

January 18, 1992

## MAKING PUBLIC TELEVISION PUBLIC

### INTRODUCTION

Faced with huge budget deficits, a stagnant economy and the need to cut taxes on hard-pressed American families, Congress has to take a fresh look at eliminating some domestic programs. High on the list for cutting should be those programs that ought to be private sector enterprises rather than government corporations, and those that already have outlived their usefulness.

One program fits both categories, and yet is typically overlooked by lawmakers: the Corporation for Public Broadcasting (CPB), whose fiscal 1992 budget is a quarter-billion dollars.

The Corporation for Public Broadcasting is the federally-funded organization that finances public television and radio. It is also responsible for enforcing the provisions of the 1967 Public Broadcasting Act, which established public television and radio, including the requirements for balance and objectivity in public broadcasting.

Grants from CPB help fund both local broadcasting stations and national programming distributed by the Public Broadcasting Service (PBS). PBS is a private non-profit corporation owned by local non-commercial broadcasters which provides the daily prime-time programming schedule and manages the satellite interconnection service for non-commercial broadcasting. Funding from the CPB accounts for just under 17 percent of the total spent on public television.

**Continuous Tension.** Although in theory a quasi-private body, CPB is in practice a government-controlled corporation with a board of directors selected by the President and confirmed by the Senate which must follow congressional mandates to receive continued appropriations. In the eyes of the law, however, the CPB is a private, non-profit corporation, like PBS. The 1967 Public Broadcasting Act explicitly declared CPB "will not be an agency or establishment of the United States Government."<sup>1</sup> This has created a no man's land between the public and private sectors in which there is

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1 Public Broadcasting Act of 1967 [47 USC 396 b].

continuous tension between broadcasters, who desire complete freedom of expression, and the law's requirements that there be balance and fairness.

The way to end this tension is to make public television truly public by selling the CPB to the private sector, allowing it to operate as a publicly held corporation accountable to its shareholders.

**Scrutiny and Criticism.** Congress has yet to approve the next three-year budget for CPB, projected at up to \$1.11 billion—the largest authorization in the Corporation's history. Congress has delayed action because the public broadcasting system is facing intense new scrutiny and criticism from both liberal Democrats and conservative Republicans regarding its discretionary funding, its management practices, and its apparent lack of concern about balance.

Senator Paul Simon, the Illinois Democrat, for instance, has asked the General Accounting Office (GAO) to analyze whether CPB could be funded through a tax on television sets. Such a tax, reasons Simon, would eliminate public television's dependence on congressional appropriations. Simon reportedly also is considering a proposal to ban corporate underwriting of CPB programming because of what he sees as the excessive "commercialization" of public television.<sup>2</sup>

Taking a different approach, Representative Phil Crane, the Illinois Republican, last October introduced a bill (H.R. 3616) to repeal the statutory authority for the Corporation for Public Broadcasting. Crane argues that funding should end because programming of the kind broadcast by public television can "flourish in the private sector without the hand or wallet of Uncle Sam."<sup>3</sup>

Crane's position finds support in a recent Federal Communications Commission (FCC) Working Paper entitled "Broadcast Television in a Multichannel Marketplace." Concludes the study:

Supported by voluntary viewer payments and government and charitable contributions, public television was created as a response to the failure of the advertiser-supported program market to produce programming to suit the tastes of small audiences. With the advent of commercial viewer-supported programming on cable, many of the needs public television was intended to fill have begun to be met by cable. In the future, government funding of public television may have to be justified on different grounds.<sup>4</sup>

**Competing With Cable.** Even a study published by the Corporation for Public Broadcasting itself and conducted by the Boston Consulting Group, a prestigious firm of management consultants, agrees that times are changing for public broadcasting because of cable television's availability to tens of millions of Americans. Many cable stations carry the education and cultural programs that it was once thought could be provided only by taxpayer-supported public TV. Increasingly, in fact, public TV finds

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<sup>2</sup> *Public Broadcasting Report*, November 22, 1991, p. 4.

<sup>3</sup> "Government Has No Business in Broadcasting," *Congressional Record*, October 23, 1991, p. E3528.

<sup>4</sup> Florence Setzer and Jonathan Levy, "Broadcast Television in A Multichannel Marketplace," OPP Working Paper Series Number 26, FCC, June 1991, p.1601.

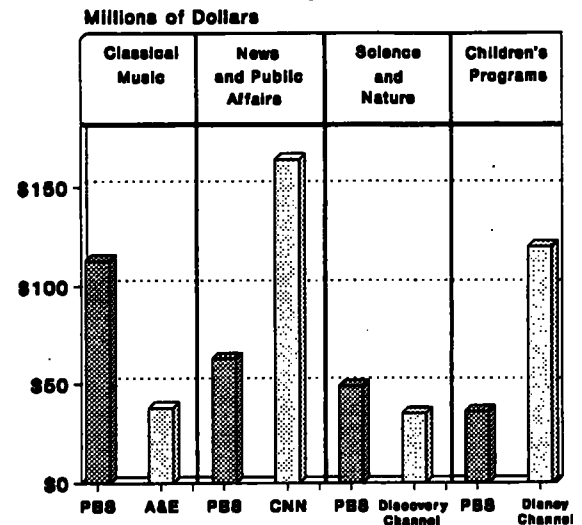
it difficult to compete with the cable networks for an audience. According to the CPB study, "The educational services of public television, which are a central mission of public television, enjoy a strong competitive position today, but will face increasing competition in the near future."<sup>5</sup>

**Outspending Public TV.** The Public Broadcasting Service (PBS) no longer is the dominant funding source for "quality" children's, cultural, or news programming. Much more is spent on this by private cable television. The Disney Channel, for example, spends \$120 million a year on children's programming, compared with PBS's \$36 million. Similarly, Cable News Network (CNN) spends \$164 million on news and public affairs, compared with PBS's \$63 million. Explains the Boston Consulting Group: "The most efficient and effective medium for the distribution of educational video materials is no longer terrestrial broadcast television. Cable, cassette, satellite broadcasting, and laser disc are superior methods."<sup>6</sup>

The PBS system operates mainly through terrestrial broadcasting, which means satellite relays and ground transmission. A large portion of public television expenditure thus is devoted to running an outdated and expensive distribution system rather than to producing programming. The strong conclusion of the report: "terrestrial broadcasting is becoming obsolete."<sup>7</sup>

**Resisting Audits.** There are growing worries, meanwhile, that PBS does not abide by its legal obligation to assure balance and fairness in its programming. These concerns can only be proved or disproved by a thorough review of the system's programming. This should be undertaken before any more taxpayer's money is released to the CPB. Yet the Corporation strongly resists any "audit" of its programs. In the future, moreover, to assure fairness and balance, the public broadcasting system should be subject to the same scrutiny by the Federal Communications Commission (FCC) as the commercial networks.

**Chart 1  
PBS and Cable Spending Patterns:  
1989**



Total PBS: \$261 million

Total Cable: \$358 million

Note: A&E = Arts and Entertainment, CNN = Cable News Network.  
Total cable refers to the spending of the listed channels.

Source: Corporation for Public Broadcasting. Heritage DataChart

5 Boston Consulting Group, "Strategies for Public Television in a Multi-channel Environment," Corporation for Public Broadcasting, Washington, D.C., March 1991, p. 1.

6 *Ibid.*, p. 9.

7 *Ibid.*, p. 13.

Even with these reforms, however, taxpayer-supported public television still would be a highly bureaucratic relic of the 1960s, a period when the grip of the three major commercial networks seemed to rule out future competitors. Today, entrepreneurial cable stations deliver a vast range of cultural, news, and foreign programs that was unthinkable when the public system was created.

Rather than pour hundreds of millions of dollars into the Corporation for Public Broadcasting, taxpayers should demand the CPB be privatized, and financed by public stock ownership.

**High Quality Competition.** The private sector can deliver educational and cultural programming of high quality, equal or better to that provided by PBS and funded by CPB. There are several examples of this. In Britain, licenses were awarded to independent private broadcasters last year after an auction in which one requirement was a "quality threshold."<sup>8</sup> In France, the government television network TF-1 was privatized in 1987 by the Socialist government of President Francois Mitterrand. It now commands 43 percent of the television audience and earns a profit of \$55 million a year.<sup>9</sup>

American public television today is a solution in search of a problem. It no longer has a mission. While a government-funded public television system might have been needed as an alternative to the network monopoly in the 1960s, the growth of the multi-channel marketplace in the 1980s makes today's public broadcasting system unnecessary and wasteful.

## HOW PUBLIC TELEVISION AVOIDS TAXPAYER ACCOUNTABILITY

Public television preserves certain assumptions about so-called "market failure" and alleged shortcomings of private enterprise that were widely held when the service was founded in 1967. It is the false nature of these assumptions, made evident by the profound changes in television, that undermine the principal argument for a government-funded network.

Public television evolved out of the National Educational Television network set up by the Ford Foundation in 1951 to utilize broadcast band widths reserved for educational institutions. By the time NET was fully operational in the 1960s, it was conceived as an explicit rebuke to ostensibly low-quality commercial television.

Insulation from taxpayer accountability was built into the public broadcasting system at its creation. To circumvent possible criticism of official government "propaganda" operations, the Corporation for Public Broadcasting was set up. A private, non-profit corporation, the Corporation for Public Broadcasting would transform annual government appropriations into "private" funds for speech protected by the First Amendment. To allay fears of a centralized "fourth network" of the government, which might cut into the market share of commercial networks, the public broadcasting system was committed to what was called "localism."<sup>10</sup>

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8 David Docherty, et al., *Keeping Faith? Channel Four and Its Audience*, Broadcasting Research Unit, London, 1988.

9 *Variety*, October 8, 1990.

10 John Witherspoon and Roselle Kovitz, *A Tribal Memory of Public Broadcasting: Mission, Mandates, Assumptions* (Washington, D.C.: CPB, July 1986), p. 26.

**Core of the System.** There were several reasons for the stress on localism. For one, local educational broadcasters were around long before PBS. For another, different local systems were owned by different types of bodies: some by municipalities, with others by school boards, universities, and non-profit foundations. Thus the Public Broadcasting Act of 1967 made explicit that the local educational station was to be the core of the public broadcasting system.

Perhaps the most powerful reason for the emphasis on localism was that politicians and public television producers simply did not want to give up their media outlets to a central authority in Washington. Currently there are 341 stations broadcasting PBS programming. Of these, 49 percent are owned by community organizations or non-profit foundations; 32 percent are owned by colleges and universities; 13 percent by state authorities; and 6 percent by local boards of education or municipalities.<sup>11</sup> As the CPB steering committee notes for the Boston Consulting Group study state: "To borrow from former House Speaker Tip O'Neill who said 'all politics is local,' so far as our viewers are concerned 'all programming is local.'"<sup>12</sup>

During the Nixon Administration, tensions grew between local station managers and the centralized PBS program bureaucracy and CPB staff. The local managers complained about what they felt was anti-Nixon programming by the central bureaucracy. One result of these tensions was that Congress in 1973 decided to give a substantial part of CPB's appropriations directly to the local stations, bypassing the controversial national television bodies. These stations then purchased programming from PBS. CPB did retain a small discretionary budget for programming, and the responsibility to oversee public broadcasting. Local stations then voted on the PBS national schedule, toward which they paid a share. They also were free to purchase additional programming on their own.

Under this procedure, PBS used money from local stations to purchase distribution rights to programs, but was officially forbidden to produce them. Productions were funded by a variety of sources, including the CPB.

**Bypassing the Board.** Until 1980, the CPB gave grants directly for individual programs and series. But in the wake of the election of Ronald Reagan, with urging from Geoffrey Cowan, who had been appointed to the CPB board by Jimmy Carter,<sup>13</sup> the board established a "Program Fund" with a staff authorized to finance productions independent of the board. The board would refrain from program decisions and only establish priorities.<sup>14</sup>

This peculiar set-up, with a board responsible for programming yet declining to participate in the process, continued until 1988 when the CPB signed a new contract with PBS. This moved responsibility for the CPB program fund entirely away from the CPB board and permitted programming decisions to be made centrally at PBS in consultation with CPB program fund head Don Marbury. Under this arrangement, since 1989

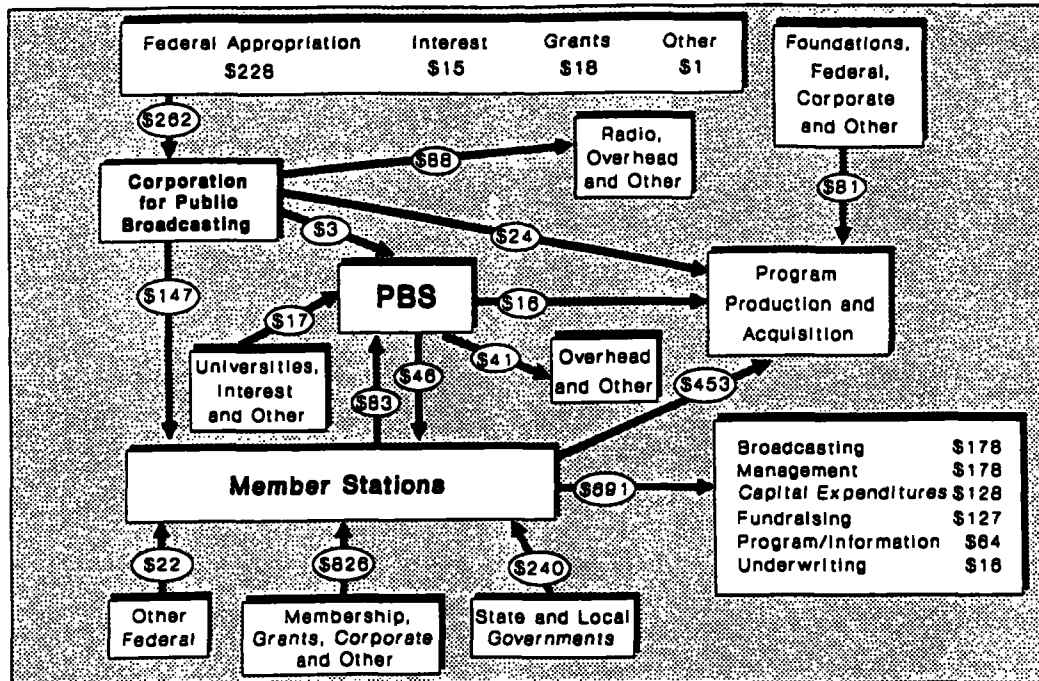
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11 *Facts About PBS* (Alexandria, VA: PBS, February 1991), p. 2.

12 Boston Consulting Group, "Steering Committee 'User's Guide to BCG Study'," p. 18.

13 Geoffrey Cowan, personal interview.

14 "Report to Accompany HR 2977" Public Telecommunications Act of 1991, Report Number 102-363, USGPO, p.12.



## Public Television: Tracking the Flow of Dollars

All figures for 1989. Millions of Dollars.

Source: The Corporation for Public Broadcasting.

from \$16 million to \$24 million has been given by CPB to PBS directly. These funds have been mixed in with \$78 million pooled from local stations.

This money is devoted to airing public interest programs and ostensibly is personally controlled by PBS chief programming executive Jennifer Lawson, previously the director of the CPB program fund. Lawson is free of any control by Congress.<sup>15</sup> According to a PBS spokesman, PBS president Bruce Christensen does not involve himself in programming decisions.<sup>16</sup>

Thus public funds are being channeled into public television with no accountability to the taxpayers for either management or programming.

## PRIVATE PROFIT WITH GOVERNMENT SUBSIDY

A system of centralized programming and managerial authority, paid for largely by taxpayers but in the hands of an unelected bureaucrat, has great potential for abuse. Because of the byzantine nature of the financing mechanisms which evolved over the years from the political horse-trading between the stations, CPB, PBS, Congress and the White House, a small group of public television insiders have reaped huge financial rewards from public television. Writing in the *New Republic*, journalist Andrew Ferguson notes that, "the flow of funds within the hermetic world of public TV is one of its tightest secrets."

<sup>15</sup> Jack Robertello, "PBS Gives Final Approval to Centralized Funding Plan," *Current*, December 3, 1990, p. 1.

<sup>16</sup> John Grant, telephone interview.

Some measure of PBS rewards can be taken. Bill Moyers, for example, has sold 200,000 cassettes of his television productions through PBS Video, which pays a 30 percent royalty to Moyers and his partners.<sup>17</sup> Moyers admits to raising \$15 million for his production company in connection with his public television activities.<sup>18</sup>

**Money Machine.** Similarly, Children's Television Workshop licenses characters from *Sesame Street* and other programs to manufacturers around the world, with gross revenues of over a billion dollars a year. The net income of Children's Television Workshop is approximately \$100 million per year, with \$40 million alone from *Sesame Street Magazine*, which reports some 4.5 million readers. With its taxpayer subsidy, the Children's Television Workshop also is developing shows for commercial television.<sup>19</sup>

This money-machine feature of public television is a far cry from the original assumption that a public system was needed to give access to programming with no commercial appeal. And while little concern seems to have been raised about the frequent commercial success of public television programs and related products, it raises obvious questions:

What is the rationale for taxpayers supporting a system with such commercial appeal?

Why not progressively transform it from a public to a private enterprise?

The success of public TV products seems to indicate that there is a genuine public demand. Moreover, a great number of outstanding public television programs enjoy strong commercial sponsorship as well as healthy revenues from commercial sales. Among these are "The Civil War", sponsored by The General Motors Corporation; "Nova", sponsored by The Johnson & Johnson Company and The Lockheed Corporation; "Scientific American Frontiers," sponsored by General Telephone and Electronics; "This Old House", sponsored by State Farm Insurance; "The MacNeil-Lehrer Newshour", sponsored by Pepsico and AT&T; Metropolitan Opera broadcasts on "Great Performances" sponsored by Texaco; and "Masterpiece Theatre" and "Mystery!", sponsored by the Mobil Corporation.

**Prime Advertising Outlet.** In addition to privately-sponsored programs and their ancillary products, book tie-ins and the like, as well as local fund-raising drives, some 70 major public television stations now sell national commercial spot advertising. Ads appear for Mercedes and Volvo and for American Airlines, Hertz, Kraft Foods, and Starkist Seafood. Many of these advertisements, called "enhanced underwriting" are sold by Public Broadcast Marketing Inc. (PBM), a private firm which reports gross billings of approximately \$2 million annually, distributing messages to over 55 stations. Company president Keith Thompson told the show business trade newspaper *Variety* that stations could annually sell \$50 million to \$60 million worth of corporate advertis-

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17 Andrew Ferguson, "The Power of Myth," *The New Republic*, August 19 & 26, 1991, p. 25.

18 Jane Hall, "Making His Move: After the '92 election, Bill Moyers will shift his focus from Public TV," *Los Angeles Times*, October 1, 1991, p. F1.

19 Telephone interview with Bob Lane, CTW Finance Department, September 30, 1991.

ing annually within five years. Thompson argues that public television can charge a premium, with a PBS rating worth double or triple of that on a commercial network due to the "pristine and uncluttered environment" of public broadcasting.<sup>20</sup>

**Competition for Ad Dollars.** Federal Communications Commission guidelines permit local station breaks of 2 1/2 minutes twice an hour, with PBM allowing one minute per hour to regional and national accounts.<sup>21</sup> In addition to national advertising, local commercials are available directly from stations themselves. WNET in New York boasts a client list of 47 corporations. *Broadcasting Magazine* said of this development, "Broadcasters appear to have a new competitor in their battle for local ad dollars: public TV."<sup>22</sup>

Public television authorities, however, officially deny there is any advertising on the network. An 1990 opinion column in the public television journal *Current* claimed, for example, that "public television has no commercials."<sup>23</sup> To this point of view, *Broadcasting* responded recently with an editorial "Quacks Like A Duck." Its conclusion: "We know they're only 'extended sponsorship credits,' but somehow, the difference between a 15-second sponsorship credit featuring, say, the name and logo of a car manufacturer and video featuring its latest sports car and a 15-second commercial featuring the name and logo of a car manufacturer and video featuring its latest sports car escapes us."<sup>24</sup> The trade magazine editorial added that it was blatantly unfair competition for private commercial broadcasters to fight in the marketplace against a government subsidized competitor.

PBS also has a for-profit subsidiary called PBS Enterprises, Inc. One of its business ventures, PBS Home Video, grossed \$30 million last year.<sup>25</sup>

Many local stations, including WETA in Washington, D.C., and WGBH in Boston, have for-profit subsidiaries directly competing with private companies offering telecommunications services. In short, the public television system is operating an essential commercial network. There is just one difference: it is slated to receive over \$1 billion by 1996 from the American taxpayer.

## HOW BALANCE AND FAIRNESS ARE IGNORED

The Public Broadcasting Act of 1967 requires the CPB to ensure that public television programs "will be made available to public telecommunications entities with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature." Yet even a cursory survey of public television programs reveals that the law is being violated. Concludes a recent report in the *Journal of the Committee for Media Integrity*, a viewer's watchdog group: "For twenty years the fairness require-

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20 "Station Sales Rep Predicts Boom in Corporate Messages on PBS," *Variety*, September 14, 1990.

21 "Public TV Rep Signs New Clients," *Broadcasting*, December 24, 1990.

22 Rich Brown, "WNET TAPS INTO LOCAL AD BUDGETS: Noncommercial station works hard to woo commercial dollars," *Broadcasting*, November 25 1991, p. 34.

23 John Carey, "How Public TV Beats the Competition," *Current*, December 3, 1990, p. 15.

24 *Broadcasting*, November 25, 1991, p. 82.

25 "Michael Nesmith, Eric Sass and Colleagues," *Current*, December 16, 1991, p. 21.



ment of the Public Broadcasting Act has been systematically ignored by the Corporation and its directors."<sup>26</sup>

**Analysis Quashed.** The CPB fiercely resists attempts to verify if it complies with the law, even when those attempts are initiated by its own board members. In May 1986, for instance, CPB board member Richard Brookhiser proposed hiring media analyst Robert Lichter of George Washington University to analyze public television programming to determine whether programs had been produced according to the law. Board member Sharon Percy Rockefeller vigorously opposed the proposal. She argued that such a study was a threat to the existence of public broadcasting: "It countermands the reasons CPB is in existence... we are there to assure maximum freedom from interference with or control of program content. If this proposed study does not violate that mandate, I don't know what would." Rockefeller went on to claim that "objectivity," "balance," and "bias" are virtually impossible to define and that the proposed study would have "a chilling effect" on public television. With pressure from Representative John Dingell, the Michigan Democrat who chairs the House Energy and Commerce Committee which oversees public broadcasting, the Lichter study was dropped and the CPB board eventually cancelled the content analysis study.<sup>27</sup>

Even if there were a study of the balance of CPB programs, the Corporation's own documents would be of little use since the CPB does not maintain records of the political perspective of the programs it funds. In response to a recent request from David Horowitz of the Committee for Media Integrity, CPB general counsel Paul Symczak, in a July 9, 1991, letter declined to characterize the politics of shows CPB finances, adding that "the CPB does not get involved in the content of the individual programs." As an article in *COMINT*, the Journal of the Committee for Media Integrity concluded, "this is tantamount to an admission from the CPB itself, that it makes no effort to balance its program funding as the law requires."<sup>28</sup> Without the documentation, it is impossible to prove or disprove charges that CPB has violated the law by neglecting to abide by provisions requiring objectivity and balance.

It is not merely an issue of documentation. Leading figures in public television appear to believe it is their obligation to reject the legal requirement for balance in each program and series. Responding to what Horowitz calls "public TV's relentless rehearsal of leftist themes," for instance, Bill Moyers criticizes calls for balance as a demonstration of "shrill bias" and argues that the duty of public television is not to be balanced itself, but to balance the presentation of public affairs that is broadcast on other channels.<sup>29</sup>

**Leftward Tilt.** The attitude of Moyers and other leading public television broadcasters is important in judging whether the CPB abides by the law. *Current*, the trade journal of public broadcasting, reports that Moyers had 21 hours of programming on PBS in 1991 and commented that "for fan and foe alike, Moyers has become the living embodiment of all that is good or ill in public television."<sup>30</sup> And as the Committee for

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26 *COMINT, The Journal of The Committee For Media Integrity*, Vol. 1, Issue 3, Fall 1991, p. 2.

27 *Current*, January 27, 1987, p. 1; *Current*, December 15, 1986, p. 8.

28 *COMINT*, Vol. 1, Issue 3, Fall 1991.

29 Bill Moyers, "To the Right Wingers of COMINT," *Current*, May 27, 1991, p. 19.

Media Integrity argues, there are no prime time series to balance public affairs shows produced by Moyers, *P.O.V.*, or *Frontline*. The Committee also charges specials such as *Making Sense of the Sixties* and *L.B.J.* as having a clear left of center tilt.<sup>31</sup>

**Insuring Compliance.** Disturbing errors of judgment by public television and evidence of bias in programming should alarm Congress and prompt the lawmakers to take action to insure that public television complies with the law. In pursuit of this, Congress should investigate CPB's compliance with the principles of fairness and balance contained in the law and delay disbursement of any new money to the Corporation until that study is completed.

Furthermore, the determination of CPB bias and balance should in future rest with the Federal Communications Commission, which oversees political programming in the private sector. In the 1975 case of *Accuracy in Media Inc. v. FCC*,<sup>32</sup> the District of Columbia Circuit Court ruled that in the case of public television, interpretations of balance and fairness were to be left to the jurisdiction of the CPB and to Congress. The decision stated that the FCC has no jurisdiction over public broadcasting.<sup>33</sup>

The best way for Congress to enforce the fairness doctrine in the case of public broadcasting television or radio, given the abject failure of the CPB to fulfill its regulatory role, thus would be through legislation transferring the responsibility for assuring balance and fairness from the CPB to the FCC.

## **SOLUTION: PRIVATIZE PUBLIC BROADCASTING**

For two decades, reformers have tried to change the public broadcasting system, calling for more fairness, honesty and integrity. They have all failed.

The basic reason is structural. The present public broadcasting system is a private corporation which depends on public tax revenues. Such a contradiction leads to endless confusion and disputes between broadcasters concerned primarily with independence and free speech and lawmakers who must assure that the taxpayers' dollars are spent according to law.

Designed during the Great Society of the 1960s, public broadcasting is a bureaucratically complex subculture that remains impervious to reform, and it continues for its rationale on an assumption about television—that only public television can carry certain educational and cultural programming—that is rendered obsolete by the explosive growth of cable television. Despite being on the receiving end of federal tax dollars, the CPB staff are hostile to objectivity and balance, and guard their secrets carefully. CPB general counsel Symczak has refused to release to researchers even the minutes of supposedly public board meetings.<sup>34</sup> CPB's Chairman, Marshall Turner, has de-

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30 *Current*, December 16, 1991, p. 13.

31 *COMINT*, Fall 1991, p. 9.

32 521 f. 2d 288 (D.C. Cir. 1975)

33 Gillmor, *et al.*, *Mass Communication Law: Cases and Comment*, Fifth Edition, West Publishing, 1990, pp. 846-7.

34 Letter to author, December 18, 1991.

fended this policy of stonewalling, telling the *Pittsburgh Post Gazette* "There are some things the public doesn't need to know."<sup>35</sup>

**Increasing Accountability.** The logical and practical solution to the public television mess is to make public television private. Given the increasingly commercial nature of the giant enterprise known as public television, and the cultural offerings of many cable stations, the American public probably would not even notice the difference. Once privatized, however, PBS programmers no longer would be able to indulge themselves with the taxpayer's money, and the federal deficit could be reduced. Privatization actually would increase the public accountability of the system, as stockholders would be entitled to information now hidden by the CPB from taxpayers.

Privatization could be achieved by selling the Corporation for Public Broadcasting to the public as a publicly-held corporation with stockholders. In such a structure, PBS and National Public Radio would be partially owned subsidiaries of CPB. These subsidiaries also could be sold, if required. The Community Service Grants, currently payable to local stations, would be the equivalent to the network compensation received by commercial affiliates.

A fully private Corporation for Public Broadcasting would have a target audience extremely attractive to advertisers—upscale, affluent, and educated viewers and listeners. It also would be subject to the same market pressures and regulatory restrictions as any commercial network.

**European Examples.** Such an arrangement is not without precedent. In Britain, Channel Four was successfully established in 1982 as a public service and educational broadcasting channel owned and operated by the private sector, the ITV television companies. It supports itself through advertising. It reaches approximately 10 percent of the British audience, four to five times the average share of PBS.

In The Netherlands there has been a similar transformation. The board of directors of public television network VERONICA TV voted to take the station into the commercial sector and run its one television channel and two radio channels as for-profit enterprises.<sup>36</sup>

Most dramatic is the case of TF-1, the French government channel sold in 1987 to private investors headed by Bouygues S.A. The previously moribund channel now dominates the French television market, with 43 percent of the national audience. In 1990, it reported net profits of \$55 million—in a far more regulated commercial environment than found in the U.S.<sup>37</sup>

As the Corporation for Public Broadcasting noted in an internal memorandum "most of the world's public broadcasters have begun to accept advertising...by the mid-1990's many will be fully commercial."<sup>38</sup> This commercialization is driven by a quest for truly free speech.

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35 Barbara White Stack, "Station is Wary with Financial Data," *Pittsburgh Post Gazette*, October 23, 1991, p. 5.

36 Sandra Van Beek, "Veronica TV to go commercial," *The Hollywood Reporter*, November 5, 1991.

37 Jacques Neher, "The Battle Over French TV: Profits vs. Culture," *The New York Times*, August 12, 1991, p. D8.

38 "Memorandum: International Public Television in the 1990's and a US Strategy for the Future," CPB, November 7, 1991.

And a free market in "public" television has other advantages. The private sector can deliver far more efficiently and economically than the public sector. Privatizing public television will not only make it more public, it will also help to cut the federal deficit. The millions of dollars poured into the public television pork-barrel from both the public and private sectors will be freed for better uses.

## CONCLUSION

The current public broadcasting system is obsolete, overly expensive, and doomed to be the center of continuous political controversy. So long as taxpayer dollars go to a system without taxpayer accountability, conflicts are inevitable, and decisions will be made with an eye to political expediency rather than to efficient operations or quality of service.

The Corporation for Public Broadcasting should be sold to the private sector. Such a change not only would yield revenues to the government which would be of help in reducing the deficit, but it would free public broadcasting to serve the broad range of tastes found in the American public. The precedent has been successful in Britain and France, countries with long histories of socialism.

Privatization provides the means to clean up the public television mess by creating incentives for excellence, efficiency and accountability. It is time to privatize public television.

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