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# What the New Radio Rules Mean

- to people who like good radio programs
- to radio stations that carry network programs
- to government officials and others who seek a nation-wide radio audience
- to religious, educational, cultural and social groups who use radio
- to business men who advertise on the radio
- to all who believe in free radio, as against a government-dominated radio

## NOTE

**O**N MAY 3rd, the Federal Communications Commission ordered drastic changes in radio broadcasting in this country and announced that radio broadcasting stations which do not comply would forfeit their licenses.

*Heralded by the Chairman of the Commission as a "Magna Carta" designed "to foster and strengthen network broadcasting," actually these orders strike at the heart of American radio broadcasting. Indeed, the two Radio Commissioners, who dissented vigorously from adoption of the orders, predicted that their enforcement "would more likely create 'anarchy' or a kind of business chaos in which the service to the public would suffer."*

*Columbia Broadcasting System, through its President, William S. Paley, immediately characterized the Commission's action as "the first paralyzing blow at freedom of the air," and promised to issue, at the earliest opportunity, a factual analysis of the Commission's orders.*

*That analysis is presented on the following pages. We hope that it will help the public to understand what is threatened to be done to radio broadcasting in this country.*

COLUMBIA BROADCASTING SYSTEM

*May 17, 1941*

## What the New Radio Rules Mean

**S**OMETIMES you have to take a thing away from people to get them to realize what it means to lose it.

That is going to be true of radio broadcasting as we know it in America unless people understand what is happening and do something about it.

The Federal Communications Commission has adopted eight new "regulations." Most people will never see them or read them. They are wrapped up in a thick government report. Like a bitter pill, they are sugar-coated with nice words and high-sounding phrases about the public interest. Then, to make the deception complete, they are handed out with a press release that would make people think the Commission is protecting what it is actually wrecking. Like calling a blitzkrieg a rescue party.

In its report, and in subsequent utterances by its Chairman, the Commission bolsters its attack on the networks by the loose, unsubstantiated use of such words as "monopoly," "domination," and "control." Since the public is interested not in epithets, but in the truth about American broadcasting practices, we call particular attention to pages 23 to 32 of this analysis which deal with the realities of these aspects of network broadcasting.

Columbia Broadcasting System here states, and in subsequent pages demonstrates, that, instead of benefiting the public, instead of promoting sound competition, instead of improving radio broadcasting, what the Commission proposes to do will have these effects:

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1. It will threaten the very existence of present network broadcasting service, bring confusion to radio listeners, to radio stations, and to the users of radio, and deprive business of an orderly and stable method of presenting sponsored programs to the people.
  2. It will threaten the continuance to radio listeners of their favorite sustaining programs sent out by the networks, such as the New York Philharmonic-Symphony broadcasts, educational and religious programs, world news service. We do not see how, under these "regulations," Columbia or anyone else can afford to, or has any real inducement to, produce and broadcast programs of this kind and to maintain and improve the character of its public service.
  3. It will establish radio monopolies in many sections of the country which are now served by competing stations and competing networks and deprive hundreds of radio stations of an important source of revenue, besides seriously affecting their opportunity to build up their local audiences through network programs.
  4. In weakening the ability of the radio industry to give the kind of broadcasting service that people have come to demand, it may, in the end, encourage the government to take over broadcasting altogether. Meantime it opens the door to the complete domination of radio by whatever government happens to be in power.
  5. It will cripple, if it does not paralyze, broadcasting as a national service at a time when radio should be encouraged to continue and enlarge its contribution to national unity and morale.

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**S**O THAT the reader may better understand what these regulations really mean, we shall first explain briefly how a network operates.

The whole American system of broadcasting is enabled to function as it does because it is supported by advertising. So are newspapers and magazines. That is the American way.

In some countries radio listeners pay for broadcasting in the form of a license fee collected by the government. In other countries the government itself appropriates the money for broadcasting, and collects it from the taxpayers. In either case, the government does the broadcasting and the people get only what the government wants them to hear.

A nation-wide network such as CBS is a great deal more than a group of radio stations, with their sending apparatus, leased telephone lines, buildings, studios, offices, mechanical facilities and personnel for producing and transmitting programs.

All of these are essential, of course. But the successful operation of a great radio network depends primarily on the men and women who make it work, who devote their time and brains and energy to perform a useful public service.

They engage in it as a business; admittedly they are selfishly interested in making it succeed and prosper. They compete for stations to join their network. They compete for the best talent available. They compete for public favor by putting on radio programs that people will like. They engage in research to improve the art and technique of broadcasting, and invest heavily in expansion and improvement of facilities.

The CBS network maintains a large organization of trained technicians, radio writers, producers and directors as well as staffs of musicians, vocalists, and actors, in various parts of the country

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so that, for both its advertising and non-commercial periods, it is able to originate the best programs available. It erects and maintains large studios at these originating points. Through its highly trained sales and sales promotion staffs, it undertakes to gather facts and figures demonstrating the effectiveness of broadcasting as an advertising medium and to interest the national advertiser in using it. Its station relations department is responsible for having assembled a group of stations that meets the needs of national coverage. Its publicity department is responsible for getting to newspapers and magazines the schedules of its programs and information about the programs. It maintains a short wave broadcasting department—which today is working under breakneck pressure to make reliable American news and the spirit of our people known throughout the world. Much of our revenue goes into this latter operation, as well as into the development of new phases of the art and science of broadcasting, such as television and frequency modulation, both of which thus far represent outgo and not income. All the service which the network performs—for the public, for the stations, for those who broadcast—is made possible by network advertising.

The stations of the network are connected by telephone wires leased from A. T. & T. Our programs go out over these wires to the transmitters of the 122 stations constituting our nation-wide network, and these transmitters put the programs on the air for the listeners in each area. These wires need special equipment and servicing so as to insure a quality of transmission much higher than is used for ordinary telephone circuits.

Last year Columbia spent about two million dollars for these permanent wire connections throughout its network.

The network spends a large portion of its advertising revenue in providing news-gathering facilities throughout the

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world; in producing and broadcasting educational programs; in putting great orchestras on the air; in making broadcasting facilities available to government officials and others who wish to use radio for religious, cultural and social purposes; in developing new types of radio entertainment, and in broadcasting world events as they occur.

The local station, with very few exceptions, gets the benefit of all these services, including the costly wire line connections, without taking any of the financial risks and without making even an indirect payment until it receives business from the network. The nationally sponsored programs and nation-wide non-commercial broadcasts, which the station is thus enabled to receive, build its prestige and its audience, so that it can prosper both by the network programs it carries and by doing a more profitable local advertising business than if it had no network connection.

The local station compensates the network for these services (1) by giving the network an option on part of its broadcasting time in order that the network may make firm arrangements for the sale of such time to national advertisers, and (2) by selling that time to the network at a lower rate than it sets for its other broadcasting time.

There is nothing sinister, monopolistic or unhealthy about such a relationship. It is simply a good business arrangement for both the station and the network. The station gets services it could receive no other way, and the network is able to function because it is assured of available time on the stations and thus can operate with a guaranteed nation-wide coverage. In every single instance the arrangement between the station and the network under which these mutual benefits are enjoyed is entered into voluntarily by both the station and the network.

Thus, two things about American broadcasting are fundamental:

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First, network broadcasting depends on advertising.

Second, advertisers buy network broadcasting because the networks can guarantee them a nation-wide audience.

The Commission through its new "regulations" undermines these foundation supports of network broadcasting and does this by assuming powers beyond the law and the obvious intent of Congress, although the Commission has never asserted such powers before.

When radio broadcasting began to develop in this country, Congress by law wisely laid down a sound policy for broadcasting in America—a policy which plainly meant to protect the basic right of freedom of the air as an essential part of freedom of speech.

Under that law, Congress gave the Federal government, through the Federal Communications Commission, the power to license broadcasters, assigning to each a definite wave length on which to operate in the public interest, convenience or necessity. That was necessary, just as traffic rules are necessary on crowded streets, just as our highways are marked off for the flow of vehicles.

In its new "regulations," the Commission says "no license shall be granted" unless the station bows to the Commission's arbitrary will and obeys the eight new edicts which it lays down. Do this—or we will put you off the air!

We come now to detailed consideration of these "regulations" and their meaning.



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**Under Rules 1 and 2 the Commission denies the right of an individual radio station to make an exclusive contract with a network.**

**RULE NO. 1 SAYS IN EFFECT:**

**The Commission will take away the license of any station if it agrees to broadcast network programs from only one network even though the station does not want and cannot find time for programs from more than one network.**

**RULE NO. 2 SAYS IN EFFECT:**

**The Commission will take away the license of any station if the station makes a contract which withholds from its competitors the benefits of its network affiliation.**

Here are the principal reasons why in thus knocking out the present contracts between stations and networks the Commission destroys the whole basis of the kind of network broadcasting the people of this country enjoy :

CBS and its affiliated stations now have a common-sense arrangement which provides that Columbia will not furnish programs to any station in a city other than its affiliated station (except in case of public emergency), and that the affiliated station will not carry programs of any other national network.

Because of its contracts with affiliated stations—without which it could not sell substantial amounts of time to national advertisers—CBS in the year 1940 was able to spend millions of dollars for non-advertising programs, nearly all of which were of the kind that a local station could not create for itself.

Because CBS is able to deliver guaranteed outlets for adver-

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tising programs, it is able to maintain for sixteen hours a day, 365 days in a year, leased telephone lines linking these outlets throughout America, giving the entire nation constant access to network programs; to maintain its studio facilities, engineering equipment, foreign representatives, representatives in the nation's capital, a highly organized news staff and all the other things that make network broadcasting possible.

Because of these contracts, Columbia, on its part, is able to guarantee to each affiliated station a balanced program service—in nearly all instances a minimum of 60 hours a week.

Under these new “regulations” Columbia is at a loss to know how to continue the kind of broadcasting service we have just described. The stability of our operations would be undermined or so seriously weakened that the public would lose much of what it now knows as network broadcasting. Let us explain this stability a little further.

The network advertiser wants the biggest possible nation-wide circulation (audience) that he can get. He wants it at a reasonable price, and he wants to be assured that he can keep it so long as he gives the public the kind of programs it wants to hear. It is this assurance of nation-wide circulation year in and year out which induces the advertiser to spend tremendous sums for programs which make possible in America the extraordinarily high type of entertainment that characterizes our broadcasting.

It would be utterly impossible for Columbia or any other network to do this if it did not know from day to day what circulation it could deliver, what stations it could call on, what time on those stations was available to it. As other networks took time on the stations affiliated with us, our schedule of available time across the country would become a jig-saw puzzle. Under the Commission's “regulations,” CBS would not know whether it could deliver a good

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outlet, or any outlet at all, and the advertiser would not know upon what kind of circulation he could count.

Circulation is what a newspaper or magazine offers an advertiser. It is circulation, in the form of guaranteed station outlets and their audience, that a network offers to advertisers. The network has invested millions of dollars to help build up and enlarge the audience of its stations. There would be no inducement for a newspaper or magazine to build up its circulation for the benefit of another newspaper or magazine. It would be folly to expect a network to build up an audience for the benefit of another network.

Other magazines cannot sell advertising in the columns of *Time*, *Life*, *The Saturday Evening Post*, or *Collier's*. The circulation built by a newspaper is used exclusively for its own benefit and that of its own advertisers. It would obviously be absurd to require *The New York Times* to make its circulation available for the benefit of the *New York Daily Mirror*.

The absurdity is more obvious in the case of network broadcasting because, while magazines and newspapers could at least add pages, it is not possible to add hours to the broadcasting day. Therefore, as time we now have available is taken by other organizations, we will be left with less time to sell and hence less potential revenue. The scope of our operations depends on the amount of our revenue. Thus it becomes evident that economic necessity will force us to diminish our programming drastically.

It is the nation-wide audience that we have built—because up to now we have had proper incentives to build it—which makes network broadcasting so useful to educational, religious and cultural groups who desire to reach a nation-wide audience, as well as to the officials of government when they wish to reach all of the people simultaneously. This, too, is what makes broadcasting so effective an instrument of democracy, enlightening the people,

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helping to sustain their morale in times of stress, and welding them together into a united nation.

If a station is denied the right to the exclusive service of the network, and the network is denied the right to count upon that station and its audience in providing a nation-wide service, you destroy the basis of sound network broadcasting. All the evils that you substitute for it cannot be forecast. But some of these evils are obvious.

Take, for example, the effect of such "regulations" as these on the life of hundreds of stations. It is startling. They would create big station monopolies at the expense of small station enterprise. The big stations will grow bigger. The smaller stations will find it difficult to survive. Here is an illustration :

Four broadcasting stations now serve Louisville, Kentucky. One is a 50,000-watt station, another is a 5,000-watt, and there are two 250-watt stations. These stations are affiliated with different networks, and each enjoys the full program schedule of its own network. When an advertiser buys the service of one of these networks, he must use the station in Louisville connected with that network. The Jack Benny program, one of the most popular programs in America today, goes over the 5,000-watt station, even though the advertiser might prefer the 50,000-watt station. In another city, the Jack Benny program might be on the highest power station, and in still another city on the lowest power station.

So far as present station competition is concerned, the lowest power station may sometimes have as good a program as its highest power competitor, if not better. But not under the new "regulations." If the Commission outlaws exclusive arrangements between stations and their networks, what will happen? Naturally, the advertiser will prefer the 50,000-watt high power station, which will be free to pick and choose the best programs on the

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air. Stations 2, 3, and 4 will not get the over-all program service they have been getting, but merely the left-overs after Station No. 1—the 50,000 watt—has had its pick. One scarcely needs to spell out the effect on the lower power stations. Yet the Commission would have people believe that its new “regulations” open up the channels of competition and equalize opportunities so as to stimulate better radio service.

In seeking to evade the obvious consequences of its act, the Commission argues that, by insisting upon high-power stations rendering a public service, it will prevent such concentration of commercial programs. But this it cannot do without boldly invading the field of program censorship and dictating what shall go on the air, thus destroying the freedom of radio.

Another very bad result of these new “regulations” well may be the formation of fly-by-night organizations which serve merely as brokers, buying connecting wire facilities only for the commercial programs they sell. Such time brokers, having none of the expenses of a real network, could, of course, cut rates to the advertiser and sell the audience of stations which the present networks have helped to build up through the broad and comprehensive service they render. These fly-by-night time brokers, having no permanent relationship with the stations or with the public, need feel no necessity for rendering real service; and, in selling one or two or three programs, perhaps for a single year or even a shorter period, they may well be little concerned with the quality and character of the programs they send out.

In the words of the minority report issued by the two members of the Commission who dissented from the adoption of these rules, *“the difficulty in clearing time on a national network would become an almost insurmountable task.”*

This is scarcely a pleasant or wholesome prospect for the coun-

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try to contemplate, especially at a time like the present. Networks and local stations now can, and frequently do, clear commercial programs off the air to bring to the people discussion of important public issues or to keep the listening nation abreast of swiftly moving events of national or world-wide significance.

Under our present system time is cleared simply, quickly and conveniently for those who would use the airwaves. But under these new “regulations” who is going to clear the time and set up the necessary national network? Are our officials in government to be subjected to the inconvenience of being unable to make swift arrangements to reach the people by radio at any time—assuming it would be possible at all under the Commission’s scheme?

The dissenting Commissioners seem to have struck the keynote of this situation when they expressed fear that the adoption of these “regulations” will produce a “new kind of system (in radio), the effects of which the majority does not adequately visualize.”

The majority report of the Commission justifies these “regulations” by asserting that they will introduce extra competition into broadcasting. We discuss this question of competition on page 28, but meantime let us consider what really lies ahead. The rules will effectively destroy our present orderly system. They may lead to a state of chaos so confusing that the only alternative will be for government to take over radio, as government has done in other countries. Is the Commission majority defying the very Administration whose appointees they are, an Administration frequently and publicly committed to the private competitive system of broadcasting?

Otherwise, it would appear that the Commission either ignores or fails to understand that what it is trying to do will change the entire structure of radio broadcasting in this country. It says, in

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effect: "Let us take this big broadcasting machine and break it up into small pieces. Then it will work better."

The trouble is that it *won't* work better. The nation-wide broadcasting service people enjoy in America is provided by a closely geared, efficient mechanism, with interdependent parts. The whole system has been carefully built up over a period of years and is both efficient enough and flexible enough to meet the wants and needs of our people. If all the parts are working well, the machine works well; if any of its essential parts are taken away, or thrown out of gear, it certainly will not work as efficiently, and the probability is that it will not work at all.

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**Under Rule No. 3, the Commission would deny a license to any radio station which agrees to take the programs of a network for a period longer than twelve months.**

**RULE NO. 3 SAYS IN EFFECT:**

**The Commission will take away the license of any station if that station tries to insure its audience and its existence as a network affiliate—or if it tries to insure a network of an outlet in its area—for more than twelve months at a time. The Commission will do this even though the station and the network may have two-, three- or five-year commitments for studio, talent, equipment and other broadcasting facilities.**

The third of the new "regulations" lays the whole network business open to being shuffled and scrambled every year because the Commission says it will not license a station that agrees to affiliate itself with a network for more than one year.

This is thoroughly impracticable.

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Buildings have to be erected for more than one year. Costly studio construction has to be undertaken for more than one year; intricate and costly engineering installations cannot be charged off in a single year; rented space for offices, studios, news departments, and other facilities cannot be advantageously leased on a one-year basis. Outstanding features such as the Philharmonic-Symphony Orchestra must be arranged on other than a year-to-year basis. Artists and features which build the character and quality of a network must be arranged for over longer periods of time. Management and personnel must be stable, reasonably secure, highly trained, and experienced.

Organization of this kind can be maintained only on a long-time basis. No responsible business management can enter into such normally necessary business arrangements knowing that it can continue to do business only on a transient basis.

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**Under Rule No. 4, the Commission proposes to curtail the opportunity of an individual radio station to earmark a portion of its time for network programs.**

**RULE NO. 4 SAYS IN EFFECT:**

**The Commission will take away the license of any station if that station agrees to give a network a firm option on any part of its broadcasting time, even though this may be the only practicable way in which the network can place nationally sponsored programs on the station.**

The fourth of the new "regulations" would deprive a station of its license if it gives a network any call on its time. This is the arrangement commonly known in the industry as "option time."



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“Option time” simply means that Columbia has a call on a part of the affiliated station’s time, so that the network always knows that it can place its sponsored programs and broadcast them simultaneously throughout the country, or that it can broadcast such programs over one group of stations at one hour and over another group of stations at another hour.

Option time is the only method under which network broadcasting is practical. It has enabled the networks to perform the whole miracle of radio; namely, that the finest entertainment, the most interesting and dramatic events on the stage of the world can be heard in the homes of America at the very time they are happening.

Under present arrangements, local stations, because of the audience attraction of the network programs, are enabled to sell time to local advertisers much more advantageously than they could otherwise. They are always free to displace a network program with any local sustaining public service program which they believe would be in the interest of their own communities. The networks do not even come near taking all of the time of the local station. It is a combination of nation-wide network service supplemented by local service which gives the community its greatest value in radio service as a whole.

The local broadcasting station has been glad to give the network an option on a part of its broadcasting time for the reasons given in discussing Rules 1 and 2. It is the combined effect of Rules 1, 2 and 4 that wrecks the present broadcasting structure.

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**Under Rule No. 5, the Commission would deny a broadcasting license to any radio station which failed to reserve, in its contract with a network, the right to reject a network program.**

**RULE NO. 5 IMPLIES:**

**That the individual station does not now have this privilege. The fact is that any network affiliate has the right to reject any network program, if in its opinion the public interest would be served by such rejection.**

The fifth of the Commission's new "regulations" serves no purpose whatsoever unless it is designed to create a false public impression that the networks force upon their affiliated stations programs which fall below the stations' own standards. This "regulation" says that the Commission will refuse to license a station unless the station retains the right to reject network programs. We always give stations this right. They are always free under existing practices to refuse programs which they regard as unsuitable to their communities or because they wish to substitute sustaining programs of local interest. The fact that they almost never reject our programs on the basis of unsuitability is a testimonial to the high quality and the high standards of network offerings.

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**Under Rule No. 6, the Commission would deny a license to any radio station belonging to a network organization which owns another station in the same area, or if other stations in the same area are not as strong in power or coverage as the network station.**

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**RULE NO. 6 SAYS IN EFFECT:**

**If there is a single strong radio broadcasting station in a community, able to give better service than smaller stations in the same area, and it belongs to a network, the Commission will cancel its license, unless it is disposed of to other interests. It also says that no network shall own two stations in the same area.**

CBS owns seven stations and leases one out of a total of 122 on the Columbia network. It does *not* own two stations in any single area.

Yet this "regulation" threatens Columbia with the loss of one or more of its owned stations if any of those stations happen to be located in areas where, in the opinion of the Commission, other broadcasting stations are (in the language of the rule) "few" or of "unequal desirability."

It is a plain attempt to subordinate the public interest for the sake of discriminating against a network.

Why should ownership of a radio station by a network be bad? A network organization can obviously contribute much to the ability of any radio station to serve the area in which it is located. By its substantial investment in its owned stations, and by sharing with these stations, day by day, its network experience, physical facilities, and talent, Columbia is making a constant contribution to their effectiveness in serving the people of their local communities.

The stations owned by the Columbia Broadcasting System have regularly been licensed and relicensed by the Federal Communications Commission through the years. The Commission has thus affirmed year after year in the case of each of these stations that it was operating in the public interest.

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The networks went out and bought these stations in these particular markets for many reasons, one of which was that they offered a profitable investment. This is the same reason why R. H. Macy & Company and *The Chicago Tribune*, two dominating factors in the Mutual Broadcasting System—which has agitated against present orderly network arrangements in the hope of benefiting itself—built their businesses where they did. Macy's is one of America's dominant department stores. *The Chicago Tribune* is one of America's richest and most profitable newspapers.

Neither Macy's nor *The Chicago Tribune* is suggesting that it should be forced to give up something and thus operate less effectively in order to strengthen competition against itself.

The Commission's argument that this "regulation" creates desirable competition is dealt with from its most important aspect later in this memorandum.

Is the network less capable of serving the public than the individual station? Certainly the network is under the same compulsion as any independent broadcaster to maintain the highest possible standards of broadcasting service in the interest of the public.

Millions of listeners can testify that *stations owned by a network organization* are just as efficient as any other broadcasting stations, just as responsive to the public interest, just as much concerned with doing a good job.

In imposing these "regulations," the Commission also ignores the fact that it is possible for a network to own the only station in a locality and yet for the programs of a competing network to be heard equally well, throughout the area it serves, from other stations not actually in the same locality.

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**Under Rule No. 7, the FCC would refuse to license any radio station affiliated with a network organization having more than one network.**

**RULE NO. 7:**

**The seventh of the Commission's new "regulations" would make it impossible for one organization to own two networks.**

CBS does not own two networks or two stations in any one community, and therefore refrains from discussing the merits of this "regulation." On the question of the Commission's authority to adopt this "regulation," as well as its other new ones, our comments are given in other parts of this analysis.

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**Under Rule No. 8, the Commission evidently proposes to meddle with advertising rates, a threat as dangerous to the individual radio station as it is to the networks.**

**RULE NO. 8 SAYS IN EFFECT:**

**The Commission will refuse a license to any station that agrees with a network as to the rates it will charge.**

Columbia Broadcasting System does not have any agreement with its network affiliates relating to the rates which they shall charge other users of their time. We point out, however, that private contractual arrangements designed to prevent unfair competition are not necessarily undesirable. Moreover, if the Commission

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can do this there is no apparent limit to the extent to which it can control the whole financial structure of radio. Once let it control the economics of the industry, and its power over broadcasting will know no bounds.

In this connection it should be borne in mind that broadcasting is not a common carrier and that the public is no more concerned with its advertising rates than with the advertising rates of magazines and newspapers. It is competition among the many advertising media that keeps rates reasonable and fair to the advertiser. The broadcaster collects nothing from the public.

## The False Charge of "Domination"

THE Commission, in its report and elsewhere, makes continual reference to its desire to "free" radio broadcasting from "domination." It talks about "freeing" individual broadcasting stations from "network domination." By subtle suggestion, it even implies that perhaps the networks have a hidden desire to "dominate" the public; that they might at some time use radio to control the political future of the country!

All these suggestions are made to sound very alarming. Is this an effort to hoodwink the public?

We doubt that the public will be fooled. Anyone who has even the slightest acquaintance with the fundamental character of broadcasting in America, or who knows anything about the essentially free and voluntary relations between the individual broadcasting station and the radio networks knows that such charges and implications are without foundation.

*Radio in America is dominated, and has always been dominated, only by the listening public—and nobody else.*

Throughout its entire history radio has voluntarily shaped its course to the will of the public without the coercion of any government agency. In doing so it has built a great structure which is serving the needs of a democracy in giving unbiased public information and unhampered public entertainment.

As early as 1930, CBS stated policies and standards to which programs were required to conform before they could be broadcast on the Columbia network. That we have seriously and conscientiously enforced these program policies and improved them over the years is demonstrated by the fact that we have rejected commercial programs which would have brought us millions of dollars

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in revenue, because these programs were not in conformity with our policies.

Years ago CBS gave definition to the phrase, "freedom of the air," as meaning "freedom for the people." We instituted policies to insure fairness and equality to all points of view in public controversy. We outlawed the exercise of any editorial persuasion or bias of our own, reserving only the right to take a position with respect to broadcasting itself, and even then committing ourselves to giving equal opportunity on the air to an opposing point of view. Today the entire broadcasting industry subscribes to these safeguards. Information and interpretation concerning vital issues have been placed before the American public in a fair and impartial way.

A substantial sacrifice of revenue was involved in our decision not to sell time for the purpose of arguing controversial public issues. Instead we have always given such time to qualified speakers at no charge. This was done so that all points of view on these controversial subjects would have equality of the air. The airwaves of America have not been reserved for the rich nor, up until now, have they been threatened by the control of government.

The suggestion that any group of American broadcasters might try to or be able to turn radio in this country into a tool for the use of any one political group is as ridiculous as it is unfair. If that ever happens here, it will happen only after the people allow a group of bureaucrats to weaken the free democratic system of broadcasting this country now enjoys, destroy its ability to serve the people, and perhaps, in the end, induce the government to seize its facilities.

The implication that the individual radio station needs protection from the networks, needs to be "freed" from network domina-



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tion, is equally without support. The plain fact is that the networks need the individual stations too much to attempt any domination over them. The owners of local radio stations are not helpless weaklings compelled to do the networks' bidding and, as we have already pointed out, the whole association between network and station is voluntary on both sides.

Under the terms of that relationship, the network-affiliated station preserves its freedom to serve its community and greatly increases its ability to do so.

It is under no compulsion to take any non-commercial programs from the network. It chooses such non-commercial programs as it desires from the broad and varied services rendered to it by the network in many fields.

It can refuse to put on a network commercial program, if it has a local sustaining public service program which it believes would be more in the interest of its own community.

It can refuse to put on a network commercial program if it does not regard such a program as suitable for its community.

Pages of testimony presented before the Commission by the broadcasters and by the Independent Radio Network Affiliates\* show an unbroken record of wholesome and free cooperation between the networks and their affiliated stations. The record shows constantly improving service to increasing millions of America's listeners.

The Commission praises the network broadcasting system and claims to be preserving its best features, in spite of the fact that these very stations which the Commission now seeks to protect proclaimed vigorously in open hearings before the Commission

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\* This is an organization of stations affiliated with, but not owned or operated by, the networks.

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that "regulations" such as these—even though offered at that time in much milder form and merely as tentative suggestions—would grievously injure that system.

Now the Commission would have the public believe that the affiliated stations are enslaved and dominated by the networks! It tells the stations and the public that these rules are the Magna Carta of American broadcasting stations. Apparently the Commission plans to free the stations by restricting their freedom of operation so rigidly as to endanger the very existence of many of them. The fact is these rules are more of a death warrant than a Magna Carta.

But what of the threat of *government* domination? That threat is real.

The powers now being seized by the Commission in adopting these new "regulations" are not a part of either the language or the spirit of our existing radio law. In fact, the language and spirit of our radio law are designed to protect the public against the very powers which the Commission has now seized. That radio law was written by Congress, the representative of all the people. Congress intended a free radio for this country. Under the law which Congress provided, the American people have had a free radio, supported by private enterprise, and ultimately controlled by the people themselves.

If vital changes in that system are desirable, it is the function of Congress—not a government bureau—to legislate changes in the radio structure, if, upon investigation, it finds them to be necessary. We welcome a Congressional investigation into broadcasting, at any time, but we oppose the arbitrary and unauthorized seizure of dictatorial powers over free American radio by a Commission. That is what these "regulations" of the Commission amount to.

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If the Commission can say to a station: "We will not renew your license if you make certain arrangements with a network which we do not approve," the Commission can go further, and who knows that it will not end up by saying: "We will not renew your license if you carry certain types of programs which we do not happen to like."

If the Commission is permitted to exercise these powers, then broadcasters will inevitably become subservient to a little group of men in a government bureau, who can put on the air—or keep off the air—what *they* want; not what the people want. The Commission may never actually *say* to a radio broadcaster, "We will not renew your license if you give time to speakers of an opposing political party." But if that Commission has the power of life and death over a broadcasting station, it could well be suicide commercially for a broadcaster to permit anything to go out on the air from his station which might displease the Commission.

## Competition

THESE new "regulations" are not at all necessary to promote "competition." Wholesome competition exists today. It has always existed. The development of the Columbia network is an outstanding example. Columbia built its network largely through the orderly affiliation with it of stations already in existence. Many had been affiliated with one or the other of the NBC networks. By enterprise, ingenuity and risk, CBS built up a network which has competed successfully for listeners, for advertisers and for stations with the two networks of the National Broadcasting Company. They, too, in building their networks have competed with us for stations, for advertisers and for listeners. Mutual Broadcasting System has over the past two or three years also competed for stations. For example, station WCAE in Pittsburgh and station WNAC in Boston felt it more advantageous to affiliate with Mutual than with the Blue Network of NBC.

When Columbia started in the latter part of the 1920's, most of the high-powered stations were affiliated with NBC. There were, however, stations of lesser technical value available to carry Columbia programs. In planning its future, Columbia built upon the premise that what people listened to were programs, regardless of whether they came from 5,000-watt stations, 50,000-watt stations or 100-watt stations. It built for the stations affiliated with it the best programs which its creative ability and resources could produce. Ultimately, it attracted to itself enough listeners to make it advantageous for its advertisers to buy the facilities of these lower-powered stations and advantageous for stations of higher power to become affiliated with it.

This kind of competition goes on every day of the year between the network organizations. It is keen, honest, aggressive competi-

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tion—American style. It benefits the public, the broadcasting stations, and all those who use radio. And any network organization which attempts to make its job of serving these groups easier, by crying to a government bureau to tie the other fellow's hands so that it can compete without enterprise and risk, will find in the long run that it has had its own hands tied in the bargain.

The minority report written by Commissioners Craven and Case, two of the most experienced men on the Commission—a report which vigorously attacks the findings of the majority on most of the vital points—discusses competition in part as follows:

*“In broadcasting, however, we cannot start with a premise of an unlimited market. Natural laws limit the availability of radio facilities not only in each community but also in the nation. Therefore, we must frankly recognize in considering the regulatory problem that we are dealing with a phenomenon limited by natural causes. The paramount objective should be ‘public interest, convenience and necessity’ as related in terms of the best radio service to the nation as a whole.*

*“Intensive competition exists in broadcasting within the natural restrictions of a limited number of facilities. Not only do major networks compete vigorously with each other for the advertising dollar, but also all stations, including those affiliated with networks, compete with the networks. Furthermore, each individual station in a community or region competes with every other station in that community or region. Moreover, radio as a whole is in stern competition for the advertising dollar with other media.”*

The Commission majority in its attempt to build up new networks at the cost of existing ones fails to show how the public interest will be served in the process. The resulting networks, it would appear certain, will be so cramped and restricted in their hours of

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operation, in scope, in certainty of coverage, in balanced programming, and in resources, that network broadcasting will be set back a generation.

In Columbia's opinion the reason the Commission in its long report never really shows how its new regulations will work is because the Commission cannot show how—simply because they won't work.

The whole reach and sweep of Columbia's world-wide, costly operation is made possible solely by our ability to do a large amount of business as a whole network, not as a piece of one. Had we been broken into one of a series of bits—as the Commission now seeks to break us—it would not have been possible for Columbia at the outbreak of World War II to appropriate nearly a half million dollars to cover this war for the American people. This is only one example of the kinds of services the Commission will render impossible in the name of some vague concept of competition.

## *"Nobody's Business"?*

**N**EARLY all listeners in the United States now have at all times a choice of more than one program. In many instances the choice may be among as many as fifteen or twenty. The listener is interested in the quality and content of the program and in his ability to receive it clearly. Competition carried to the absurdity of the Commission's new "regulations" will certainly detract from the former. Of course, it will do nothing for radio reception.

The new "regulations" indicate far less interest in program quality than in program source. A station might well lose its license because it broadcasts fine programs from one source, instead of poor programs from several sources.

The Commission holds out a hazy hope that the public will somehow hear the best programs in all places at all times. It overlooks the obvious fact which we have already pointed out; namely, that network broadcasters would be reduced to the position of time brokers selling an hour today and five minutes tomorrow, their responsibility ending with the time sold. The Commission maintains that "somebody" will provide non-commercial programs of nation-wide interest. That "somebody" is a myth.

Nowhere in the Commission's thinking is any responsibility placed on anyone to render a national service. The station is obliged only to render a local service. The network is left in the position of not being able to afford to render a national service if it wanted to. Vital nation-wide service is no one's responsibility under these "regulations."

As the two members of the Commission who condemned the adoption of these regulations said in their minority report:

*"Responsibility for carrying sustaining programs of public importance would be so diffused that such service would*

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*likely become nobody's business. . . . The incentive would be removed for the origination of such sustaining features as the European war broadcasts, the American Farm and Home Hour, the Town Meeting of the Air, Toscanini, etc. If the proposals of the majority are enforced there can be no logical determination of who will pay for such service or how it will be developed."*

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What all this means to the people themselves is not only a loss of radio entertainment but also a loss of liberty. Radio is now free, popular and profitable. When radio becomes unprofitable to the advertiser, radio will become unprofitable to the networks. When it becomes unprofitable to the networks, radio will no longer be able to afford to create the great entertainment and cultural service which it is now offering.

During the last year or more, radio has become increasingly important in our national defense program. Is the broadcasting of entertainment at our great camps and cantonments to be rendered more difficult, the dissemination of news to be curtailed, the development of hemisphere solidarity through radio to be rendered less effective?

Is this the time to throw communication difficulties in the way of the nation's leaders, when they need to advise and counsel with the people on the daily welfare of our country?

Radio in other lands has been destroyed as an instrumentality of a free people. It has been destroyed by governmental edicts—by bureaucratic fiat. And, wherever a free radio was destroyed, there went other freedoms. That must not happen here. We are confident that the responsible leaders of our government do not want it to happen. We are confident that the people do not want it to happen and will act accordingly.



**W**HENEVER government seeks to extend its regulation of any business, those whose interests are affected, or are likely to be affected, or who simply oppose all government regulation, invariably raise a hue and cry. Almost always, their plea is for preservation of the present order, or as much of it as they have reasonable expectancy of holding onto.

*The document you have just read is not that kind of plea. It is not an attack on government supervision of radio broadcasting.*

*What we say is that the power to legislate radical changes in radio, which is the sole right of the American people, should be exercised by the people through their representatives in Congress only if and when the Congress satisfies itself that such changes actually are for the public good.*

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