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MARKETPLACE

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HEADLINE: Van Gordon Sauter, former TV executive, and Martin Kaplan of the Annenberg School discuss possibility of federal bailouts for media entities

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BODY:

DAVID BRANCACCIO, anchor:

Did you hear this? The president of Viacom, the parent company of CBS, kicked up a stir when he seemed to suggest that the broadcasting industry could use help from the government in the wake of the September 11th attacks. Mel Karmazin had been chronicling a tale of lost advertising revenue at an analyst meeting last week when he pointed out that there is now a, quote, "opportunity for more federal deregulation," as happened after the Gulf War in 1991. CBS wants the government to further relax the limits on the number of stations a network can own.

The take is now that Karmazin was half joking. Here to discuss this and other media business is Van Gordon Sauter, a former network television executive, and Martin Kaplan, associated dean at the Annenberg School for Communication at the University of Southern California.

Mr. MARTIN KAPLAN (Annenberg School of Communication): Hogs to the trough. Maybe it was comedic, but, in fact, he's lining up, along with everybody else who thinks that the current calamity deserves a bailout. It's interesting that when things were going well, there wasn't the sense that they needed to share in extra tithe with the public.

BRANCACCIO: Van Gordon Sauter, this wasn't cash that Mel Karmazin was suggesting that CBS might be able to get from the government; it was essentially allowing more consolidation in the broadcasting industry.

Mr. VAN GORDON SAUTER (Former Television Executive): Well, I really think the broadcasters pushing their way to the trough and saying, 'Well, we're right behind the airlines or rent-a-car companies,' is an exaggeration that borders on the intolerable and could very well rebound against the broadcasters.

BRANCACCIO: Certainly the media industry, though, does have a big problem. Now the economy was slumping going into the terrorist attacks in September, but since then, the advertising market has gotten a lot worse, and it's not insane to suggest a link between terrorism and poor profits.

Mr. KAPLAN: No, but there's also nothing insane to suggest that the free market system is the free market system, and you can't have it both ways. If you say that you're for unfettered capitalism, then go for it. And that includes the down sides in bad times.

Mr. SAUTER: I am absolutely mortified to find myself in agreement with Marty. And I'm here to guarantee you that the boot black working in a CBS cafeteria is not going to get to the public trough, though he, too, is paying a price for what transpired in New York. It's up and down, it's up and down. That's the cyclical nature of broadcasting. And just because they're in a down period does not give them a card to bypass economic reality.

Mr. KAPLAN: No, now maybe this isn't the moment to collect on the \$80 billion worth of free spectrum that we gave them, but still, cut them a little slack.

BRANCACCIO: Now speaking of FCC policy, the FCC has been looking at the plight of Public Television and has, in fact, decided that it's going to relax some of the rules. It's actually going to allow, in this new digital world with HDTV, some advertising. Van Gordon Sauter:

Mr. SAUTER: Hear! Hear! The average American Public Television station is nothing more than a television antenna tightly mounted on the top of a fund-raising building. The quality and the quantity of local television produced by these stations is absolutely abysmal. And anything that will get more money into their system, I think we should embrace. At the same time, the main challenge to Public Television, in my opinion, is not financial, it's the fact that they have been at the government teat for so long, there's no initiative, there's no enterprise and there's very little entrepreneurship.

Mr. KAPLAN: Well, I guess I'll half agree with you on that. I think the main problem is the identity crisis that public broadcasting now appropriately faces. It was created in an era of scarcity in which one needed some stations to be protected from the cruel winds of the market, to provide programming that mass audiences might not want. But we don't live in that world anymore. There is the History Channel, A&E, and other kinds of providers of news and information, and public broadcasting itself doesn't any longer have the identity that it used to.

BRANCACCIO: Gentlemen, thank you. Martin Kaplan is also director of the Norman Lear Center at USC. Van Gordon Sauter used to be president of CBS News before moving on to Public Television and beyond.

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