

**Cable TV: Can More Be Better?**

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There is a rumor in the land that something called "cable television" is coming, and that it offers dramatic benefits for everyone. Already some 9 per cent of American families have cable television, but probably few of these people believe that they are helping to foment another radical change in America's way of life. To many Americans who have never heard of cable television, and to those who have heard of it, any potential impact on their lives must seem remote indeed. Yet it is possible that this different and seemingly prosaic method of transmitting television will bring about changes in opportunity for entertainment, education and ideas as vast as those brought about by the introduction of television itself.

The potential glories of cable television inspire glittering promises by the commercial entrepreneur and wistful hopes on the part of the dedicated public servant. The cable television businessman wants to see an already sizeable industry with estimated annual revenues of 350 million dollars become much larger and much more profitable. The public servant sees in cable television a great potential for fulfilling unmet individual and community needs. Both the businessman and the public servant plan to realize these dreams by providing the television viewer with greater choice of program as well as better reception. But the glowing promise of cable tele-

vision is almost invisible in present reality. It remains to be seen whether a structure can be developed which will deliver new health, vocational and educational programming, wide diversity in entertainment and more exotic services such as improved fire and police protection.

### **The Beginning of Cable Television**

Cable television first arose as "community antenna television." Despite the pervasive spread of television in the United States since 1950, there are numerous areas where reception is difficult or impossible. Communities that are too small to support television stations and are isolated in hilly or mountainous areas may not receive any television signals. Other towns are simply too far away from urban areas to obtain clear reception. The initial response to these problems was that homeowners bought large and powerful television antennas. The logical next step was for someone to erect a very large antenna on a hill or mountain, connect it to a number of households by coaxial cable and in return for a fee, let them share in its use—and so "community antenna television," or "CATV," was born.

This ability to provide good television reception where it does not exist has been the main driving force behind the expansion of the cable television industry so far. A second and closely related factor is that people who are served by only a few local television stations will often pay to have their television fare enriched by additional choices. This has been apparent in Canada where much of the population lives near the border with the United States. Large cable television systems have developed in Vancouver, with over one hundred thousand subscribers, and in Montreal and other Canadian cities. By subscribing to the service, the Canadian viewer obtains the choice of some United States television stations as well as his own Canadian stations. Similarly, in much of San Diego cable television is popular because of the attraction of Los Angeles stations.

The use of cable television in isolated areas, areas where reception is difficult, or places with few local stations, has carried the cable industry to its present level. Largely untouched, however, are the major cities of the United States. Futuristic views of the benefits of a nation wired for cable television stumble on the rock of these cities. There television reception is generally good, though often falling far short of excellent, and there the viewer usually has at least three choices of programs over the major networks plus frequently one or more independent stations.

Cable television will require enormous amounts of capital if it is to provide service to even these most densely populated areas. Estimates have been made of capital requirements up to 10 billion dollars over the next decade to wire 50 per cent of the nation. This huge investment will be made neither quickly nor automatically. A decade or more is likely to pass before cable television begins to supplant broadcast, or over-the-air, television. During this period of transition millions of people will have to be convinced to buy cable television in order to obtain its benefits, and policy makers will be hard pressed to structure the industry so that the potential benefits are assured.

### **The Average Man**

If America is to enter the age of the wired nation, the tough, practical question of the average man, "What's in it for me?" must be answered. For it is the average man who will eventually pay for cable television either directly by subscription or indirectly through taxation and subsidy. This is not a question of making a one time sale, but of proving that cable television will be of use day in and day out. The bill is a continuing one—a service to be paid for month after month.

"What's in it for me?" is closely followed by the critic's question, "Is it any good?" That question raises all the arguments about how television has already debased civilized tastes and dulled sensitivity so that more only means worse.

There are positive answers to these questions that may be convincing, but cable television will have to be nurtured most carefully if the answers are to be made in good faith and turned into hard fact.

To talk about the "average man" suggests that there is such a person, or rather that there are millions of average people sharing homogeneous backgrounds, experiences, tastes and interests. This is precisely the way in which the television industry has been forced to think of its audience. As most areas are served by few stations, the broadcaster, dependent on advertising revenue, has been forced to appeal to as many people as possible. The broadcaster must program for the average man because the structure of the industry has given him no other rational course of action if he is to try to maximize profit.

An enormously successful television industry has been built upon the concept of the average man. Three networks compete to offer the average man the program that best meets his desires, and so at 6:00 p.m. we have news shows, from 7:00 p.m. to 10:00 p.m. family entertainment and late in the evening old movies. On most occasions when a network departs from this tried and true format, it loses viewers.

In the long run the future of cable television depends on the case for the special interest, as opposed to the average, audience. Since current television, including public television, does not provide a very good analogy to what the cable television business might become, it is necessary to look elsewhere to study the concept of the special interest audience. Both radio broadcasting and magazine publishing are instructive.

### **Radio Broadcasting and Magazine Publishing**

Prior to 1947 radio was the national broadcasting medium. In that year some fifteen hundred radio stations were on the air with approximately seven hundred licenses pending. Television was in its infancy with only fourteen thousand sets in



use. Radio in its heyday before 1947 offered more choice than does television today, but the pattern was similar and was basically built upon the concept of the average man. As is well known, television entered a period of explosive growth following 1947, and it became the major national medium of broadcasting. If the average man existed and turned to television, radio might have been expected gradually to wither away. At first this seemed to be happening. In the 1950's radio declined while television gained, as was illustrated by the dramatic decline in radio sales revenues in that decade, but the story was not over.

Competition from television and a declining industry began to force experimentation, and radio gradually discarded its earlier structure and began to appeal to special interests and local audiences. There was demand for popular music, folk music and rock and a burgeoning interest in high fidelity. Now radio seems to cater to almost every taste and life style. There are musical stations—classical, pop, jazz, folk, rock and avant garde, stations for ethnic groups, foreign language stations and audience participation stations. Furthermore audiences are highly loyal to favorite stations, announcers, performers and disc-jockeys. Compared to the fifteen hundred stations in 1947 there are now over seven thousand stations, an almost fivefold growth far outpacing the growth in population in the same period. There are more radio receivers in the United States than there are people. The success of radio is explained in part by an affluent economy, in part by the relatively low cost of radio production and operation and in part by the mobility of the modern American and his access to the ubiquitous transistor, but the most significant factor was the change in radio broadcasting's concept of its audience. The average man had been more created by broadcasting than was he the creator of broadcasting.

Magazine publishing may be even more instructive than the history of radio for the future of cable television. While over-the-air television and radio share an economic base



founded on advertising, magazine publishing is based on a combination of advertising and subscription fees. Cable television also depends upon this mixed economic base although, at present, contributions from advertising are minimal. The magazine publishing industry is comparatively easy to enter at low cost, and many of its products are nationally distributed. In a wired nation, cable television should have these same qualities. Compared to the maximum of seven "Very High Frequency" channels that are available in New York and Los Angeles and generally fewer elsewhere, cable television can offer twenty, thirty, forty or more clear signals to a viewer.

The magazine industry is inherently capable of giving people wide choice and of catering to specialized tastes. In 1970 there were more than fifty different magazines with a circulation of over a million copies per issue. There were at least a hundred magazines with circulations in excess of four hundred thousand copies per issue, and in total there are thousands of magazines regularly published. Over seven hundred new magazines have been started in the United States since 1960. A glance at any well-stocked newsstand will begin to show the wide variety of available magazines. In this wealth of print only a handful of magazines could be called mass magazines in the sense that a television network is a mass medium. Following the demise of *Collier's*, *Saturday Evening Post* and *Look*, only *Reader's Digest*, *Life* and perhaps a few others appeal to the average man, offering something for everyone—family entertainment, news, sports and a range of fare roughly comparable to a television station. These general purpose mass magazines do indeed tend to have the largest circulations, but their total circulation is far outweighed by the total circulation of magazines that appeal to more specialized audiences. The growth of the special interest magazine has often been cited as the outstanding feature of this industry in recent years. The American public, at least as far as magazine publishing is concerned, is not made up of average men

but rather of many individuals who share some interests with one man and some with another. Wherever there is a well-defined interest—vocational, recreational or educational—there is likely to be a magazine.

The proliferation and specialization of radio and the growth of special interest magazine publishing must cast strong doubt on the idea that the present structure of over-the-air television is best designed to serve the American public. Television, as we know it, has not attempted to satisfy in any depth the multitude of needs and interests harbored in its audiences. That it has served some needs, and served them well, is not to be denied. Entertainment, news and the presentation of a few engrossing live events have been the core of television. Recreational and sports interests have also been served. Most critics agree that educational, cultural and vocational needs have been shortchanged, and these are obvious areas for development by cable television.

### **Increasing Choice**

The first part of cable television's answer to the question, "What's in it for me?" is then "Choice." Cable television is intrinsically capable of providing more choice of program than is over-the-air television. In magazine publishing there is evidence that ways can be found to tailor content to suit diverse needs and tastes; whether cable television can successfully emulate that model remains to be seen. The mere existence of high channel capacity is no guarantee that the capacity will be filled. Wide choice of program, if it emerges at all, will certainly not emerge overnight. Initially, cable television in our cities is likely to expand choice gradually by allowing the viewer access to a few television stations he does not now receive.

The focus of the Federal Communications Commission's tentative 1971 cable television policy is precisely in this direction. The Commission proposes to allow cable television facilities to import a few channels from outside their local

areas. These proposals, yet to be implemented, mean that a subscriber to cable television will be able to receive in his home all the channels he would normally receive plus a few channels from other cities. This would provide an immediate increase in the choices available to the viewer, even though those choices would in most cases closely resemble his current television diet. Judging, however, from the Canadian experience and the example of San Diego, even this small additional range of choice may be enough to entice the householder in large cities into subscribing to cable television, thus making the wired city an economic possibility for the cable operator. Opportunities to see a few different movies, another professional football game or a favorite program at a more convenient time are expected to be sufficiently attractive to bring cable television to major urban areas. There is a danger, though, that cable television might falter at this level unless other forces push it to a higher stage of development.

### **Fuel for Expansion**

While minor expansion of choice may be enough of an incentive to accelerate the development of cable television, at least two further developments are likely to follow close behind. First, as more and more people subscribe to cable, the medium will attract advertising—leading in turn to more money for programming and thus more growth. There are several potential catalysts for growth in advertising.

A single area cable system is unlikely to induce special interest advertisers to invest in programming. When cable is in several major areas, however, the combined audiences might make it worthwhile for a sailboat manufacturer to develop a good series on sailing, or for a manufacturer of Chinese cooking implements to invest in pertinent programming.

National advertisers and agencies also are not now interested in scattered small town cable systems. As and if the cable audience grows, and specialized programming starts cutting into network audiences, national advertisers will become

interested, and cable operators will be able to sell more advertising time.

Finally, since cable systems serve distinct geographic areas, it will be possible for advertisers to buy time for specific cities or parts of cities. New classes of advertisers may then become heavy television users—the local department store, the automobile dealer and the candidate for the school board.

Accelerated growth of cable television brought about by more hospitable FCC regulations can be expected to feed upon itself, growth encouraging more growth until, if this view is correct, cable television will come to be the major deliverer of television signals into the American home.

A second development, only in its germination stage, may reinforce this prospect. As so far discussed, cable television is merely an improved means for bringing television signals into the home. It does this by transmitting these signals through a cable rather than through the air. But a wire coming into the home may also carry information from the home as does the telephone. The capacity of cable television to deliver television signals to the home set and carry back information is known as two-way service. So far, two-way service is only a technical possibility except for a few limited trial applications. Yet, two-way service may provide the final fuel for expansion that eventually creates the wired nation.

Applications of two-way service are easy to conceive, ranging from the mundane to the most sophisticated. For example, elementary two-way service could allow a television viewer merely to respond "yes" or "no" by pressing one of two buttons on his television set. The responses of an audience could then be tallied, opening up wide possibilities for question and answer game shows with audience participation, instant polling on matters of public interest and the chance for candidates for public office and elected officials to hold rudimentary dialogues with their constituents. The educational applications of two-way service are perhaps even more exciting. In effect a student sitting at home can have his own

personal instructor in a foreign language, a course on business accounting or instruction in reading. The program would present information and frequently check the student's understanding and accomplishment by asking questions tailored to each student's own progress. The reader's imagination and experience will undoubtedly be able to extend these examples into retailing, stock market information and other areas.

As with any new untried technological development, some applications of two-way service are obvious, others will depend on the demands of the market and the ingenuity of creative talent. What is clear is that two-way cable television could become a class of service totally different from present over-the-air broadcasting. Even people who disdain current television and who would not be tempted by increased choice of programming may well come to desire or need two-way cable service, if only to help them shop at home or have automatic fire protection. When the appeal of two-way cable service is added to expanded choice of programming, it is not farfetched to think that cable television may come to be considered as much a necessity as the telephone or household electricity.

### **More Is Not Necessarily Better**

Expanded choice of programming inevitably carries the implication of more television. Forty or more channels of cable television insure that more programs will be produced and broadcast. The social critic who is already worried by the fifteen thousand hours of television that today's child is likely to watch by the time he is eighteen is likely to view the idea of more television with alarm. The criticisms are that our senses are dulled with a surfeit of electronic nonsense, that television "watching" is a substitute for thinking and that the economics of television make it pander to mass tastes at the expense of real culture. More does not necessarily mean better.

Here we must consider the fact that in the United States we are already committed to a policy of giving choices and

depending on quality and truth to emerge from the competition of many sources of information. In a significant opinion by Learned Hand he expressed this policy and this conviction with respect to news coverage:

“ . . . that industry serves one of the most vital of all general interests: the dissemination of news from as many different sources, and with as many different facets and colors as possible. That interest is closely akin to, if indeed it is not the same as, the interest protected by the First Amendment; it presupposes that right conclusions are more likely to be gathered out of a multitude of tongues, than through any kind of authoritative selection. To many this is, and always will be, folly; but we have staked upon it our all.”

We are committed to the idea that increasing the range of individual choice is a desirable goal even though it must be recognized that any increase is likely to be accompanied by added trivia and trash as well as by programs of real value. Even though the critic of television may cast envious eyes at Great Britain with its policy of limited choice in television, particularly during the time before a commercial channel was introduced there, the United States is on a different course.

Fortunately, there is hope that cable television as it expands may promote quality as well as quantity. It is often acknowledged that the number of people who have the opportunity to be exposed to art and culture is in truth small. Among other reasons, this is attributed to the scarcity of real talent and the physical impossibility of bringing that talent to the masses. In addition, this is thought to be a matter of economics or convenience—people being unwilling to buy high priced theater tickets or to make long trips to go to museums. Within the limits of its structure, over-the-air broad-

casting has had considerable success in bringing the opportunity for scarce culture to the masses. Cable television should be able to extend this success, taking us farther than ever before toward reducing the constraints of scarcity, economics and inconvenience. People may still not choose to buy the product, but much larger audiences will be possible for art or ballet or theater over television than for any live performance. Since cable television will not be limited in channel space or air time, programs can be replayed frequently, perhaps on individual demand. This is one more example of how cable television may come to resemble magazine publishing.

### **Fragmentation of Audience**

One consequence of the choice and diversity that will be offered by the widespread introduction of cable television will be greater fragmentation of the television audience. This fragmentation will challenge the advertiser, threaten the quality of television news service and call into question television's ability to give the nation a common experience.

The history of the British Broadcasting Corporation affords an extreme example of what happens to a mass audience when alternative choices are introduced. Prior to 1954 the only television available in Great Britain was produced by the BBC, and so naturally those programs over one available channel attracted 100 per cent of the television audience. Then a second channel was authorized under the supervision of the Independent Television Authority, and in six months BBC had lost 30 per cent of its audience and in five years 50 per cent. As more choices are introduced in the United States via cable television something similar can be expected to happen—though on a smaller scale as no single channel or program now begins to command 100 per cent of our national audience.

For the advertiser and broadcaster this threatened fragmentation of the television audience would be a nuisance.



However, as specialized audiences are defined in terms of interest, geography and age, and as the familiar patterns of the networks change, there will be accompanying changes in the formulation and sale of advertising. The goal will not be to display a generally appealing advertisement at the time most people are likely to see it, but rather to analyze which likely buyers are watching what programs and then to tailor advertising to match those interests. There is little doubt that the broadcasting and advertising industries will adapt to this new environment, but there will certainly be a period of transition to the new patterns of cablecasting.

This period of transition may for awhile particularly threaten the quality of television news. The news department of a television station is heavily dependent upon the timeliness of its coverage, and much news becomes stale if it is not presented immediately. Therefore, in contrast to entertainment or educational programming, news will not benefit by repetition at different times or on different days. The fragmentation of the television audience, fewer viewers per show, may then result in a loss of advertising over news programs and possibly lead to a reduction in budgets for news operations. In the long run this problem should be overcome by the growth of specialized news services over cable television, perhaps in the form of all news channels, but audience fragmentation may pose special short term difficulties for television news.

It may also be thought that the fragmentation of audience resulting from cable television diminishes the ability of television to unify the nation through common experience. Some of the great achievements of television have been live coverage of events of extraordinary national significance—John Kennedy's funeral, the Apollo flights and important presidential speeches. Events of such moment will almost certainly continue to command national attention. Aside from these special occasions, however, the common experience does not result from many people watching the same program at the same time. It results from television being a significant ingredient

in the totality of American culture—an ingredient the importance of which is likely to be increased on cable television.

### **Financing Cable Television**

The promises of cable television are clear. The achievement of these promises depends directly on a sufficient investment of capital to build cable television systems with high channel capacity and on the possibility of two-way service. In addition, and equally important, social policy must devise a financial and regulatory structure for the cable industry that will promote diversity and quality in programming.

In the 1960's cable television was a highly speculative business, and, as such, it attracted venture capital primarily. As the attractions of cable television persuade more and more people to subscribe for the service, the industry is likely to be seen more as resembling a public utility than as a completely speculative private venture. This will open the possibility of institutional and other private investments on a scale not yet seen but obviously necessary to bring about a wired nation. Local, state and federal regulations must be forward looking and insure that this investment produces cable systems of adequate capacity and quality. Everywhere the technical requirements for cable television are in flux. Although cable television franchises are being granted locally, the problem is national. Government officials cannot long wait to act if people are to be saved from poor quality of service, inadequate design and obsolescent equipment.

Paying for cable television service is a problem somewhat separable from that of capital investment. Cable television service will and must evolve from present over-the-air broadcasting. This industry, with all its faults and virtues, is primarily based on the sale of advertising. Advertising sales determine the amount of money the broadcaster has at his disposal to pay for programming. If advertising revenues drop, as they did in the recession of 1970-71, the broadcaster must

cut down on programming costs by buying fewer shows, less expensive shows, repeating old shows or doing whatever is necessary to tailor expenditures to income. If cable television is to have the rich diversity in programming and new service that is envisaged, it is imperative that a financial structure be found that will give incentives to produce these services. Were cable television simply to grow on the same base as over-the-air broadcasting, advertising revenue, it would inevitably resemble present broadcasting with the same virtues and the same vices magnified by increased capacity.

There are at least three potential sources of income for cable television service that can be added to advertising revenue: direct payments by consumers for service, in a phrase "pay TV"; local, state or federal subsidy for television programming or services; and payment for access to television time by groups or individuals who wish to reach the public. If each of these sources of income can be added to advertising revenue, cable television could have the diverse economic structure needed to support new and diverse services.

In the long run, probably the most important single additional source of revenue for programming is direct payment by consumers for the services they desire. This is in addition to a minimum subscription fee that gives access to the cable and some already available programming. An oft-cited argument against "pay TV" is that it will mean the end of the era of "free television." These phrases have been around so long and been used so much as battle cries that it may be impossible to cut through the rhetoric, but it is vital in thinking about cable television to understand that there is no such thing as "free television."

The money used to create present television comes from payments to broadcasters by advertisers. Advertising costs, in turn, are part of the costs of the products we all buy. Part of the cost to the consumer in an automobile, a tube of toothpaste or a box of cornflakes is an advertising cost that pays for television. Put another way, current television is financed by

a form of sales tax, in this case levied by manufacturers and other advertisers. Paul Klein has estimated that the average television household is paying for television programming at the rate of 12½ cents an evening through the added costs of products due to advertising. This form of payment, like most sales taxes, tends to fall more heavily on the poor than the rich, and the consumer has no direct influence on how this money is to be used.

Adding direct payments for programming service to our present system is then giving the television consumer a chance to choose the product he is to receive. This is probably the most important factor in sparking any great growth in specialized programming and specialized services for small audiences. Without subscription fees for magazines it is hard to conceive of the present proliferation of special purpose publications. Of course, just as in magazine publishing, there is the possibility of some mixture of subscription fees and advertising for the support of programming. As the pattern in cable television is for the cable operator to charge a monthly fee for service, it will be relatively easy to make optional services available at additional charges. These services may take the form of special subscription channels, or eventually the householder may be able to order just that specific mix of services he wants, and to pay for them accordingly, much in the manner he now pays for long distance telephone calls as an additional charge to his regular monthly bill for local service.

Through public broadcasting we already have a fledgling system of federal subsidy for television programming. The Corporation for Public Broadcasting, though vastly underfinanced, is a good start toward subsidy of those services believed to be in the public interest but unlikely to be produced through advertiser support or consumer purchase. Cultural and public affairs programs now dominate public broadcasting. Though the thrust and form of governmental subsidy may change, there are certain to be programs, perhaps in public affairs and cultural programming, perhaps in

tions, cable television provides a new opportunity to practice this philosophy. This will demand imagination and courage of a magnitude seldom seen in the history of broadcasting. New investment, legislation and regulation are the ingredients needed to "put it all together," and whether these materialize will turn upon vigorous leadership and upon a new willingness to experiment in both the private and public sectors.





