
Paying for Children

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Twelve years ago, in 1969, my first essay for the Markle Foundation Annual Report addressed television's responsibility to children. My observation then was that television had served children poorly, that viewing opportunities were insufficient, and that many of the programs available were of low quality. I was critical of what I saw as television's inadequate record in the previous quarter century, but 1969 was a time of optimism and I shared this optimism. A combination of social forces and recent innovative programming had created the hope, even the belief, that the future for children's television would be bright.

Children's Television: 1967-1981

In the late 1960's, children were a high priority on the public agenda. The nation was dismayed by the waste of human potential being created by cultural disadvantage and inadequate education. Children who entered school ill-prepared often could not catch up to their classmates, and, as they progressed from grade to grade, fell farther and farther behind. The result was that many young people were dropping out of high school or, upon graduating from high school, were finding it difficult or impossible to obtain jobs. Clearly, public education needed to deal with these problems, and to that end ambitious federal programs were initiated to improve education. Funds and manpower were marshaled for new programs such as Project Headstart for pre-schoolers, and programs geared to elementary and secondary education. One outgrowth of this national effort to improve education was a willingness to use television to help children learn something that would be useful to them both in school and in the process of growing up.

The Corporation for Public Broadcasting, created in 1967, was ready to take the lead in providing this kind of television. In the fall of 1968, "Sesame Street" went on the air and quickly began to attract a large audience. Partly due to the success of "Sesame Street" and partly due to the priorities of the times, public broadcasting was able to go on to create a very impressive line-up of children's shows. At the same time, the commercial television networks began appointing vice presidents for children's programming, and generally giving renewed attention to children, which resulted in beneficial changes such as the introduction of new Saturday morning programming and the creation of afternoon specials.

All these developments were spurred on by government and citizen pressure. Successive Democratic and Republican chairmen of the FCC had called for improved TV services for children and it seemed likely that the FCC would soon take action to mandate such services. A citizens' group, Action for Children's Television, was formed to help focus the attention of the FCC and broadcasters on the special needs of children and to encourage swift adoption of needed reforms.

But despite the considerable activity since 1969, the optimism of my first essay has not been justified. Television for children is somewhat better in 1981 than it was in 1969, but much of the promise remains unfulfilled. Though public broadcasting continues to lead the way in children's programming, no new programs are being introduced, and, except for "Sesame Street," most shows consist of reruns. Commercial television, too, shows little evidence of new initiative. In fact, faced with economic uncertainty, the networks may even make cutbacks in existing programming.

Conditions have changed dramatically in 12 years. The public agenda has shifted. The problems of children once so compelling have been displaced by other pressing con-

cerns. Increasing amounts of federal funds are no longer being directed toward new educational efforts. The flow of money that funded an advance in children's television has stopped. In addition, the currently popular philosophy of deregulation has killed any hope that the FCC will mandate programming to serve children. Almost none of the forces that supported growth in quality television for children in 1969 remain strong. However, it may well be that new forces will accomplish more for children's television than that heady combination of federal funds, government regulation and citizen lobbying. One of the new forces, rapidly becoming stronger, is cable television.

An Alternative to Broadcast Television

Introduced originally to make television available in areas where there was little or no local television or where signal reception was poor, cable television was quickly seen to be a means of breaking the stranglehold of a limited number of channels. Since cable systems could receive television signals from distant locations, avoiding problems of local broadcast interference, they were theoretically able to make many additional channels available in most areas of the country.

Visionaries of the early 1970's saw cable television's great potential for increasing the number of viewing choices available in the home. But one large question mark in cable television's future was its success in the cities where most of the nation's population lived. It was precisely in these urban areas that television was already the most accessible and reception was often the best. In addition, early experience showed that the cost of constructing cable systems in the cities was much greater than had been anticipated. With the three major networks available in most cities and construction costs high, for awhile it looked as though it would not be economically

possible to wire the cities and make the television of abundance a reality.

The problem of financing seemed almost insoluble. Except for public broadcasting, broadcast television is essentially an advertising medium in the business of providing audiences for advertising messages. Advertisers who wish to reach the huge audiences for television, numbering in the tens of millions for a single program, pay networks and local stations for advertising time. In turn, the enormous flow of advertising dollars finances the creation of television programming. While cable television is also potentially an advertising medium, it cannot compete for the mass-market advertising dollars currently going to broadcast television without itself being a mass medium. Advertising agencies suggested that unless 30 percent of the country's homes were wired, cable would never become a mass medium. Some observers felt that without the advertising dollar, cable would never be able to grow to that point.

Theoretically, however, cable television makes possible new forms of program financing. Basically, the cable television subscriber is charged a monthly fee to rent a wire that carries television programming into his home. If, however, the cable television system were able to provide services not available over broadcast television, the same monthly billing system could be used to charge the consumer for the additional services he chose to receive. Economists claimed that this ability of the television recipient to pay directly for his television service was an important new element in the economics of the industry. Early on, however, no one knew if viewers would pay for additional service. If cable television already brought seven or more channels of broadcast television into the home, including three networks and several independent stations, why, the skeptics asked, would any substantial number of people pay for additional television programming?

The experience of the early 1970's seemed to support the skeptics. Initial attempts to introduce "pay television" had marginal success at best. But, as is now well known, the experience of the last half of the 1970's was dramatically different. The new pay television services have proved to be increasingly popular. Indeed, pay television has been the dynamic force that greatly accelerated the growth of all cable television.

Two factors seem to have altered the bleak early outlook for pay television. First, though the percentage of people who wanted a given service was often small, as the total number of cable television homes increased, the absolute number in that small percentage became large. Second, as pay services acquired more customers and became more profitable, they were able to afford better programming and become more attractive.

The Economics of Pay Television

The economics of pay television service are straightforward. First a person must subscribe to a cable system. The monthly charge for basic cable service includes all normally available broadcast television, plus whatever other services the cable operator may offer as part of his package. If the subscriber desires a pay service, he receives an additional monthly charge. In New York City, for example, a subscriber to Teleprompter Cablevision pays \$11.75 per month for basic service. If he also wishes to subscribe to Home Box Office, he pays an additional \$11 per month. The fee for the pay television service is ordinarily split, 50 percent going to the cable operator and 50 percent going to the provider of the pay service. Since the cable operator plans his financing primarily on fees from basic service, almost all additional money derived from a pay service is profit. It is this extra profitability of pay services that has made cable television such an attractive investment and that

has greatly accelerated the expansion of cable television systems in recent years.

The provider of a pay television service uses his 50 percent of subscriber fees to operate his business and make whatever profit he can. If a pay service charged the subscriber \$10 per month, the service provider would receive \$5 a month or \$60 per year from each subscriber. Every million subscribers would yield \$60 million in yearly income. The most successful pay service at present is Home Box Office with over six million subscribers nationwide.

Television's Changing Environment

The increased profitability of cable television brought about by the addition of pay services meant it had become economically feasible to wire urban areas despite their higher construction costs. Last year, there were over 17 million cable subscribers in the U.S., representing approximately 23 percent of American households. From 1970 to 1979, new cable subscribers were added at the rate of about 1.1 million per year. But in 1980, over three million subscribers were added. If new subscribers continue to be added at the rate of three million or so a year, it is expected that 30 percent of the nation's households will be wired for cable by the mid 1980's. This in turn suggests that in a short while cable television will have met advertiser requirements for a mass medium and that advertising dollars will be directed toward it in increasing amounts.

No one in 1981 can predict all the new television services cable will actually provide. No one knows either how much audiences will eventually be willing to pay or how specialized programming will become. It is already clear, however, that television audiences are much more diverse and much more interested in specialized programming than anyone dreamed a few short years ago.

The Market for a Children's Service

I believe that the impetus which led to the creation of Home Box Office, Showtime, and other popular premium pay services will soon lead to the creation of a children's pay service. The potential market for such a service will be a crucial factor in determining the likelihood of its success.

If every home subscribed to cable television, the potential market for a premium children's service would be easy to assess; there are over 47 million children under the age of 13 in American households. But it will be several years until even 30 percent of American households are wired for cable, and many that already receive cable television are on old systems with small channel capacity able to provide few special services. With information that is already out of date, it has been estimated that eight and one half million homes have cable service with a capacity of less than 12 channels. Another six million homes have been estimated to have the capacity for more than 12. As newer systems are built and older systems are rebuilt, the number of high-capacity cable homes will expand rapidly. If the number of these homes reaches 18 million by 1985, then a rough estimate of the potential market for a premium children's service would be seven million to eight million homes.

The number of people who might subscribe to a children's service depends, of course, on the attractiveness of the service and how well it is promoted. Attractive compared to what? Any new service will be compared to existing television fare, and only if it is perceived as providing something of greater value than what is already available will it really stand a chance.

"Sesame Street" provides a very good clue as to what that something of greater value might be. The premise of "Sesame Street"—a premise validated by its large audiences and in subsequent research results—was that to attract an audience it must be enter-

taining but that it could also provide really useful educational experiences. It will be extremely important for a new children's pay television service to be as entertaining as the cartoons and the many other television programs children already find so fascinating on broadcast television. Any pay television service for children will have to be produced to compete effectively for the child's attention. That will be a primary prerequisite; but that won't be enough. Beyond this, I think the key for a new children's television service will be to provide cultural and educational values widely believed necessary for leading a productive and satisfying life in our society.

What Will Parents Want?

To gain more of an insight into exactly how television might assist children in growing up, I recently conducted an informal poll among a small group of parents. These people differ greatly in regional background, occupation, and education, but, like most parents, they share a strong concern for their children's welfare. I asked them what they would like to see on television that might be most useful to their children. Despite the extraordinary variety of their answers and the many specific suggestions they made, several pervasive themes emerged.

One principal conclusion was that there are some common values, experiences, and skills that will be useful to all children in growing up. For example, this group would like to see children learn to appreciate many of the traditional values that underlie American society—our respect for pluralism and diversity and the values that are embodied in the Bill of Rights. This theme suggests not only that television could be used to facilitate an appreciation of these values, but also that people feel the traditional means of value-learning have not been adequate.

Hope for the potential of television and dissatisfaction with traditional education was also expressed in a second theme: that television could be used to supplement formal education in key areas, either by motivating children to be interested in these areas, or by introducing them to some useful tools. The academic areas most often mentioned as key were the English language, foreign language, mathematics, science, economics and computer literacy. It was not the opinion of this group that a children's television service should be used to teach these subjects in a didactic or pedagogical way. Rather, there was a strong desire for television to stimulate curiosity in these areas, to demonstrate individual and social benefits that knowledge brings, to show how personal accomplishment can be a great source of satisfaction.

This group also felt television had a role to play in showing children the universality of music, in exposing them to music's fantastic range of expression, and perhaps in helping them learn some musical ABC's. The development of personal ideals and goals was another area where it was hoped that television could be used more effectively. Here, ideas ranged from presenting the great myths to showing children the fascinating lives of truly exceptional people in dramatic or documentary form. A final theme apparent in the answers to my informal survey was the development of discrimination and judgment. Can television help children to recognize and appreciate good humor, good drama, good art? Can television be used to help children criticize television itself, to understand and even demand quality from the medium?

A first reaction to this host of aspirations for children's television might well be, "Impossible!" How could anyone think television could accomplish these things, or that if it did, children would want to watch. However, if we look back at the history of both radio and television, there are enough exam-

ples of some, perhaps even most, of these ideas being executed successfully to inspire confidence. My own examples from radio include "Let's Pretend," "The Quiz Kids," and the hour from five to six o'clock with "Jack Armstrong the All-American Boy," "Little Orphan Annie," and "Captain Midnight." From television, I can point to "Star Trek," "Sesame Street," "Three, Two, One Contact," "Nova," and "Cosmos."

The art is in finding entertaining ways to present subjects of fundamental human value. And difficult as it is, it can be done. Up until this time, however, no television station or network has made this mission central beyond the broadcast of a few daily programs. The hope and dream is that pay cable television can make possible a children's service that will provide children with a regular opportunity to have the very best that television can offer.

Attracting Parents and Children

If a pay television service for children is to be successful it will have to attract both parents and children. Parents must be convinced that the service is worth paying for and children must find programs they want to see. This aspect of simultaneous appeal to both parents and children will differentiate a pay service from the broadcast television with which we are familiar. Parents now frequently have strong opinions about what is on television and what their children should watch, but they do not make a deliberate decision to spend income to make a certain type of television available. Nor are they regularly reminded of that decision by a monthly bill.

If the cost of a children's pay television service was, for example, \$10 a month, that would be about equivalent to the cost of a movie a week. However, I think it unlikely that parents will think of the service that way,

even if high-quality movies should be included. Broadcast television offers a wide variety of entertainment including frequent movies. Adult-oriented pay television will offer an even greater selection of movies. To justify an additional regular expense, parents will be looking for something else—not simply entertainment for entertainment's sake but something that will supplement the other cultural and educational influences that are designed to help children become competent, responsible, and productive adults.

And what will children be looking for? Children, even very young children, are highly sophisticated users of television. They know what they like, and they know what their friends like. The enduring popularity of "I Love Lucy," "General Hospital," "Star Trek," and "Sesame Street" tells us much about the qualities of television that attract children. Children can enjoy learning from television but only if the programming is also entertaining or directly useful in their lives.

Difficult Issues

History, technology, and economics are giving us another chance to use the power of television for the benefit of children—another chance to give children the caring attention and quality education we have long espoused. Suppose, however, that this dream of a children's pay television service were to come true. A number of troubling issues would arise precisely because such a service would be made possible by direct payments and would grow out of an industry that was commercially based.

Perhaps the most serious of these issues is that a pay television service for children would not be available to all children. It would only be available to those who had cable television and, beyond that, only to those cable subscribers willing and able to pay

extra for the children's service. Undoubtedly, the new programming would be purchased more by the affluent than the poor. In our society, unequal distribution of goods among different economic groups is nothing new, but when it potentially affects the opportunities available to children it is especially troubling. When the means of acculturation and education are unequally distributed, equality of opportunity is forfeited.

The solution to the problem is likely to be found in the success of cable television and the quality of the children's service. If cable television becomes as essential as broadcast television or the telephone it is likely to spread rapidly and uniformly among all economic groups. Industry experts predict about 50 percent of the nation will be wired for cable in five to ten years. Like all estimates, that is a guess. It is quite possible that the cabling of America could come much more rapidly than almost anyone expects if useful new services are offered.

If the means of distribution were present and a high-quality children's service created, then I believe ways could be found to make that service available to all children. Municipalities could require the service to be part of the cable operator's basic package. Alternatively, public funds, federal or local, could subsidize the service through payments to cable operators or a central network. An administratively difficult but more targeted method would be to provide vouchers for the service to families with children. There are undoubtedly other ways of accomplishing universal distribution, but the key will be public demand.

At this time there is no evidence to indicate how the monthly fee for a children's television service will affect the number of subscribers. Common sense says that the lower the fee, the more people will subscribe, and that to maximize use of the service the fee should be as low as possible. Without evi-

dence, however, there is no way to tell if, say, a \$5 fee would double the number of subscribers compared to a \$10 fee or would add only another 10 percent. This is a very important question because the total income to the service will strongly affect the quality of the programming.

One way to lower fees without necessarily lowering income would be to have the children's television service accept advertising. Many people think that it is wrong to advertise to children and would consider advertising on a children's channel a breach of trust. Other people see nothing wrong in advertising and believe it to be a useful way to pay for television programming. A middle ground would be to set standards for advertising aimed at children that would cover type of product, form of advertising, amount of advertising time, and placement within and around programs. There is no easy answer here. Careful judgment will be necessary to balance the desirability of low subscriber fees, the need for income to finance programming, and the usefulness of the advertising dollar, with the ethical question of advertising to children.

A children's pay television service could be administered by a commercial, profit-making corporation or by a noncommercial, non-profit corporation. The long-term effects of one corporate form or the other on the quality of the service and its benefit to children are almost impossible to forecast. In the short run, the consequences are likely to be considerable with advantages on both sides. A commercial corporation could be expected to have easier access to capital for financing and would be planned and judged according to accepted business principles. Also, a commercial enterprise would tend to attract entrepreneurial managers with the incentive to start an uncertain business venture and shape it to succeed. Similarly, a commercial company might be expected to be more sensitive

to its market and therefore more likely to be an economic success.

On the other hand, our society has a long tradition of noncommercial services for children, especially in the realm of education. Because of this tradition, a noncommercial enterprise may be more easily accepted by public servants, educators, and even parents. A non-profit enterprise would benefit from some tax considerations, the costs of union contracts and other agreements might be lower, and lower overall costs might result in a lower fee. Theoretically, the non-profit enterprise would try to maximize distribution of service rather than profit if the two were in conflict.

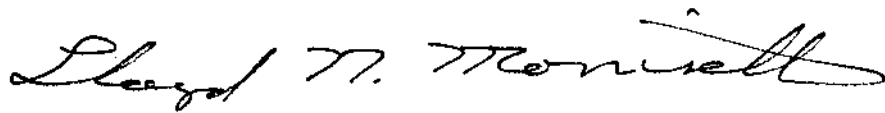
While the question of who should administer a children's pay television service is important, the matter is likely to be decided by opportunity and not planning. Since we have no national policy for children and no mechanism for planning, the initial impetus for a children's service could come from anywhere. But wherever that initiative arises, the task of forging an orientation toward public service for children within an essentially commercial television system will be challenging. A profit-making enterprise will be judged on its ability to render effective public service. A non-profit enterprise will be judged on its ability to become a self-sustaining economic success.

What Is Education?

Looking to the future, a children's television service poses a challenge to our ordinary concept of education. Although "education" is sometimes distinguished from "schooling," most people probably still think of education as something that goes on in schools. Certainly that is the way we have continued to act as a society. Even though we know that education also takes place in a wide variety of other settings, we continue to act as if it did not. A

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successful children's television service might inspire us to reexamine our attitudes. If television were to provide essential education, schools might be able to reformulate some aspects of their programs. How formal should this coordination be? Are television and the schools to grow in their separate ways, or is direct cooperation desirable? It is often said that modern technology has had very little effect on education. Though it took 300 years, an earlier technology, the book, transformed education. Television is only 50 years old, but I suspect that, like all the other changes we are witnessing, the transformation of education by video technology will move ahead much faster than we expect.

A handwritten signature in black ink, reading "Lloyd N. Morrisett". The signature is written in a cursive style with a prominent flourish at the end.

Lloyd N. Morrisett

The Markle Foundation

History of the Foundation

The John and Mary R. Markle Foundation was established in 1927 "to promote the advancement and diffusion of knowledge . . . and the general good of mankind." It was given a broad charter which permits a great deal of freedom in the choice of program. Less than a decade after its establishment, however, the Directors determined that the available funds could be used to best advantage if a major portion was concentrated in one area. This has continued to be the Foundation's policy.

Between 1927 and 1969 the Markle Foundation had three major programs. The first was in the field of social welfare. The second program began in 1936 and concentrated on research projects in the medical sciences. These projects were supported through small grants-in-aid, a device relatively new to philanthropy when the program began.

In 1947 a survey of medical school faculties revealed a shortage of teachers, administrators, and investigators. The goal of the Foundation's third program, one of grants to Scholars in Academic Medicine, was to improve this situation by providing recognition, financial support, and a measure of security for promising young men and women planning careers in academic medicine.

In 1969 the Directors decided to supplant the Scholars program and inaugurated the current program focused on mass communications.

Current Program

The purpose of the Foundation's program is the improvement of all media including services growing out of new technologies for the processing and transfer of information. The media have an increasingly important role to play in modern society. They provide education and information, shaping attitudes and opportunities as they influence our views of ourselves and the world.

A bewildering variety of new communication and information services are being introduced and planned. Television, film, radio, print and the telephone are becoming inseparably connected by the technology of data transmission and linked with computers.

The Foundation pursues its goals through support of: research on the role of mass communications in society; analysis of issues of public policy and public interest; projects that improve the performance of professionals involved in the mass communications services; and activities that enrich the quality of media. The Foundation has a general interest in all aspects of the media and related services and plans to support a wide range of efforts to improve them.

