

the 2000 Nancy Hanks Lecture

ON ARTS AND PUBLIC POLICY



LECTURER

TERRY SEMEL

INTRODUCTORY PERFORMANCE
BY BILL T. JONES

The 2000 Nancy Hanks Lecture Presented
by Americans for the Arts
in conjunction with Arts Advocacy Day

FOR ME PERSONALLY, IT'S A REAL HONOR to have been invited to join you in this wonderful setting, and participate in the Nancy Hanks Lecture on Arts and Public Policy.

As I started to think about what I wanted to discuss, I couldn't help but wonder, "why me?" Since starting in the entertainment industry about 30 years ago as a sales trainee at Warner Brothers, actually my first job outside of college, I have certainly been involved with many forms of the arts. I have worked with artists around the world, in

movies, television, video and, of course music. Together, we moved from live shows to tape, videos, and now digital versions of works ranging from "Hamlet" to "Woodstock," from "Driving Miss Daisy" to "Batman," or Clint Eastwood's "Unforgiven."

Though I am an avid collector of paintings and sculpture, and on the board of the Guggenheim, I truly do consider myself to be an amateur, particularly compared to many of you in attendance tonight.

So I asked myself again, "why me?" What would qualify me to speak tonight? Maybe, I thought,

it's because as the now past Chairman and co-CEO of Warner Bros., my partner, Bob Daly, and I collectively were running about an \$11 billion business for the last 20 years, which meant participating in endless creative meetings, reading thousands and thousands of scripts, meeting with new and established artists and, at the same time, dealing with all of the new technologies, laws, taxes, and financial issues surrounding a global operation.

In short, to do what we did called for creative and business worlds to come together. I will admit, occasionally those two worlds did collide.

Regardless of whether one is running a household, a school, a studio or a symphony, this combination is a must. This I know, and this I can share with you tonight.

Okay. So I guess that's what convinced me at least as to why me. But then I asked the question, "Why now?" To me, that was an easier one to answer; because we are at a significant, indeed critical, moment in time. The new millennium gives us an opportunity to take stock and think about where

we've been, and for that matter, more importantly, where we are going next.

I do believe we're on the brink of something big, a real revolution, an Internet and full broad-band revolution. The arts, along with many aspects of all of our lives will be affected by these new technologies that on a worldwide basis allows us all to have many more choices, instant information, greater opportunities and, in general, more access to most everything. Indeed, at a 24-7 speed. Or as my daughter would say, very, very fast.

With more than 100 million people in the U.S. alone already accessing this information and this entertainment on their PCs, with our college campuses and many businesses already equipped with high speed T1 lines, DSL lines, or digital cable, most people measure the speed of growth of this revolution by weeks ahead rather than years.

Imagine the world with high speed access connections through digital cable, digital satellite, or fixed or wireless phones. In short, therefore, much more information and entertainment will be delivered to all households throughout the world. There will be an extraordinary increase in what I will call "channel capacity."

I want to pause for a second. I want you all to know I am not a technology expert. But I do come from a world in which we didn't have to know about technology. Many people stop me and say, "Terry, do you understand what all these people in this room are talking about?" I immediately say, "Absolutely not." It is a new time. You sit in meetings, and people talk about creating content. Four of the five people in the room are technology experts. I say, as a point of view, "Gee, we've been making movies and television programming for years. The only thing I knew about my television set was that you plug it into the wall. From a technical point of view, it's all I wanted to know." Our job to them was to help create the content. I think it is very important to have the technology folks join us as it relates to future content, since the technology is constantly evolving.

Let's come back to channel capacity. With this explosion comes a greater than ever need for the creation of new content and new entertainment. With this background, that I'm sure most of you are very aware of and very up-to-date with, I would like to raise the following three points:

First, as the world is moving so quickly, lines can also get blurry between non-profit and for-profit arts. What really distinguishes the two? Is it a definition in the tax code, a philosophical distinction between high art and popular art? For me, profit and non-profit are old-fashioned, 20th century terms.

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I have always thought that non-profit is a misnomer. For if you were truly non-profit, you will cease to exist. Therefore, the expression “not-for-profit” seems to fit the bill. Most artists and creators want their work to be seen and experienced by as many people as possible. They want their words read, their paintings viewed, and their music heard. They want to make art and reach as many eyeballs and hearts as possible.

Let me also say that not-for-profit art must maintain its creative integrity, and definitely have continued government support. If anything, the NEA budget should be doubled to bring it closer to the early 1990s budget.

We all know that if our country is to be a true global leader when it comes to creativity, our government should make an investment to help fuel, if nothing more, the enormous growth in employment, tourism, and support of our country’s number one export. I say that notwithstanding the fact that they may not appreciate the artistic value of what many of you are helping to bring about in the world.

I also want to stress the growing need for more private citizens, foundations, and corporate sponsorships and contributions, all with the end goal of expanding the pie to allow for greater creativity.

There are many examples of how for- and not-for-profit groups have been successfully working together. Then there is the concept of making profit through art, which some have been calling the for-profit arts. I guess that’s the world I have come from.

I think whether you are not-for-profit or for-profit, you should want to make profits. It’s not a dirty word. The distinction, I believe, comes in what you do with those profits.

In the world I came from, the profits were given back to shareholders, or in some cases, shared between the people who helped make the profits. In the other world, the profits can actually help do an awful lot of good in our country and in our world.

So the distinguishing factor for me is not should arts be profit orientated. The question to me is, at the end of the day, what do you do with those profits? What good can you bring about?

I would like to go to my second point. I call it the dot com world. I would like to say you must build



Backstage at the Kennedy Center, Nancy Hanks Lecturer Terry Semel is greeted by (left to right) Americans for the Arts President and CEO Robert Lynch, President’s Committee on the Arts and Humanities Executive Director Harriet Fulbright, and choreographer and dancer Bill T. Jones, who performed the introduction for Terry Semel.

one before you become one. Thousands of new dot coms are being created every month. With the ever-growing numbers of venture capital firms and various other sources, there is more money available to create these new businesses than perhaps ever before in our country’s history. So before you get made into a business, why not be part of the creation?

For example, the large music companies own a great deal of the world’s recorded music. However, somebody else created MTV, which today is about a \$10 billion asset. In the dot com world, Wal Mart did not create amazon.com. Nor was e-bay created by Christie’s or Sotheby’s. Why allow others to create a museum site featuring the great museums or paintings of our country, while the major benefits of that public IPO company go to others, and only a little to a few of our museums?

Not-for-profit arts are clearly about choice and diversity, and a broad range of options. We have many organizations dedicated to various forms of dance, music, theater, and museums, as well as other interests. With the channel capacity explosion we

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now have infinite capacity to handle many niche areas with both large and small marketing efforts. In short, there is now, and will continue to be, more broad-band access at every level: community, state, national, and international.

So, as demographic shifts have created niche audiences with unique tastes, we now have the broadcast ability to turn many of those passions into for-profit IPOs. As a businessman, the market value of one IPO in the hands of any of the arts groups in this audience today would help expand arts programs in our entire country. The amounts at stake could far exceed the collective budgets of most of the groups represented here today.

I think the key to success here rests in two words: Joint Ventures. Co-ownership, not licensing, combining the talents of for-profit arts companies with the talents of not-for-profit groups would bring expertise to both. Remember though, 24-7, for the clock is ticking.

Perhaps meetings and seminars could quickly focus on bringing some of the necessary expertise to you. Why not recruit advisors from companies like Microsoft, Intel, Oracle, or Cisco or others, to name a few, along with several of the leading venture capitalists and banking groups who could educate and perhaps even help recreate some of this structure for the non-for-profit art world in this century.

It is clear to me that the strong creative entities in most cities and states in our country can be transformed into creative businesses with real value.

I am going to pause there for a second. I don't mean to in any way say that the creative process that exists today isn't fantastic. I worry,

however, that the results of a lot of that creative process, the financial results will not come back to arts groups like those represented here today. That is where I get to my third point.

I am assuming that arts groups, and I know it's a dream, have benefited from the last point, and helped create Internet assets, and therefore own some substantial pieces of the new value that has been generated. If indeed any of this dream can be

realized, then with more money for the arts comes more opportunities for the arts. It's actually a victorious cycle, not a vicious one.

The more you make, the more you can reinvest in the emerging artists and organizations that need support. That is one thing that the world I came from, a studio, can do with its bigger budgets. It could support talent over the long-term. It could support the evolution of good ideas. The Picasso we know wasn't the Picasso we knew after just one painting. Nor was Stanley Kubrick a revered director after one film, at his prime.

You can identify potential talent at the beginning, though greatness is usually developed over time. I hate to say it, but profits can buy more time to do visibility campaigns or inner city initiatives, or long-term studies that underscore a lot of what we already know about the value of arts to kids and the communities. These things speak to your mission and your purpose and might further inspire giving from other sectors, which is very important as I said at the start.

When I began speaking, I said that I felt that the big difference between not-for-profit and for-profit groups would be determined by what they did with their profits. For not-for-profit groups, the biggest rewards will come when we can reinvest in arts education in all schools. I think that will be the most important thing to do with this dream of excess profits.

After all, arts education is really the only way to create a more knowledgeable public and new generations of leaders that will drive this creative industry, not-for-profit and for-profit alike. Art is central to a civil society. Kids who create don't destroy.

Arts education needs to be in the elementary and secondary schools through the core curriculum: in the home to foster lifelong learning; at the university level to develop excellence among future teachers and the future job force; on the Federal level to facilitate partnerships and deliver the arts to young people through strong legislation in favor of it.

We will all benefit from making the arts a core part of the educational system. Our children, our families, the entertainment industry, the non-for-profit arts, the government, the private sector, big business, and small towns. All of us...our future depends on it. As I've said, we are moving very, very fast. That means the future will be here before we know it.

Thank you.

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About the Lecturer

TERRY SEMEL BEGAN HIS CAREER NEARLY 30 YEARS ago as a trainee with Warner Bros. and rose to become Chairman and Co-Chief Executive for two of the most well-known entertainment powerhouses in the country —Warner Bros. and Warner Music Group. Teaming with his longtime business partner Robert Daly, Mr. Semel led Warner Bros.' transformation from a relatively small movie studio into a \$6 billion global entertainment business, along side of a \$4.5 billion music company.

During the Semel/Daly tenure, they were responsible for 16 consecutive years of record earnings; for more than 400 major motion pictures that garnered 13 Best Picture Oscar nominations and statutes for "Chariots of Fire," "Driving Miss Daisy," and "Unforgiven." This dynamic management team was also responsible for thousands of television hours of such top-rated, high-quality, and record-breaking series as "China Beach," "Murphy Brown," "Friends," and "ER." They also created the hottest network in television, The WB.

Mr. Semel marked the entertainment industry with his creativity, innovation and diversification. As an innovative business executive, he helped diversify the studio into a global leader, developing the leading distribution operations in the world for feature films, television, home video as well as the emerging technologies. He can also be credited with pioneering the creation and use of the DVD and marketing films, television series and animation on the Internet.

Mr. Semel is currently Chairman of Windsor Media Inc. He also serves as Vice Chairman of the President's Committee for the Arts and Humanities, and on the Board of Directors of the Solomon R. Guggenheim Museum, Revlon, Inc. and Polo Ralph Lauren Corporation. Born in New York City, Mr. Semel is a graduate of Long Island University with a Bachelor of Science degree in accounting. He has four children and lives with his wife, Jane, in Bel Air, California.



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AMERICANS FOR THE ARTS WOULD LIKE TO EXTEND SPECIAL THANKS TO Philip Morris Companies Inc. for generously supporting the Nancy Hanks Lecture for ten consecutive years. The cultural program of Philip Morris Companies Inc. focuses on contemporary and multi-cultural visual and performing arts, and is among the leading corporate arts support programs in the world. The qualities that guide the successful growth of its businesses — innovations, creativity and diversity — have also served as the cornerstone of Philip Morris' cultural program for more than 40 years. In addition to supporting the cultural lives of its communities,

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About the Nancy Hanks Lecture

NANCY HANKS served as president of Americans for the Arts (formerly the American Council for the Arts) from 1968 to 1969, when she was appointed chair of the National Endowment for the Arts, a position she served through 1977. During her eight-year tenure at the National Endowment for the Arts, the agency's budget grew 1,400 percent. Until her death in 1983, Nancy Hanks worked hard to bring the arts to prominent national consciousness. This year marks the 13th Annual Nancy Hanks Lecture on Arts and Public Policy, established to honor her memory and to provide an opportunity for public discourse at the highest levels on the importance of the arts and culture to our nation's well-being.

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- 1994 David McCullough, historian
- 1993 Barbara Jordan, former U.S. Congresswoman
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- 1990 Maya Angelou, poet
- 1989 Leonard Garment, Special Counsel to Presidents Nixon and Ford
- 1988 Arthur Schlesinger, Jr., historian

About Americans for the Arts

AMERICANS FOR THE ARTS is a national network of organizations and individuals dedicated to communicating the value of the arts and empowering communities to support the arts. Through national and local decision-makers, arts organizations, corporations, foundations and individual leaders, Americans for the Arts helps to create a better understanding of the role of the arts and the value of arts education in America through advocacy and media campaigns, policy work, field research, leadership and professional development seminars. To this end, Americans for the Arts works to create better communities through the arts and access to arts education for every American.

AMERICANS FOR THE ARTS offers the largest selection of publications on arts-related policy and careers, and its National Arts Policy Clearinghouse is the nation's leading centralized resource for arts information and research. Americans for the Arts' Institute for Community Development and the Arts, researching more than 1,000 models of cultural programs as agents for economic and social change, works closely with cultural leaders and elected and appointed officials to link the arts to solutions for important challenges facing America's communities, such as crime, unemployment, illiteracy and racial tension. Americans for the Arts' annual conference brings together hundreds of arts, business, foundation and corporate leaders, for information sharing, networking and professional development. Americans for the Arts' web site <www.artsusa.org> provides on-line access to a wide range of information and research.

AMERICANS FOR THE ARTS is also pleased to host Arts Advocacy Day 2000, in conjunction with the Nancy Hanks Lecture on Arts and Public Policy. Arts Advocacy Day is a national convening of arts advocates from around the country who unite together on Capitol Hill to advance federal support of the arts, humanities and arts education.

AMERICANS FOR THE ARTS has a National Policy Board comprised of more than 80 national public policy leaders, advocates and philanthropists from the corporate, government and nonprofit communities who inform the direction of Americans for the Arts, as well as provide valuable leadership for the arts and cultural life of the nation.

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