

## Cooperative Cable Television Systems

Useful information and provocative entertainment on television are as scarce as cheap electricity or food because there are too many middlemen in the business for the high profits possible by providing inefficient distribution services and pandering to the artificial needs created by advertising. A cooperatively owned and managed cable television system can perform not only the basic function of distributing network programming at a lower cost but also serve as a mechanism for fulfilling the information needs and desires of the customer-members by providing a forum for collective decisions about what these needs and desires are. Such a system, by interposing a community-controlled switch between nationally disseminated programming and the intended audience, allows the coop members to have some control over the kinds of information and other programming they receive.

Since the only significant costs of a cable television operation are debt service and routine maintenance, a good case can be made for simple cooperative ownership of the system to eliminate the cost of profit and other non-productive overhead expenses. A cable television cooperative, however, can do more than just provide an existing public service more cheaply. Cable's capacity for two-way communication gives the system's customers access to data banks and computers, and the application of such services are manifold, ranging from education to business inventories and forecasts and quality control of the output of dairy herds.

The most significant potential of a cooperatively owned cable system is that for local productions shown over the system's origination channel. The system could easily and inexpensively be structured and managed to allow

any member to participate in the production of a television show. There could be regular coverage of the meetings of public officials, produced shows on topics of current interest, staged drama productions by a local acting group, illustrated lectures, interviews with members of the community, talk shows on local, regional or state controversies.

Cooperative cable systems can be organized effectively on either a town, county, regional or even state level. Most existing systems are technically designed to serve a particular town or group of towns, usually rural or semi-rural, as the development of city and suburban areas has been delayed by the higher costs of putting the cable underground and by obstacles at the federal level created by owners of broadcasting stations. Many cable systems now in operation are ripe for purchase at prices favorable to the buyers because of both the depressed state of the economy and the fact that federal regulations favoring broadcasters have soured the money-making dreams of private cable owners. Buying out an existing cable system involves costs around \$500 per subscriber for a system serving three towns, each with a population of about 18,000. If half of that cost is debt and paid off with part of the monthly service charge, the price to a cooperative member is less than that of a color television set and about the same as what many people in rural areas pay for their own large antennas.

Capital for the purchase of a cable system or the construction of a new one can be raised by selling shares in the system, by federal grants from the Farmers Home Administration, the National Science Foundation, and from the Department of Health, Education and Welfare. Bond issues can also be authorized by state legislatures. Perhaps the most attractive method of raising both capital and operating expenses, however, is through a state tax on the sale of television advertising. Since state sales tax revenues

are apparently dependant on purchases stimulated by television advertising, there is no tax on advertising sales now in any state, and any move to generate such a tax will meet will heavy opposition, from both broadcasters and state officials. Nevertheless, making the procceds of such a tax available to cable television systems owned by the customers to enable them to carry out local productions seems worth the effort.

The organization of a cable cooperative could consist primarily of a board of supervisors and categorical programming committees, all elected by the membership. The supervisors would make scheduling decisions and hire and fire the half dozen technicians and professional video producers necessary for a quality operation. The programming committees in such areas as education, the arts, news and public affairs, entertainment, and sports would produce and supervise the production of local shows with the assistance of the technicians and professional producers whose primary job would be to teach the members of the cooperative the techniques necessary for making good video shows.

Two additional points to indicate the potential for cooperatively owned cable television systems. The members of a cable coop can control the switch between its receiving towers and the homes. Not only can they produce their own programming and contract for programming imported by either microwave relay or, soon, satellites, they can also choose to delete certain programs from those carried by the commercial networks. A cooperative might decide, for instance, that a particular network show uses excessive violence or sex, or that particular commercials are especially offensive and simply delete these shows and ads from the system. It constitutes censorship and could be abused, but genuinely collective decisions on such matters would represent the sense of the community.

The final point is related to both the idea of a state tax on ad sales and to the idea of giving the audience the power to choose what it wants to receive. The present structure of the television industry is based largely on the principle of giving station owners in the largest metropolitan areas powerful transmitters so they can reach the largest possible audience which determines the size of their rate base. Many more low power transmitters could be used to serve actual communities instead of the artificial ones created by the transmitting patterns of the large stations. Since it is unlikely that a court challenge to the FCC rules establishing the present structure would be successful, a more fruitful route would be to establish a state communications authority to facilitate intrastate communications with cable, microwave, cable and satellites. Alaska, which has special communication needs, is currently contemplating such action, at least as a bargaining tool with RCA which has federal authorization to provide the state with communication services. As presented, this idea is admittedly sketchy, but it seems worthy of pursuit. The verb communicate can be either transitive or intransitive. Present regulations facilitate only one-way communication, but cable cooperatives can break the flow and begin to provide for a two-way flow.

Wally Roberts  
129 Main St.  
St. Johnsbury, Vt. 05819  
802-748-3609

From the Reader of the Conference on Alternative State & Local Public Policies held June 13-15, 1975 in Madison, Wisconsin. The reader was edited and compiled by Derek Shearer and Lee Webb.

This item was made available by the Cornell University Library.

From Collection #6756, Conference On Alternative State And Local Policies Records.

### **Copyright and Permissions**

Most of the items included in the Reader on Alternative Public Policies were published without copyright notice and hence entered the public domain upon initial publication. Some of the items found in the Reader are still subject to copyright. In some cases, even after extensive research efforts, we were unable to identify a possible rightsholder. We have elected to place the items in the online collection as an exercise of fair use for strictly non-commercial educational uses.

The Cornell University Library provides access to these materials for educational and research purposes and makes no warranty with regard to their use for other purposes. Responsibility for making an independent legal assessment of an item and securing any necessary permissions ultimately rests with persons desiring to use the item. The written permission of the copyright owners and/or holders of other rights (such as publicity and/or privacy rights) is required for distribution, reproduction, or other use of protected items beyond that allowed by fair use or other statutory exemptions. There may be content that is protected as "works for hire" (copyright may be held by the party that commissioned the original work) and/or under the copyright or neighboring-rights laws of other nations.

The Cornell University Library would like to learn more about these materials and to hear from individuals or institutions having any additional information about rightsholders. Please contact the Division of Rare and Manuscript Collections in the Library at:  
<http://rmc.library.cornell.edu>.