Time Access, satellites, and cable entry. It is also rumored that Clayton Yeutter has set up a telecommunications policy working group in the White House, which indicates just how important these matters will be in the coming months and years. The tectonic plates are clearly shifting, and the fight over the public broadcasting bill is now seen to be a volcano erupting on a fault line, a fault line caused by the irresistible force of market pressures on a highly regulated industry. The immense demand can no longer be met by government sanctioned gatekeepers extracting monopoly rents.

Some measure of the transformation in broadcasting can be seen in viewing statistics. In 1983-1984, the networks had a 69 share, independent broadcasters a 19 share, PBS a 3 share, basic cable a 9 share, and pay cable a 5 share. Six years later, the numbers had shifted dramatically. In 1990-1991, the networks were down *sixteen* points, to a 53 share, independents up slightly to a 21 share, and basic cable up fifteen points to a 24 share. Meanwhile, PBS remained static at a 3 share, which meant its core of loyal viewers were not switching, but neither were they getting new audiences. Another set of statistics, from *Entertainment Weekly*, actually reported PBS audiences went down by 12 percent in 1990-1991. In that same period, cable stations doubled their expenditures on programming from \$1.74 billion to \$3.46 billion, some three times the annual budget for public broadcasting. Given these statistics, how can public broadcasting cope with the seismic changes in their universe? Harold Vogel points out in his book *Entertainment Industry Economics* that Direct Broadcast Satellite, Microwave Multi-point Distribution of Signals, Small Master Antenna Television, and subscription television will all be growth technologies challenging cable's dominance, as well as the current share of the networks and PBS. He notes "technological development has been the driving force behind the growth of the entertainment industries." Vogel further notes that in a competitive environment, small entrepreneurs (not established) thrive because of the inherent non-standardization and novelty required. Vogel says creative works "are uniquely produced and are normally originated by individuals working alone or in small groups, and not by giant corporate committees. One can become rich and famous as a direct result of one's own creative efforts."

How can public broadcasting provide an environment which attracts such creative entrepreneurs? Only by transforming the system into one which rewards individualistic impresarios rather than bureaucratic operators.

CREATIVE COMPETITION

This competition means that government funding, with its strings, serves to stunt the growth of public broadcasting. Richard Blum and Richard Lindheim predict that pay-per-view will become an increasingly competitive source of programming in the 1990s, in their book *Primetime Network Television Programming*. In that book, they point out that the creative process is an extremely personal one. The presentation begins with an oval "pitch" explaining a series idea. The written presentation is usually not shown to the network, unless there is a complication. The most important factor is *showmanship*. They add: "A number of key ingredients are necessary for

a successful presentation. Among them are honest enthusiasm, abundance of detail, humor, conviction, and adaptability.” Once the idea is accepted, the written concept is purchased. As the authors point out, it “often sounds like a TV guide marketing blurb.” They reprint the one-paragraph concept for *Murder She Wrote* as follows:

Angela Lansbury stars as a celebrated mystery writer, Jessica Fletcher, whose penchant for crime-solving invariably involves her in often bizarre and always colorful escapades. Once a contented widow from a small town in Maine, Jessica has found fame, as well as adventure, by turning her avocational scribblings into a lucrative new career. A star-studded cast and an endless chain of nieces and nephews will join her as she solves the most intriguing of crimes with the most eccentric of methods.

In contrast to the highly personal creative process surrounding commercial programming, because of its reliance on tax dollars today public broadcasting operates much more like a government bureaucracy. According to 1988 congressional testimony from Fred Wiseman, the system is a “mess.” He added, “most competent professionals would not consider working in public television in its present form.” Yet, so long as public broadcasting is accountable for federal tax dollars it will rightfully be hamstrung by administrative procedures inimical to the creative spirit, designed for civil service priorities. Evidence for this can be seen in the lack of successful new series on PBS prime-time schedules, even a follow-up to General Motors’ *The Civil War*. Evidence can also be found in P.J. O’Rourke’s description of bureaucracy. He says “the actual work of government is too unglamorous for the people who govern us to do. Important elected office-holders and high appointed officials create bureaucratic departments to perform the humdrum tasks of national supervision. Government proposes, bureaucracy disposes. And the bureaucracy must dispose of government proposals by dumping them on us.”

Such a system rewards the bureaucratic mind, not the creative and glamorous spirit. It is a fact that even Norman Lear, one of the most successful producers in Hollywood and certainly a bona fide liberal, was unable to get his American Writer’s Theatre—which would have featured adaptations of classic American authors—through the PBS and CPB maze. It is not surprising, as Jonathan W. Emord has shown in his book *Freedom, Technology and The First Amendment*. “The normal functioning of the free speech and press models is possible only in the absence of government regulation.” But federal tax dollars carry federal strings. Therefore, for public broadcasting to be free and creative, it must be truly independent—and that means financially private—in order to thrive.

How is this to take place? The answer lies in the rich potential of the ancillary revenues from public broadcasting. As has been shown by the success of ventures such as Bill Kling’s \$77,000,000 Minnesota Public Radio catalogs, or Ken Burns’s and Bill Moyers’s video and book tie-ins, or Sesame Street’s licensing of \$1 billion worth of merchandise world-wide, there are substantial revenues to be earned in the public broadcasting aftermarkets.

With a real, bottom line after privatization, public broadcasters will be encouraged to make deals so that the profits from ancillary income go directly to finance the creation of new programming. This will be true for stations as well. The copyrights for public broadcasting productions would be the motor of this prosperity. Combined with donations, underwriting, and increased corporate support, these sums will more than make up for the trade-off in federal funds. Such a self-supporting public broadcasting system could be run on either a non-profit or a for-profit basis. If non-profit, the model might be The National Geographic Society. With 10,000,000 members—twice as many as public broadcasting—National Geographic runs \$450,000,000 of cultural and educational programs each year—including two TV series, a magazine, the visitor

center, and numerous expeditions and publications. Yet, it receives no direct tax dollars, unlike the present CPB.

Or CPB could go for-profit as a publicly held and publicly traded corporation, receiving its capital from the marketplace instead of the taxpayer. This would still leave the local stations untouched, free to operate as they have been doing.

But instead of receiving community service grants as they now do, local stations and other recipients would have to bargain over the terms of contracts with a partner who had a bottom line to meet. This would enforce fiscal discipline on the entire system, and perhaps encourage public television stations to increase their audiences. It would create *incentives* to reach viewers. Share holders could participate proudly in any profits, having converted charity to an investment.

The non-profit model is already successful for Children's Television Workshop, grossing \$100 million annually. The for-profit model also exists in production companies such as Ken Burns's Florentine Films and Bill Moyers' Public Affairs Television.

All of them are already truly thriving in the cultural marketplace, selling books, records, and videocassettes, among other items. There is no reason their successes could not be duplicated in such a way that contribute directly to the system instead of extracting profit (and "non-profit") from the system.

CONCLUSION

By entering the cultural marketplace as a truly private entity and directly competing with new services, and by using its strongest programming to support new products, Public Television has every opportunity to grow and prosper in the multi-channel marketplace. For in addition to all its tangible assets, Public Television enjoys another benefit—the good will engendered by its long established reputation for quality educational and cultural programming. It is a blue-ribbon name, on which one cannot even place a dollar estimate. With the proper marketing strategy, and a willingness to go head-to-head in competition, there can be no doubt but that PBS could establish itself in the market niche of the "Tiffany" service by the end of the 1990s, and Tiffany's is a very successful shop.

Without the stifling influence of the government bureaucracy which goes with its congressional appropriation, a liberated CPB will be free to bring far more of the finest in arts, education, and culture to viewers like you, at no cost to the taxpayer.

