

**DIFFERENT STROKES:  
PUBLIC BROADCASTING  
IN AMERICA AND AUSTRALIA**

**By Glyn Davis**

**Discussion Paper D-9  
July 1991**

**The Joan Shorenstein Barone Center**

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**PRESS • POLITICS**



**• PUBLIC POLICY •**

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## INTRODUCTION

Glyn Davis, Commissioner for Public Sector Equity in the newly created Public Sector Management Commission of Queensland, Australia, has taken a close look at what he calls the "chaos" of America's public broadcasting system. In this paper, which he prepared while he was a visiting Fellow at the Joan Shorenstein Barone Center on the Press, Politics and Public Policy, Dr. Davis compares the United States decentralized public broadcasting system to its Australian counterpart, which was built on the British government monopoly model.

Starting with a historical analysis of how the two different systems developed from their early radio days, Dr. Davis documents the various political assaults and supports for each system and evaluates which is better organized for serving the public interest.

He addresses such questions as: Should public broadcasting seek to be an alternative voice to programming provided by the commercial

networks—or should it be expected to provide a sense of nation, a comprehensive range of material including the kind already provided by commercial radio and television? Which system—the loose federation or the centralized monopoly—involves the public more effectively and better resists partisan political pressures? What difference does the organization of the system make in its relationship to the audience?

Dr. Davis's paper provides a valuable history and analysis for anyone interested in public policy about broadcasting and, in particular, the challenges posed by public broadcasting systems.

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## DIFFERENT STROKES: PUBLIC BROADCASTING IN AMERICA AND AUSTRALIA

Public broadcasting does not always get good press in America. Recent stories focus on budget crises, accusations of inefficiency or complaints that the nation's extensive network of public radio and television stations lacks direction. Because it gets no leadership from Congress, suggests former CBS News President Fred Friendly, the public broadcasting system is "rudderless. There is no one in charge."<sup>1</sup> Stephen White, who helped design public television in the 1960s, now feels the system "lacks initiative and a creative spirit."<sup>2</sup> He feels public television is "going nowhere in particular." Great things were expected from public broadcasting. Today critics find much to fault, in a network which fails to excite.

American complaints echo similar concerns in other nations. The 1980s were not a good decade for public broadcasting. In Britain the Thatcher government reduced the independence and income of the BBC. Canadians decided to rethink the whole basis of their public broadcasting system, while in Italy a 40-year government monopoly of radio and television was finally broken by the rise of Silvio Berlusconi's private networks. That pattern is likely to be repeated across Europe, as Rupert Murdoch's Skychannel and its rivals promise a new and aggressive international commercial television. Finding space for public broadcasting amid this welter of new services is not easy; convincing governments to keep paying the bills is more difficult still. As one academic commentator concluded, national broadcasting everywhere is "under siege."<sup>3</sup>

Yet, in a generally unhappy time for public broadcasting, the American system has held up comparatively well. Despite cuts under the Reagan administration and occasional flurries in Senate committees, political and community support for public broadcasting appears relatively strong. The number of subscribers grows steadily, while PBS/Nielsen figures suggest that nearly 70 million American households regularly use public television. The system may disappoint its founders, but its place in the national life of the United States appears secure.

This is not chance. On the contrary, American public broadcasting has quietly prospered, where other national public broadcasters falter, because it is organized differently. When passing legislation for public broadcasting back in 1967, Congress made some important and, it tran-

spires, wise choices. It avoided the European model of a government-owned broadcasting institution, building instead on an existing loose federation of educational stations. Because legislators declined to fund most public broadcasting directly, they ensured the system found other sources of income. And because it encouraged a diffuse, overlapping and fractious system, Congress invented a structure for public broadcasting which restrained politicians from easy interference in program choices.

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Journalist John Weisman argues that "public broadcasting reflects, almost perversely, the messiest aspects of American democracy, while eschewing many of those qualities of unity and single-mindedness that have made the Nation great."<sup>4</sup> This is perhaps unduly pessimistic. No doubt, as Fred Friendly observes, the system lacks leadership or direction. And yet it is precisely this rambling, unsatisfactory structure, with its internal squabbles, inefficiencies and occasional descent into chaos, which has kept public broadcasting flexible and responsive. While the great public broadcasting institutions of other countries languish, their American equivalents thrive—not in spite of, but because of the way they are organized. Public broadcasting in the United States has received worse press than it deserves.

Why should the design of a public broadcasting system matter? Surely it is programs which are important, not the details of how the system is organized or funded? Not necessarily so. American public radio and television offer a similar mix of programs to European counterparts. And yet the difficulties of American public broadcasting have been quite modest compared with other nations. A loose network of stations can adapt and endure. The structure of public broadcasting in the United States reflects not just the problems, but also the strengths, of the American political system.

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The importance of design is best illustrated by a comparison. America and Australia share much in common—immigrant societies with a frontier history, both are federations with capital cities built away from the great centers of population. Political similarities are reflected in the economy: in both nations the media is dominated by commercial networks and private newspaper proprietors, with public broadcasting on the margin, rather than at the hub, of the broadcasting system. Audiences in both countries rely primarily on the familiar sights and sounds of commercial radio and television for news, opinion and entertainment.

Yet despite these resemblances, America and Australia have organized their public broadcasting systems in quite different ways. The United States Congress preferred an association of relatively independent stations, loosely bundled together under the label of public broadcasting. Australia chose the opposite: a highly centralized structure modeled closely on European lines, with all decisions controlled from a Head Office. By comparing the two systems we get a sense of how each design produces quite different problems and outcomes. This paper traces how two nations selected different designs for their public broadcasting system, and the implications of those choices for audiences and editorial independence.

#### *THE ORIGINS OF PUBLIC BROADCASTING*

At the start of this century, Marconi's "wireless" suddenly became a practical reality. Military, commercial and even political applications for radio were soon proposed. Governments, caught by surprise, searched for appropriate regulations. International conferences on the future of broadcasting were called as early as 1903, and by the end of that decade many nations had passed laws to license this startling new technology.

The early responses of public officials are not

just quaint history, now long forgotten. For by 1920 both America and Australia had established the legislative framework which remains the basis of each broadcasting system. Decisions made then set the character for all that followed. Long before the idea of public broadcasting arose, different national responses to the electric media were already apparent.

#### *The United States Experience*

The U.S. Department of the Navy saw radio primarily as a military concern. With American entry to the war in Europe during 1917, the Navy took over operations of all domestic radio stations. Following the Armistice it sought permanent control of the medium. A bill authorizing a government monopoly of the wireless was introduced soon after the war, but proved to be "badly drawn and ineptly defended by Navy witnesses at the hearings."<sup>5</sup> Now dominated by Republicans returned in the mid-term elections of 1918, Congress had little interest in retaining war time controls. The Navy bill was defeated.

With government controls withdrawn, a rush to the airwaves followed. Everyone, it seemed, wanted to broadcast. Amateur wireless operators were soon followed by radio stations owned by electrical manufacturers, newspaper proprietors and educational institutions. By 1922, over 50 new stations appeared in America every month. Frequencies became crowded, stronger signals drowned out the weak, and a cacophony of transmissions threatened to cancel each other out. Indeed, officials of the British Post Office would soon point to United States "chaos" as justification for a government monopoly of United Kingdom radio.<sup>6</sup> Washington officials, however, were determined that American radio would remain in private hands.

Government may wish to keep out of radio, but the industry itself needed help to impose discipline in an unruly market. After much prompting, Secretary of Commerce Herbert Hoover convened a series of conferences. Hoover advocated self-regulation for radio, but the industry and Congress preferred the idea of an independent commission to ensure uniform technical standards, and so allow orderly competition. With the first radio networks already appearing, the industry supported the Radio Act of 1927. This bill established some limited rules, and an agency to implement them—the Federal Radio Commission, later under President Roosevelt to become the Federal Communications Commission (FCC).

Why did American politicians, unlike those of almost every other nation, choose minimal regulation for radio? Early officials, including Secretary Hoover, cited constitutional doubts about the extent of federal government jurisdiction. Probably more important, however, were long-standing American understandings about the proper role of government. Major services from electricity to gas to the railways had long been run by the private sector. Radio was treated as a similar case—Washington, through the FCC, would set out some ground rules and then let the market operate. In the relatively prosperous Coolidge era, the business of America could expect to manage without undue government interference.

By the end of the 1920s, then, the characteristics of American broadcasting were in place. A Commission, appointed by the President, would establish rules for thousands of private radio stations. Regulation would focus on technical issues rather than content; revocation of licenses was rare. Many of the emerging private stations were already organized into networks—NBC appeared in November 1926, and CBS was already unified and growing under William S. Paley by September 1928. Commercial radio attracted large audiences, and national advertisers. While other countries might choose close government supervision of broadcasting, America had decided on minimum restrictions and maximum diversity. What media historian Erik Barnouw has called “the Golden Web,” an era of commercial expansion and innovation, spinning radio and its voices around a continent, had begun.

Commercial networks may have quickly dominated the system, but they were not the only broadcasters. When handing out licenses the FCC remembered another interested party—educational institutions, often among the very first to use radio. Many schools, colleges and universities supported small local stations as an extension of teaching, or sometimes just as an outlet for volunteer programs and experiments. Educational stations were always marginal, surviving on grants and subscriptions. Many were wiped out in the Depression, when educational operators fell from 13 to 7 per cent of all radio stations. But despite perennial problems of “money and policy, educational radio’s champions kept a foothold in American broadcasting.”<sup>7</sup>

That foothold could at times appear tenuous. Educational stations remained poor and isolated. Commercial media attracted most of the audience, and almost all sponsorship dollars. Even

the appearance of some educational television stations in 1952, again using frequencies reserved by the FCC, did not weld together educational operators into an effective or cooperative network. David C. Stewart, now Director of International Activities for the Corporation for Public Broadcasting, remembers driving around the country in the early 1950s, trying to get educational stations to air.<sup>8</sup> The whole movement would never have worked, he argues, “but for the Ford Foundation, which acted as chief financial support.” The Foundation encouraged new stations, provided equipment and advice, and established the National Educational Radio and Television Center (NET) to share programs. Indeed between 1951 and 1977 the Ford Foundation donated \$292 million to public broadcasting. Still, progress was slow. Nearly 10 years after educational television began, half the American states had yet to acquire a channel, while those on air typically broadcast for only 35 hours a week.

It eventually required nearly 40 years for the first educational radio stations, their successors, and the new educational television stations to form even a loose national association. Though people within the system like David Stewart had long urged greater cooperation, the impetus for networking finally came from organizations and individuals outside broadcasting. Philanthropic institutions were excited about electronic learning and culture. The Department of Health, Education and Welfare wanted to sponsor some program production. And politicians, led by President Lyndon B. Johnson, saw in public broadcasting the prospect for a new and innovative American institution.

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The catalyst which brought together outside supporters and the educational stations was a report commissioned in 1965 by the Carnegie Corporation, following a private suggestion from President Johnson. A small group, chaired by James R. Killian Jr., studied educational stations, principally those involved with television. What

became known as the Carnegie Commission noted the relative poverty of the educational broadcasting sector, argued a case for federal funds, and suggested a radical new structure. When the Commission's report was released in January 1967 it attracted almost an entire page in the *New York Times*, the support of the President, and the interest of the public, who bought 50,000 copies within a few days. *New York Times* lead writer James Reston described the document as "one of the quiet events that, in the perspective of a generation or even more, may be recognized as one of the transforming occasions in American life."<sup>9</sup> Clearly, expectations of what President Johnson, in that year's State of the Union address, labeled "public broadcasting" were high.

Carnegie Commission plans built on the existing decentralized structure. Public broadcasting would be a microcosm of United States democracy—a federation of independent stations, rather than a single network controlled from Washington or New York. Income would depend on a coalition of Congress, philanthropists, corporate backers and individual subscribers. Here was a uniquely American institutional design, for as the Carnegie Commission report proudly noted: "We found in many countries serious and skillful attempts to provide superior television programming, and in some countries highly successful attempts. But when such a system was successful it met the special needs of society in terms of that society's culture and tradition, and there was little or nothing we could expect to import. We propose an indigenous American system arising out of our traditions and responsive to our needs."<sup>10</sup>

By November 1967 the Public Broadcasting Act was law. This legislation created a complex division of responsibilities to ensure checks and balances. Congress insisted on a separation of money, production and transmission to prevent centralization of control, and so preserve some autonomy for the hundreds of independent local radio and television stations which together comprise the American public broadcasting system.

To represent public broadcasting in Washington, and to distribute federal funds to individual stations, Congress created the Corporation for Public Broadcasting (CPB). The Corporation would be an umbrella for the whole system. It must provide, as the 20th annual CPB report noted, "grants, professional services and leadership. The role is very much a catalytic one: to stimulate growth and development in all facets

of public broadcasting."<sup>11</sup> The emphasis was on initiative, rather than direction, for Congress did not wish the CPB to dominate the public broadcasting system.

To restrict Corporation influence, actual distribution and scheduling of programs across the public network was entrusted to different organizations—the Public Broadcasting Service (PBS) for television, and the National Public Radio (NPR) system. Yet even PBS could not force its decisions on network member stations. For PBS is no more than a "trade association of public television licensees, representing their collecting interests and acting as their spokesman."<sup>12</sup> Member stations are part of a consortium; they can, but need not, buy PBS programs. Local stations retain control of their own budgets, including federal money, and make choices based on local priorities. Many lobby separately from CPB and PBS representatives, through the National Association of Public Television Stations (NAPTS), established by public licensees in 1980 to put their case before Congress and the various communications agencies.

Public broadcasting operates through these complicated institutional arrangements, but most Americans know the system only by its results—the programs they receive. As an editorial writer for the *San Francisco Chronicle* suggested, after two decades public broadcasting is now: "... so pervasive, in fact, that it is hard to recall a time when there was no real, sustained and universal alternative to commercial radio and television. The public network was a mind-broadening offering to consumers, available on sets they already owned. Even those who do not always think fondly of LBJ have to express a bit of gratitude toward what he and the Congress created for Americans of every age and every taste."<sup>13</sup>

For those who work in public broadcasting, however, much of their time and energy is spent dealing with the maze of organizational structures which are a part of President Johnson's legacy. Scattered across America, the public broadcasting system has three contending centers of power: a national corporation, based in Washington, which represents public broadcasting but cannot control it; a program-commissioning operation, also based in the national capital, which is funded by affiliate stations and must persuade them to buy its product; and the radio and television stations themselves, a mixture of former educational broadcasters, regional networks and operators sponsored by state governments.

Each level has its own board of directors, its own agenda and ambitions. Agreement is by negotiation, if not by exhaustion. Whatever its virtues, this design for public broadcasting can seem confused and lacking direction. As one CPB official put it, "the system is typically American—chaotic, inefficient and wasteful. The price one pays for independence is very high."

### *The Australian Experience*

Like their American counterparts, Australian officials in the early decades of this century struggled with the issue of radio regulation. While they argued, an infant commercial broadcasting industry took to the airwaves—if not on the same scale as America, then at least with equal enthusiasm. More than in the United States, these early ventures were dominated by electrical manufacturers, who sold radios as "sealed sets" able only to pick up a single signal—that of a station owned, not coincidentally, by the manufacturer. The sealed set system soon broke down, but regulation always strictly limited the number of stations allowed to broadcast; the open frequencies of American radio were not repeated on the other side of the Pacific Ocean. Why the difference? In part because the constitutional doubts about government authority which worried United States administrations did not exist in broadcasting. From 1904 the Australian federal government enjoyed uncontested jurisdiction over radio. More importantly Australia, like America, made choices consistent with its political culture. This tiny nation, newly independent from Britain, still looked "home" for policy ideas. And British practice was the very opposite of American experience. The United Kingdom did not allow commercial radio. Instead a government monopoly, regulated by the Post Office, run by a board of the "great and good," firmly controlled the airwaves from its London head office. This organization eventually became the BBC, an institution which dominated British broadcasting until the 1950s, and still sets many of the standards and expectations for the electronic media in Britain.

The problem for Australian policy-makers was the already established commercial sector, whose component institutions could not just be closed down without provoking an outcry from the manufacturers, newspaper proprietors and theatrical interests which now owned increasingly profitable radio stations. Government

searched around for a compromise—some way of combining the authority of British practice with the commercial reality of American-style radio.

Key decisions were made between 1928 and 1932. Parliament, newly moved to the federal capital of Canberra, divided Australian broadcasting into two sectors. Private radio, financed by advertising, would offer popular entertainment. Its programs would often carefully imitate American material, even American accents. This commercial sector would be balanced by a public broadcasting institution, financed first by license fees and later from general taxation. The Australian Broadcasting Commission (ABC), later renamed a corporation, would follow the BBC model. Indeed, in the serious tone of the times, the first ABC board promised an institution with a moral duty to "realize the taste and improve the culture of the community, to spread knowledge, encourage education, and foster the best ideals of our Christian civilization."<sup>14</sup> If commercial radio looked to the United States, then Australian public broadcasting would look to Britain; one critic later described the ABC as "an antipodean BBC—its programs imperial in their focus and its accents British in their timbre."<sup>15</sup>

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The American and Australian responses to radio highlight different understandings of public broadcasting. In the United States President Johnson and Congress envisaged an alternative, a chance for access to educational and other programs which might not get much attention from the commercial networks. Public broadcasting would expand choice by complementing what was already on offer. Australian politicians, following Britain, took a different view. Public broadcasting should not be targeted but universal: it must provide a sense of nation, through quality programming which would dignify broadcasting and achieve its potential. Parliament insisted that the ABC be "comprehensive"—it must offer a full range of programs, regardless of material available on commercial radio and television. In this view commercial,

not public, broadcasting is the narrow special interest; only a public corporation can presume to speak to, and for, the whole nation.

Having copied the mission of the BBC, Australian politicians also borrowed its organizational design.<sup>16</sup> Like the BBC, the ABC would be a corporation, with a part-time board to make policy, a professional management to oversee the various functions, and production units to make and broadcast programs. Everything would be done within the organization—deciding which programs to make, recording them, and transmitting the results. This ensured centralized control of public broadcasting. Duties which Americans shared between the CPB, PBS and individual stations were here combined in just one institution.

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Transporting the British model did not proceed without problems. It was all very well to direct the ABC from Head Office in Sydney, but in 1932 Australia did not possess the technology to broadcast a single radio service across a vast and sparsely populated continent. So the ABC had no choice but to operate from branches in each of the six Australian states. Here was the basis for a loose federal arrangement along later American lines, but Head Office had no intention of tolerating local autonomy. As soon as technology caught up with organizational design, Sydney took over the production and distribution of most programs. The branches survived, allowed modest local input, but remaining firmly under central direction.

The greater problem, however, was not one of equipment but of audience. The ABC might wish to speak to the nation, but by and large Australians preferred the more light-hearted entertainment of commercial radio and television. This was not a problem for the BBC, since monopoly made it hard to avoid. The ABC, however, had no way of compelling people to use

its services. If audiences stayed away, the Corporation could do little. The injunction to be "comprehensive" thus proved a serious limitation. The ABC could not pursue high ratings all the time, since that would be to forsake its wider mission of serving a range of interests. Yet without an appreciable following, the Corporation found it difficult to justify its considerable public funding. Whatever the intentions of legislation, the ABC remained ancillary to commercial broadcasting, rather than an equal partner.

Despite these problems, the institution has endured. It achieved a special place in the national life during wartime, when its authoritative news service relayed events in Europe, and then described the long Pacific war closer to home. The ABC has pioneered new forms of broadcasting in Australia, from serious documentaries to the rock video program "Countdown." If the Corporation believes government still gives it too little money, after nearly 70 years in business it at least feels secure about its achievements and guardedly optimistic about its future. Australian public broadcasting offerings may not have proved particularly popular; ABC support waxes and wanes. Yet within the political system, as in the United States, there is a broad consensus that public broadcasting is worth supporting.

#### BALANCING AUDIENCE AND POLITICS

Though the philosophy underlying public broadcasting in America and Australia is quite different, their functions have moved closer together. Legislation in each country uses almost identical terms: public broadcasting will foster high-quality educational and cultural programs which reflect the diversity of the nation and offer material of interest to all citizens. Both systems broadcast a similar mix of services—information and typically classical music on radio, and a range of educational, news and public affairs, nature, drama, history, sports and arts programs on television. There are differences in emphasis, of course, reflecting national tastes and styles. Yet convergence has been particularly notable in the news and public affairs area. Both systems began with few political discussion programs. Gradually, though, they ventured into controversial topics. When PBS stations began investigative news services, they attracted criticism—indeed angry resistance—from the Nixon administration. And



when in Australia the ABC began its public affairs programs during the 1960s, an irate government sought to cut its budget. Like PBS, the ABC persisted, accustomed its audience to politics as a legitimate subject for discussion, and made news and public affairs one of the defining characteristics of the public broadcasting system.

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So how do we compare these two very different, if converging, traditions? The usual technique of weighing costs and benefits can be misleading, since the population of America is nearly 15 times larger than that of Australia. A documentary made for public television in San Francisco can be sold to 322 public television stations and may reach 65 million American households; it costs the same to produce as an ABC documentary broadcast on its one national network with a maximum potential audience of around 5.5 million households. Consequently most standard efficiency tests, such as cost per thousand viewers and cost per transmission hour, favor the United States public broadcasting system.<sup>17</sup> Such statistics reflect economies of scale, and say little that is useful about how the two systems are organized or operated.

Similarly, not much useful comparative information about public broadcasting can be gleaned from audience ratings figures. Both systems record relatively low Nielsen-type numbers for individual programs, though they score better on cumulative audience—people may not watch PBS or the ABC all the time, but they will view selectively. Since the object of public broadcasting is not simply size of audience, however, the ratings measures used by commercial media are of little help. They cannot gauge whether public broadcasting has achieved its goals in education, culture or public affairs. Ratings indicate the size of an audience, but not the value they derive from a program.

A comparison between the American and

Australian system based on purely technical considerations is thus unlikely to provide an informative or fair evaluation. How then can we examine the strengths and weaknesses of these two alternative ways of organizing public broadcasting—one a loose federation, the other a tightly centralized national organization?

Fortunately there are two related characteristics shared across both systems—responsiveness to audience, and independence from partisan demands. Public broadcasting presumably exists for the public, and should respond to the needs of its audience. Yet we expect the PBS and ABC to resist political interference. So public broadcasting must perform a fascinating balancing act. It must respond, every hour and every day, in two contrary directions—toward the needs of the public, yet away from the demands of politicians. Some constituencies can be listened to; others must be resisted. Public broadcasting must show that it is open and responsive, yet not so open that politicians can use it to partisan advantage.

Here then is a way of comparing American and Australian public broadcasting. We can contrast how public broadcasting balances its responses to audience and politics. Is the United States system better at meeting the expectations of its patrons than the Australian system? And if so, can it still preserve its political independence? We expect public broadcasting to be public-minded yet autonomous, responsive yet independent. That is not an easy role. So what enables a public broadcaster to become immersed in the national life without becoming the voice only of those in power? Luck? Good management? Or perhaps, as this account will suggest, the design of the system is the key to remaining accountable to the public, yet independent of the government.

#### STAYING CLOSE TO THE AUDIENCE

The title “public broadcasting” certainly implies some relationship with the audience. Commercial media offers a product, but public broadcasting is intended to be different. It should offer a sense that the broadcaster is not some distant entity but a part of community life. Yet implicit in the American and Australian approaches to public broadcasting are quite different understandings about how broadcaster and audience should interact. The American public broadcasting system, in theory and practice, provides scope for direct partici-

pation. The Australian model does not.

Public broadcasting in America provides direct and indirect ways for the audience to get involved. People can give money to public stations. These subscribers are then polled about their program preferences, and can get themselves elected to the boards which run PBS stations. Volunteers contribute time and effort helping public radio and television stations. In 1986, for example, Americans donated a staggering 2,634,400 hours of volunteer labor to public broadcasting.<sup>18</sup>

Above all, however, the local nature of PBS stations ensures some responsiveness. Because each station decides its own schedules from the programs offered by PBS and other distributors, there is considerable regional variation. WGBH in Boston is noticeably different from other capital city public stations and from public television in Arizona or Kansas. There are programs in common, but the mix preferred by local boards and subscribers varies. Of course the choice is not unfettered. Individual stations can only afford to produce a few programs of their own, and must rely mainly on material supplied from Washington or imported from Britain. The CPB has some veto about what sort of productions it will underwrite, as do corporate sponsors for particular programs. Hence the wishes of subscribers are not the sole determinant of program selection. Deals are necessary, with local boards constrained by choices made elsewhere in the public broadcasting system.

Yet if the influence of any individual or audience in American public broadcasting is limited, it is at least allowed. Not so in Australia. Such responsiveness to regional interest is largely incompatible with a highly centralized public broadcasting institution. The ABC exists not for any particular audience or place, but for ideals imposed by Parliament. To accept the commands of any minority—even those willing to contribute to the organization—would compromise the logic of an overarching “national interest.” So there is no direct mechanism for public input in ABC program decisions. Instead the federal government appoints directors for the Corporation. These are usually drawn from a range of constituencies—a farmer, a trade union official, an academic, a business executive and so on. This Board of Directors decides all ABC policy. The public therefore is excluded from direct influence over program choice. It is instead represented by a board, appointed by government, which looks to the overall goals of the organization.

Some unexpected consequences have flowed from the organization of the ABC as a highly centralized body, run from Head Office in Sydney, and presided over by non-elected directors. Because Americans can subscribe to public broadcasting, there is a tangible relationship between stations and audience. As long as PBS can attract sufficient funds, the size of that audience is not so important. The ABC should be in a similar situation—since Parliament is paying the bills, and so guaranteeing an income, the size of the audience should be irrelevant. Politics, however, is rarely that forgiving. An ABC used by no one would soon be considered an expensive and pointless drain on the Treasury. Small audience figures are no problem if supporting diverse local interests is an accepted objective. When the task is to provide an “innovative and comprehensive” service for “all Australians,” as legislation requires, the same low ratings can look like failure.

So the ABC is caught in a bind. In theory it should operate in the public interest and not be beholden to crude measures of audience numbers. In practice the Corporation must demonstrate to the government, its primary source of income, that it is providing value for money. Unfortunately the ABC possesses no alternative measure of success. It can hardly argue that commercial ratings are an inappropriate guide to public broadcasting, and yet pursue such figures as proof of achievement. Yet without quantifiable measures of performance, the Corporation has no way of directly relating with its audience. Viewers cannot vote for particular programs, as do PBS station subscribers, or get themselves elected to local boards of control. Circumstances demand that the ABC respond to its constituency, but the design adopted by Australian legislators provides few avenues for participation.

Those appointed by government to the ABC Board of Directors—nine or so individuals who are meant to speak for the whole nation—must make the final decisions about how the Corporation will pursue its objectives. Yet Directors have no special insight into what the public needs or wants. The Board is selected for its political affiliation, community standing or symbolic value, not for expertise in broadcasting. To relate with the audience, Directors must employ several second-order solutions. They commission “audience profile” research, appoint advisory councils in each state, hold occasional open meetings, and have established a regular, if trivial, “feedback session” on national televi-

sion. All have limited possibilities. Surveying suggests the predictable: audiences like what they know. Advisory councils can be no more representative than directors. And open meetings attract only those who care about public broadcasting, and not the large majority of Australians likely not to use Corporation services on any given day.

Without some form of participation, the "public interest" to be served by public broadcasting can only be guessed. Sometimes audiences are created, pulled together by a forceful idea or an important innovation. The introduction of current affairs programs for a long time guaranteed the ABC a consistent audience, though commercial rivals have now moved into the field. More often, though, the Corporation's own traditions become the only reliable guide to its programming decisions. As one former journalist wryly noted, "people only complain when we take away their favorite program. So the organization is complaints-driven. We want to keep what little audience we have."

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The American and Australian public broadcasting systems thus differ greatly in their relationships with an audience. However imperfectly, American consumers can speak with their local PBS station, and become part of its governing structure. Australians cannot. That difference has considerable implications. A structure which accommodates participation is more than a virtue; it speaks to the very question of why public service broadcasting should exist. Because American institutions have mechanisms for participation they have been spared, in general, crippling uncertainty of purpose. Within the framework established by Congress there is scope for responsiveness to local interests. Since subscribers lend not only their ears but their cash, as the single largest

source of income for public radio and television, they provide legitimacy for the public broadcasting system. The ABC, by contrast, has spent decades in debate about its purpose. This unfortunate characteristic of self-doubt it shares with other centrally organized broadcasting institutions, including the BBC. Annual reports speak of how many awards particular programs have won, rather than justifying resource allocation. Since money is scarce, why fund more programs on sport than on opera? The ABC cannot say, since it has no logic for its choices, only the opinion of unelected directors and the weight of institutional history. The ABC story can thus appear as a chronology of crisis, as the Corporation struggles to make sense of its mandate, to placate criticism about its decisions, and to reassure government that funds are well spent. The very structure of the ABC, fixed by legislation, prevents the interaction with audience which is central to American experience—and so taken for granted that it usually passes unremarked in American descriptions of US public broadcasting.

There is a final dimension to public broadcasting and its audience which flows from organizational design. And that is relations with the surrounding broadcasting system. American commercial operators encouraged President Johnson to create a Corporation for Public Broadcasting. A CPB offered no serious threat to the networks, because it would provide important but not particularly popular programs. Public broadcasting rounds out the broadcasting system, rather than competing directly for audiences. Networks did not object even to public broadcasting accepting some corporate sponsorship. Since American public broadcasting was designed as an alternative, there would be little cross-over; local PBS stations could not afford to compete with the CBS or NBC affiliate and were unlikely to try. Public and commercial broadcasting, consequently, have co-existed with minimum contact. There has been little movement between the two of individual talent, program ideas or, presumably, of audience.<sup>19</sup>

The ABC has not been so fortunate. Since Parliament commands the Corporation to be "comprehensive," it cannot simply complement but must cross sometimes into commercial territory, and into ground usually occupied by the Special Broadcasting Service (SBS), a public funded multi-lingual radio and television network. Consequently public and commercial broadcasters in Australia have labored under a poor, and frequently strained, relationship.

Though the ABC cannot accept advertisements or sponsorship, it can entice viewers and listeners away from commercial stations. As former ABC Managing Director Geoffrey Whitehead noted, "private sector interests know it will affect the cost per thousand rate they charge advertisers if their audience drops only one or two per cent. They're very nervous. They'd be much happier if we were in a tiny ghetto of people clutching their brows and being extremely intellectual and not broadcasting to the broad mass."<sup>20</sup>

To prevent the ABC affecting advertising rates, commercial radio and television owners pursue two strategies. The first is through argument: in every forum from parliamentary inquiries to ministerial lobbying, commercial representatives argue that duplication funded by taxes is wasteful and pointless—the ABC should be restricted to specialized programming. As the Federation of Australian Commercial Television Stations (FACTS), the association representing commercial television owners, suggested at one inquiry, the ABC should "concentrate on areas not provided by or not available to the extent necessary from the commercial sector to ensure a broadcasting service to all Australians."<sup>21</sup> The message is simple—keep the ABC out of popular programming. The Corporation is forced to spend nervous energy and valuable resources responding; commercial criticisms make it forever the subject of apparent controversy.

Yet governments have resisted this push to limit the scope of the ABC. They remain committed to the compromise reached back in the 1920s of separate commercial and public broadcasting sectors. So commercial owners pursue a second, more practical, remedy: they raid the ABC for talent and ideas. Sometimes whole programs and their production units are lifted; "Beyond 2000," for example, began life as an ABC television series until a commercial network bought the reporters, the sets and the format and now sells the finished product around the world. More often, though, it is individual ABC announcers, journalists, producers, technicians, and engineers who are lured away by the higher salaries and greater ratings of commercial broadcasting. The Australian version of "Sixty Minutes," for example, is based on reporters and producers trained by, and then recruited from, the Corporation. From current affairs to comedy, commercial networks use the ABC as a publicly-funded market tester. The Corporation achieves its role as an innovator only at the constant loss of its audiences and staff.

In responding to audiences, then, the design of a public broadcasting system makes an important difference. The American system can be defined by the wishes of those who will support it financially. The ABC, on the other hand, cannot allow others to decide its role, but must guess what is in the public interest. Centralized public broadcasting is thus offered to the public, but can only indirectly be shaped by it. Yet what of the other side to independence—the ability of public broadcasting to resist political demands? Here too, the way public broadcasting is organized proves to be of considerable significance.

#### *POLITICS AND PUBLIC BROADCASTING*

We expect public broadcasting to resist the demands of politicians. Detached reporting is required by legislation. Title II of the Public Broadcasting Act of 1967 requires the CPB to "assure the maximum freedom from interference regarding program content." A similar command appears in the 1983 Australian Broadcasting Corporation Act. Directors must ensure the "independence" of the ABC, with a special emphasis on the "objective and impartial" reporting of news and current affairs. Though established by politicians, public broadcasting must not respond to partisan pressures. Politics must be presented, in the words of one former ABC Chairman, "without fear or favor."

Independence, of course, is a difficult ideal. There are pressures from without, slippages within. Government, interest groups, congressional committees, and public agencies all have legitimate claims on public broadcasting. The challenge then is to create structures which offer at least minimum autonomy, so that public broadcasting can meet its accountability obligations without becoming so enmeshed in political and bureaucratic demands that all scope for independent action is lost.

The original Carnegie Commission Report examined at length the problem of assuring editorial independence if public broadcasting relied exclusively on Congress for its income. To provide an independent income for the proposed CPB, the Carnegie Commission considered a levy on commercial stations, or an excise tax on new television sets. Both would attract opposition, so the choice was a political one. As Stephen White noted, it was "clear that broadcasters enjoyed more clout than manufacturers. The Commission decided accordingly. The intent in either case was the same: to immunize

the system from political differences within the Congress which might lead to direct Congressional oversight of the operations of the system and its member stations."<sup>22</sup>

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Congress, however, did not like the idea of an excise on television sets. Instead the legislature kept for itself the power to decide appropriations for the CPB and member stations. The Carnegie Commission also suggested that the President appoint six "distinguished and public minded citizens" to the CPB governing board; they in turn would select six additional members. Congress demurred, and legislated instead for a board of ten, all appointed by the White House. The CPB Board, complains White, was "therefore firmly in the political arena; appointments were made to pay off political debts, and from administration to administration the board of the Corporation was a political battleground."<sup>23</sup>

Whatever the abstract promise of independence, the original legislation creating American public broadcasting included significant constraints on autonomy—a budget decided and monitored by Congress, and a Corporation for Public Broadcasting Board appointed by the executive. As first CPB Chairman, President Johnson chose Frank Pace Jr., a former Secretary of the Army and chief executive officer of General Dynamics. As one historian observes, Chairman Pace "at once expressed his enthusiasm for his new post and said he had already commissioned research on an important idea—how public television might be used for riot control. The President's support had created vast expectations among supporters of noncommercial television. Now they wondered if it was being haggled to death."<sup>24</sup>

Similar constraints are to be found in the ABC's legislative mandate. Parliament, through its annual budget round, provides the Corporation with an appropriation. And ABC Directors

are appointed by the government, to 3 or 5 year terms. So the American and Australian public broadcasting systems began with similar potential obstacles to editorial independence—discretion for the legislature over the disbursement of funds, and executive control over board appointments. In the 1970s both systems faced attempts by national leaders to alter the character of public broadcasting. How each responded to political interference is bound up with the issue of organizational design.

The Nixon administration did not like the electronic media. White House staff considered network radio and, more importantly, television too ready to criticize the President and his policies. When Vice President Spiro Agnew described the press in a November 1969 speech, as a "tiny, enclosed fraternity of privileged men elected by no one," he signaled an intention to fight back. Though Agnew's main targets were commercial news and commentary, the current affairs programs funded by the CPB and scheduled by PBS also came under scrutiny. Public broadcasting, argues historian G.H. Gibson, was particularly vulnerable because of its "newness and dependence on federal funding."<sup>25</sup>

When President Johnson left the White House, the CPB he helped create had legislation and some initial capital but no guarantees of a secure and long-term income. His successor, Richard Nixon, was not impressed by the expansion of educational stations into a national public broadcasting system sponsoring programs on political and social issues. Administration representatives criticized salaries paid to CPB staff and to PBS journalists such as Robert MacNeil. The Nixon White House would not commit itself to long-term appropriations for public broadcasting until significant "reform" occurred—specifically, until the CPB and PBS devolved more decision-making to member stations. Localism was now a major goal. With regional audiences in control, the White House hoped, public broadcasting would lose its national, liberal focus and return to local values. Office of Telecommunications Policy director Clay T. Whitehead expressed the administration's only offer: "there would be no permanent funding until public broadcasting became what the administration wanted it to be."<sup>26</sup>

So what was really a battle about content was actually fought out through the budget process. Nixon proposals required that a fixed percentage of congressional appropriations for public broadcasting go directly to regional stations. Attacks on the CPB by House and Senate Republicans

broke down bipartisan support for the system. When a Democratic majority in Congress passed a 1972 budget bill ensuring public broadcasters at least two years guaranteed income, Nixon responded with a veto: Congress must accept the President's more modest, single-year appropriation proposal.

The administration campaign produced results. The CPB increased the percentage of funds routed directly to stations. Following the veto the CPB chairman, vice-chairman and president all resigned, allowing Nixon to appoint a former policy adviser, Henry W. Loomis, as the new chairman. Citing uncertainty about income, the CPB dropped funding for a range of controversial public affairs programs. At the same time, PBS restructured to allow local stations increased representation and authority.

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Yet events did not entirely favor the White House. By 1973 scandal had begun to dominate all other political considerations. Nixon accepted a Republican-sponsored two-year budget allocation for the CPB—and then had to endure public television's gavel-to-gavel coverage of Senate Watergate hearings. Indeed the congressional proceedings, argued one observer, "gave public broadcasting a rare opportunity to demonstrate its value to the nation by providing fuller coverage than the commercial networks."<sup>27</sup> As the prospect of a televised impeachment loomed, further vetoes seemed unlikely. A reluctant Nixon finally agreed to support long-range funding for public broadcasting just a few weeks before resigning his presidency and flying home to California.

This running dispute between the White House and public broadcasting left an enduring mark on financial arrangements. Nixon successfully established the principle that a majority of CPB funds must go direct to local stations, thus

constraining central control over the system. Republican pressure altered power structures within public broadcasting, shifting decision-making toward stations rather than the Washington-based CPB and PBS. That change has endured. In 1986 nearly two-thirds of the CPB income passed directly to station support; two years later an unsuccessful Senate finance bill would have required the CPB to surrender fully 80 percent of its funds—a proposal "denounced by the Corporation and by independent producers, who feared the stations would use the money simply to buy more mainstream programs."<sup>28</sup>

Although Nixon changed the funding mix, pushing authority back to local stations did not always produce a more conservative public broadcasting. Local stations continued to buy PBS programs such as the "MacNeil/Lehrer Newshour." News and current affairs may have temporarily diminished following the funding veto, but they did not disappear from public broadcasting.

Perhaps the most significant long-term result of the Nixon experience was a decisive shift in sources of income. The five-year appropriations which the CPB had sought under Nixon were approved finally by President Ford in 1975. Federal funding for public broadcasting then climbed dramatically, peaked in 1978, and began falling during the first Reagan term.<sup>29</sup> Though contraction hurt, public broadcasting weathered the cuts of the 1980s with greater ease than its handling of financial uncertainty a decade before. This was possible because funding had diversified in the intervening 10 years, as public broadcasting sought other sources of reliable income. This reduced the importance of Washington to the system. Indeed by 1986 federal funds accounted for only 16.3 percent of total public broadcasting revenue, with the rest drawn from a mixture of subscribers, corporate sponsors, state governments, educational institutions, foundations and fund-raising activities.<sup>30</sup>

With multiple sources of income, American public broadcasting is no longer just dependent on Congress. By strengthening local stations, and encouraging them to find other sources of money, Congress has created multiple centers of authority within the public broadcasting system. Stations now enjoy some financial independence from the CPB, and from state governments. In reducing the influence of a central CPB, Congress has also removed easy levers of control for federal politicians. If the CPB cannot impose uniformity or ideology on public broadcasting, then neither can the White House or Capital

Hill. Decentralization has emphasized the dynamics of a loose federation, making the President, Congress and the CPB Board all less influential in public broadcasting choices.

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In Australia too, independence often comes down to the question of money. Like their American counterparts, Australian public broadcasters recognize that a secure source of income is essential for editorial autonomy. As former senior ABC manager Clement Semmler noted, "if the government pays the bills, it is readily arguable that nothing is outside its competence."<sup>31</sup> Over the years, then, the Corporation has sought ways to reduce its reliance on Canberra. Yet it lacks the options available to the Americans. Legislation prevents the ABC from accepting advertising, program sponsorship or even long-term loans.

About the only money the Corporation can lawfully raise itself is by entrepreneurial activity—primarily through "ABC Shops" in each State capital. These shops sell books, records and merchandise associated with television and radio programs. ABC Bookshops have proved highly successful, evoking wistful comments from one CPB official after a visit to Australia. "This sort of enterprise," he suggested, "is impossible under the American system. We could never convince local stations to run similar shops. In the early days it was hard to even get southern and northern public broadcasting representatives to meet in the same room."<sup>32</sup> Yet despite their success, ABC Shops and other enterprises contribute only around 10 percent of Corporation income. For most of its funds, around \$470 million<sup>33</sup> each year, the ABC must still rely on the budget round. This dependence on the federal government, as ABC chairmen have often complained, leaves the Corporation potentially vulnerable to political interference.

When government pays the bills, what protects ABC independence? Sometimes the Corporation can rely on electoral pressure. In May 1970, for example, about the same time President Nixon was criticizing American public broadcasting, the Australian federal government was attacking the ABC. As in America, the source of the complaint was public affairs programs critical of administration actions. The conservative Liberal/Country Party Coalition government felt its policies were subject to partisan scrutiny. Postmaster-General Alan Hulme, the minister with responsibility for broadcasting, advised the ABC that half a million dollars would be cut from the ABC budget for the coming year. Hulme indicated that at least half this reduction "should be applied to current affairs on television."<sup>34</sup> Just as Nixon used a funding veto to discipline the CPB, so the Australian government applied financial pressure to alter the mix of programs produced for public broadcasting. Ministers felt they had been treated badly by such ABC television offerings as "This Day Tonight" and "Four Corners," and decided to remove the offending programs from the airwaves.

This tactic went badly wrong for the government. News of the funding cuts leaked to the commercial press and electronic media. Protests followed from the ABC board, staff, rival political parties, interest groups and hastily convened public meetings of ABC viewers and listeners. The government, caught in a rather heavy-handed attempt at censorship, backed down. The cuts were withdrawn.

Surveying the incident, ABC General Manager Talbot Duckmanton called the government surrender a "precedent of the right kind," which would prove "enduring value for the future."<sup>35</sup> Yet the incident had no long-term effect. It was quickly forgotten. After President Nixon vetoed CPB funding, Congress rewrote the law to ensure long-term funding for public broadcasting. The system learned from the experience, and invented new rules to prevent a repetition. But in Australia, nothing changed after Hulme's threats. Parliament did not rethink—or even seriously discuss—the basis of ABC funding. The ABC may have won that time, but it remained dependent on government, and so vulnerable.

The Liberals lost power in the Australian federal elections of 1972, but were returned in late 1975. They swiftly imposed restrictions on public broadcasting far more severe than those advocated by Hulme. Though government

ministers criticized particular ABC programs, they seemed less interested in influencing content or removing individual journalists than simply in punishing the ABC for its perceived bias toward the Australian Labor Party administration of the previous three years. Like President Nixon, Prime Minister Malcolm Fraser used financial leverage. Yet Fraser sought to diminish, rather than fundamentally alter, public broadcasting. Until the ABC became more politically "neutral" it must survive with less. The cycle of annual budget cuts which followed became self-reinforcing: less funding meant poorer service, thus reducing audiences, which in turn became justification for further cuts.

American public broadcasting, because of its federal structure, had the flexibility to find alternative support. The centralized ABC had no such opportunity. It could not escape government anger. The ABC budget was cut in early 1976, and then again every year into the next decade. Strict limits on hiring and salaries reduced the ABC workforce, deprived the organization of technical expertise, and depressed morale. The government imposed restrictive new regulations and intervened in issues of internal management. Existing Board members were replaced by new government appointees. Thus the ABC was forced to operate with reduced income, constraints on recruitment, the loss of much talent to better paying commercial stations, falling technical standards as outdated equipment could not be replaced, and rapid turnover of leadership. Despite sporadic strikes by ABC staff, and demonstrations by concerned citizens, there seemed little general public interest in the fate of Australian public broadcasting, and so few constraints on Fraser and his colleagues.

By 1979, the government could argue that the ABC appeared unable to carry on, and so was in need of major change. Ministers initiated a major review, chaired by business executive Alex Dix, to investigate the future of national broadcasting. When Hulme was Postmaster-General, the ABC resisted political intercession because a constituency mobilized in its defense. By the end of the decade, audiences were less moved by the ABC's plight. The public had grown tired of ABC failings, which it attributed to poor management rather than government action. Financial constraints had exaggerated all the organization's faults—timid public affairs programs, confused objectives, and an increasing reliance on British product rather than local production. As it attacked the ABC, the Fraser

government created a case for substantial intervention to remedy widely perceived difficulties; political interference in ABC operations was redefined as a solution rather than the problem.

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In America, Republicans in the White House and Congress had a diagnosis and a prescription. They believed public broadcasting was pursuing the wrong objectives because the CPB and PBS in Washington were too influential within the system. Their answer was to change the shape of public broadcasting. Control and money were pushed down the line to local stations. In Australia, conservatives knew what was wrong with the ABC—they considered some of its most influential programs to be politically partisan. But they lacked any real agenda for change. Imaginations failed when asked how to change the ABC to obtain the desired results. The Dix committee, reporting in 1981, dutifully blamed the ABC, rather than federal government policy, for the dramatic decline in organizational morale and effectiveness. Despite a thorough examination of the ABC, however, the review committee could offer no alternative ways of designing public broadcasting. It simply endorsed the traditional role and organization of public broadcasting, and urged that it be better performed.

So despite years of government attacks on the ABC, the changes imposed by the Fraser ministry were superficial.<sup>36</sup> The ABC was renamed a Corporation, some flexibility in staffing and budgeting were introduced, and a charter of responsibilities was included in the legislation. None of the fundamentals were questioned. The ABC remains a highly centralized bureaucracy, still modeled on the BBC, still subject to numerous external controls.

What do these very different histories of politics and public broadcasters tell us? They suggest, at the very least, that similar sorts of pressure are applied to public broadcasting institutions. In both countries politicians were inclined to suggest that public broadcasting had



overstepped its "proper" role. Under Nixon in America this argument justified significant changes to the budget formula, while under Fraser in Australia it permitted even more dramatic intrusions into the organization and its administration.

And yet, viewed with the perspective of hindsight, there were clear differences in the way each system responded to these challenges. Despite many heated words, the decentralized American system was able to resist political pressure. President Nixon removed some offending programs from public broadcasting, but he also triggered important structural changes. This reduced the scope for future administrations to get involved in the detail of public broadcasting operations. Criticism of the Nixon approach probably hastened passage of the Public Broadcasting Finance Act under his successor, with its guarantee of five-year federal appropriations. Pushing authority downward in the system increased opportunity for local participation, and perhaps also increased the willingness of subscribers to donate funds. The outcome was a diffuse set of institutions which are hard for anyone to control. When the system's durability was next tested, under Reagan, American public broadcasting weathered funding cutbacks with much complaint, but relatively little damage. Experience now suggests that fragmentation of control and funding allows public broadcasting to respond to its constituency without falling under the sway of government.

A more centralized organization, such as Australia's ABC, also has some protection against government interference. The ABC can speak with one voice, make strong representations to Parliament and appeal to its own traditions of independent broadcasting. Yet there are important constraints. A single organization, with just one Board of Directors, is easier to regulate than a scattered federation of largely autonomous units. And an Australian government enjoys the crucial advantage of controlling the ABC budget. This enables government to define the limit of ABC services. In 1974, for example, the Whitlam government offered the ABC more money on condition it be spent in ways acceptable to the Cabinet. The ABC dutifully established the two new radio services sought by government.<sup>37</sup> In 1977 came the corollary: the Fraser government used its power of the purse to close down an ABC multilingual radio station of which it did not approve. With no other source of income, the ABC could do

little but comply. As funding for American public broadcasting has become more diverse, the influence available to politicians has diminished. The ABC, dependent on a government handout, remains at risk.<sup>38</sup>

Successive ABC chairmen have sought ways around that reliance on government. Some have urged that the Corporation accept program sponsorship, as do PBS stations. Yet the suggestion is always resisted by the ABC audience, which does not want advertising of any sort, and by the influential commercial networks, which are less than enthusiastic about additional competition. Others have advocated a system of television license fees, of the sort which supports the BBC and some European public networks. The problem here is one of scale. The Australian population is too small, and too scattered; fees would have to be high, and the costs of collecting them would be considerable.

In any case, license fees do not deliver financial independence. Until 1948 the ABC was actually funded by license fee, but the amount charged was fixed by government. In 1940, for example, following a campaign by Keith Murdoch's newspapers, the Menzies government reduced the cost of a radio license and the ABC found itself in serious financial difficulties. The BBC has discovered much the same. For some years it has complained that the level of the license fee set by ministers is inadequate. Now the Thatcher government has advised the organization that from 1991 it must raise more of its own income through pay television. License fees do not provide a secure, stable or sufficient income.

There is a final option for financing the ABC—and that is through subscribers, on the PBS model. This idea, however, has been little discussed within Australia, for the centralized structure of the Corporation precludes following American practice. Local PBS stations provide scope for participation; audiences can donate their time, enthusiasm and cash in return for a vote on program choice and station direction. The ABC structure, and its charter, deters such participation, for the organization would no longer be serving the whole nation, just those interested and wealthy enough to buy a share in the decision process. The ABC would be asking people to subscribe, but could offer them nothing in return. The Corporation remains shackled to government, with all the risks that financial control will allow political influence over program choices.

The different designs for public broadcasting have thus proved important in the development

of the two systems. American public broadcasting, like the American political system, has emphasized tug and pull between different levels of governance. This may sometimes produce policy inertia, as critics of federalism sometimes argue, but it does ensure flexibility. Following the Nixon years, the system has changed in subtle but important ways. The power to make decisions has devolved to individual stations. This can be frustrating for system managers, who want stations to pool their resources for expensive program production. As the first CPB chairman complained, "I can't make anything stick." The necessary bargaining is expensive and exhausting. But whatever its disappointments, this diffusiveness protects the system from central political control. It has enabled the system to profit from its experience.

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The ABC, on the other hand, can learn but it cannot apply the lessons. The problems of a centralized structure—the inability to relate to audience, and the reliance on government for income—have been demonstrated over and over again, yet little has changed. A repeat of the Fraser years, or even of the Hulme threat, is possible. Because the government and not the organization sets goals and structures for the Corporation, only government can release the ABC from its bind.

#### THE COSTS OF DIFFERENCE

The American system of independent stations may provide greater responsiveness to audiences and an important ability to resist political interference than public broadcasting organized along centralized lines. But at what cost? Conversations with those who work in American public broadcasting almost always turn on the same themes—waste, duplication and a sense that the system is hopelessly chaotic. Complaints follow a predictable pattern: those in the CPB cite problems in PBS or the stations, while local employees and volunteers claim resources are squandered primarily in

Washington. Charges of inefficiency are echoed in the commercial media. John Weisman, writing in *TV Guide*, caught the sentiment of many when he quoted assertions that money for public broadcasting supports "a structure with enormous overheads ... It's dissipated before it ever gets into a single program."<sup>39</sup> The cost of independence, it appears, is high.

Yet, as always, the problem is finding reliable measures for comparison. Despite claims of profligate spending the CPB actually uses less than 5 percent of its total operating budget on corporate administration, travel and salaries.<sup>40</sup> Public television station WGBH, usually praised as one of the best run public stations in the United States, spent by contrast some 22 percent of its operating revenues on support services.<sup>41</sup> Such figures, though often cited, may not mean much—the division of labor between organizations involves a local station in expensive administration not demanded of the CPB.

If few reasonable indicators of efficiency are available, how is Congress to judge the performance of public broadcasting? If it suspects waste, Congress should look to its own regulations. Under the terms of congressional appropriation, the CPB must consign most of its income to local stations; any inefficiencies rob the CPB's own projects rather than the rest of the system. The PBS, in turn, relies for much of its income on its ability to sell programs to participating stations. So any inefficiency hurts the CPB or the PBS, rather than the system. This imposes some discipline on PBS spending. It is the 295 radio and 322 television stations within the public system which have been the main beneficiaries of congressional largesse. Stations enjoy income they do not have to coax from subscribers or corporations—federal money which will be available again next year even if the station is less than efficient in serving its community. Waste therefore is most likely at the bottom of the system.

Perhaps some inefficiency is the unavoidable price of the American set-up. Professor Marilyn Lashley, an expert on budgeting from Washington's Brookings Institution, notes that public broadcasting is treated as a "true public good. The Office of Management and Budget consider it too small to fuss over while Congress sees it as all-American. Nobody wants to be on record as cutting funds."<sup>42</sup> So while the CPB and PBS sometimes encounter the careful eye of representatives, local stations tend to attract funding whatever their performance.

Yet waste in public broadcasting—or, at least,

accusations of waste—is hardly confined to a loose federation of public stations. For despite a highly centralized structure, with its promise of greater efficiency, the ABC too long has been the subject of criticism about its financial performance. The Dix Inquiry into the ABC found a confused organization which failed to produce “effective management of staff and resources.”<sup>43</sup> Centralization of control was blamed for such prodigality. Senior managers felt responsible for every decision made within the institution. The command lines which evolved were long, rigid and frustrating. Choices took valuable time to ratify as management sought to supervise every step of the production and administrative process. Overlaid on these internal difficulties was responsibility to Parliament, which required a public service-style structure to ensure accountability. The result sounded suspiciously like criticisms heard in America: an organization at war with itself, with management diverting resources from production, periphery resentment of directives from the center, and frequent internecine disputes over jurisdiction.

As in the United States, claims of extravagance in Australian public broadcasting are not always supported by the limited available data. The ABC spends just under 15 percent of its budget on corporate administration. Only 801 of over 6000 Corporation employees are managers. Indeed the problem has not been too many bureaucrats, but a structure which placed too much responsibility on too few people. Recent years have seen reorganizations which recognize that heavy workloads at the top slow decision-making, isolate the Head Office from the production staff and produce no great savings. The ABC has moved toward decentralization, with greater autonomy conceded down the line to branches and production units. Yet there are limits to the devolution possible within a single national organization. Those at the top cannot yield all power without also surrendering their mandate to decide what services are in the “national interest.”

In short, the different organizational designs of public broadcasting in America and Australia have produced characteristic criticisms of waste. In America, the system is often portrayed as “bottom heavy,” while reports in Australia emphasize inefficiencies at the top of the organization. Such complaints, however, are rarely supported by evidence. They tend to the apocryphal, with horror stories about particular cases rather than hard data. No doubt sometimes money is unwisely spent, as it is in the commer-

cial media. Few studies, though, support the assertion that public broadcasting is inherently inefficient. Indeed, one of only few available comparisons of Australian public and private broadcasting found, perhaps to the surprise of its author, that the ABC operates stations and produces transmission hours “at lower cost than commercial management.”<sup>44</sup>

“American public broadcasting,” argues one CPB manager, “is inefficient because it has an overlapping, duplicating, fragmented structure. Yet for all its faults, this structure provides resilience: because of the independent nature of the stations, because money comes from so many different sources, because public broadcasting depends for its livelihood on a democracy where the most persuasive rules the day, the American public broadcasting system will stand for a longer time than many of the one source funded services like that of Britain or Australia.”<sup>45</sup>

This succinct appraisal of the difference between systems goes to the heart of any comparison between public broadcasting in America and Australia. The different ways they are organized matter: design shapes the ability of public broadcasting to respond to its audience, and to secure editorial independence. It is not just a question of preference or circumstance—a federal structure, with multiple sources of funding, consistently provides protection and autonomy not available to a highly centralized organization such as the ABC.

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It seems unlikely that American politicians carefully designed the CPB and PBS system to avoid the pitfalls experienced in other countries, including Australia. Rather, because separate educational stations were only slowly drawn into any sort of network, American public broadcasting has always exhibited a federal character. Stations worked as a consortium rather than a single organization. Authority could not be centralized, but remained diffuse and often elusive. The federal design was not chosen because of its advantages in allowing

participation or constraining political interference. These are unintended consequences of the particular history of the system. Yet this federal system, for all its frustrations, has also proved the great strength of American broadcasting.

Similarly, Australian politicians did not create a single ABC because they wished it to be remote from its constituency, or unable to resist political pressure. On the contrary, in carefully copying British practice, the Australian Parliament was seeking the very best possible public broadcasting. They wanted an institution which would, to quote a politician of the time, "be more potent in reaching out to the distant parts of this great country, and in exerting an influence for good or for evil, than any other agency, including our educational system and our universities."<sup>46</sup>

Yet the ABC never quite lived up to the mystique, the reputation or the influence of its model, the BBC. It was given much the same mandate—to enlighten, educate and entertain—but its setting was very different. The BBC enjoyed a monopoly, but the ABC had always to work within a commercial broadcasting industry. Competition for audiences undercut ABC attempts to pursue serious public service broadcasting; most audiences preferred the popular, largely American based, offerings of the commercial networks.

In similar circumstances, American public broadcasting stations could choose to comple-

ment rather than compete—to provide an alternative range of programs and experiences. The PBS network looks after, and is itself, a special interest. But that choice to be different was never open to the ABC. The ABC mandate to be comprehensive required a full range of services. The ABC design—unitary, controlled from Head Office to ensure uniform programs across the nation—precluded participation by audiences in setting new goals. And the ABC's dependence on government funds restricted its ability to resist political interference.

Time and chance have favored American public broadcasting, by giving it a form which allows flexibility and resilience. The ABC has not been so lucky. Choices which seemed appropriate back in 1932 have proved a considerable restriction on flexibility and resilience. The highly centralized ABC design, required by its mission to speak to the whole nation, has proved an unfortunate legacy. Comparing the two should qualify the complaints of some critics who complain that public broadcasting in the United States is disorganized and fragmented. Whatever the costs of a federal design, the advantages include responsiveness and editorial independence—precisely those characteristics we are likely to most highly value in public broadcasting. To follow Churchill on democracy, the American public broadcasting system is the worst possible—until you consider the alternatives.

## Endnotes

1. Quoted in John Weisman, "Public TV: Can It Survive?" *TV Guide*, 1 August 1987.
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29. Figures measured in constant dollars. See Sterling, C.H., (1984), *Electronic Media*, "A Guide to Trends in Broadcasting and Newer Technologies, 1920-1983," New York: Praeger, p. 96.
30. The CPB in 1987 reported the following income: federal funds 16.3 percent, subscribers 21.6 percent, state governments 18.8 percent, business 15 percent, colleges and universities 10.2 percent, local government 4.3 percent, foundations 3.4 percent and a

smattering of fund-raising auctions, private institutions, and a range of other sources 10.4 percent.

31. Davis, 1988, p. 63.

32. David C. Stewart, interview, CPB, Washington, 20 September 1988.

33. Around \$US 366.6 million at 1989 exchange rates.

34. Inglis, 1983, p. 327.

35. Inglis, 1983, p. 328.

36. The Fraser government fell from power before its revised ABC legislation was passed by the Parliament, but the subsequent bill introduced by the new Labor government was different only in some points of detail. It retained the basic structure and format suggested by the Liberals.

37. Davis, Glyn, (1984), "Government Decision Making and the ABC: the 2JJ Case," *Politics*, Volume 19, No. 2.

38. In 1988 the government promised ABC appropriations for three years, rather than one. The following year, however, saw a bitter dispute about the funding formula, with the ABC claiming to be \$28 million

behind its promised appropriation. Clearly triennial funding is little more secure than an annual budget.

39. *TV Guide*, 1 August 1987, p. 11.

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