



There is an important distinction to be made between dictation by the government of the outcome of private business decisions (the regulatory approach) and the formation of industry structures which take advantage of natural economic incentives, and which lead industry to produce results consistent with government goals. This is the policy approach, and it is much more consistent with economic and First Amendment freedoms than the regulatory approach.

Doctrine in broadcasting. In 1970 a bill to this effect was introduced in the House of Representatives.

Let me mention another instance of Government intervention, more recent than the Fairness Doctrine and more fearful to your colleagues in the broadcasting industry. Last summer, the United States Court of Appeals for the District of Columbia held that broadcasters could not refuse to sell advertising time for the presentation of politically controversial material. The justification for this severe restriction upon the editorial freedom of a private broadcaster? The justification was that he was no longer a private broadcaster but a "public trustee"-- virtually an arm of the Government, and therefore subject to the same Constitutional constraints as the Government itself. And how did he become a "public trustee"? Surely not by waiting in line. He seems to have become so quite by accident, through the combination of two factors: (1) his importance as a medium for the communication of ideas, and (2) the high degree of Government involvement in his activities.

I am sure you see the possibility of applying similar reasoning to your industry. The first of these two factors unquestionably exists. As to the second (extensive Government involvement in the industry) that is easy enough to find--or, if we can not find it, to create. Consider the Newspaper Preservation Act of 1970; the special second-class postage rates; the FCC cross-ownership rules; the special protection from libel actions accorded to the press; and the governmental provision of special facilities such as press rooms, news briefings, press passes to areas where the citizenry at large is denied access.

VII

Do we really want to risk an erosion of the economics of over-the-air television before we are sure we have something to replace it with? Do we really want to run the risk of a reduction of service to our rural areas? What about the effect on our political process? Cable would probably bring about a great reduction in campaign costs; but, on the other hand, it would be very hard for a politician to draw a large cable audience, because the audience might be fragmented among many channels. Could a President command a truly national audience for his major addresses? For the majority of people, would there be a common basic news service, which would provide as much service as the one we have today? On the whole, would those kinds of developments be good or bad?

How would the large number of channels made possible by cable be filled? Twenty, fifty, a hundred channels is an entirely different undertaking than the kind of television programming and distribution that we have today. Who will decide what goes on those channels, or how they're used? Who will pay for all those channels? Who will decide who gets on and who does not?

Answering these questions will be difficult because cable does not fit the FCC regulatory molds either for a

Cable television can offer some exciting and innovative new services and can do so quite cheaply. You have heard about these new services or will hear about them here. But I submit that the real importance of cable television lies not in the innovative new services, but rather in the rare opportunity to structure a basic reform in our public policy approach to mass communication. It is always easier to make such reforms in conjunction with a new technology than it is to disturb the status quo of an existing industry.

Being new, it requires a government policy covering industry structure, regulation, and many other dimensions. We should take advantage of this opportunity to avoid the mistakes which are all too apparent in current television regulation.

VIII

Where should public policy focus? Not with Medium Sense I. We all agree that public policy should not make judgments about good or bad programming any more than good or bad art. Rather it should focus on Medium Sense 2. The objective of public policy should be to get as much of the diversity and creativity that is in this country through the transmission medium and onto the home television screen.

Two ways come to mind for the Government to achieve this goal. The first is the "Government push." Government could foster economic monopoly in television in order to saddle the TV industry with even more programming responsibilities. The Government could push into the system programming that is of higher quality, more diverse, more artistic, and the like. We could then require the commercial broadcasting system to provide so many hours of classical music, literature discussions, video art, and the like. And set up a Government-funded network to do what is totally uneconomical, since even monopolies can be saddled with only so much public service responsibilities.

The problem with "Government push" is that it involves the Government in the medium in both senses of the word. The Government could not avoid determining which art or which artistic mediums are good art or good programming. In order to decide what to push through the system, the Government and the political process one way or another would become an arbiter of public taste.

VII

The alternative to "Government push" might be called "Demand Pull." Under this policy, the Government would implement policies which would reduce the economic concentration in the system and would expand outlets. Viewer demand forces would "pull" whatever types of programming they wanted right through the transmission medium onto their TV screen.

This "Demand Pull" route would rely on an effective harnessing of the free enterprise system -- to apply in television the incentives which are so successful in other sectors of our economy. People can buy what they want in movies, records, books, magazines, etc. Perhaps a tremendously diverse market for the arts might be possible in television too.

The "Demand Pull" system would also achieve two further important goals. First it would minimize the need for Governmental decisionmaking as to what the people should see. There would be minimal interference with the "medium" in the first or artistic sense of the word. The people would decide what they wanted to see by voting for programs with their dollars in the diverse marketplace rather than voting in the ballot box.

Secondly, and more importantly for this conference today, this route would enlarge the base of economic support for the arts. Public subsidies, no doubt, will continue to be needed for the traditional arts as well as for

the arts intended for the television screen. But the emphasis of public subsidy would be properly placed on creative people, as Nancy Hanks has done so well, rather than on edifices.