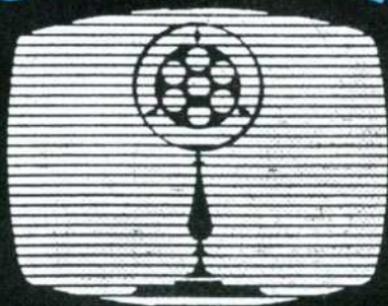


# HISTORY OF BROADCASTING:



# RADIO TO TELEVISION

# National Policy For Radio Broadcasting

by

C. B. ROSE, Jr.

REPORT OF A COMMITTEE  
OF  
THE NATIONAL ECONOMIC AND SOCIAL  
PLANNING ASSOCIATION



HARPER & BROTHERS PUBLISHERS

NEW YORK AND LONDON

1940

**NATIONAL POLICY FOR RADIO BROADCASTING**

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**FIRST EDITION**

**F-P**

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# **National Policy for Radio Broadcasting**

**CORNELIA B. ROSE, JR.**



**ARNO PRESS and THE NEW YORK TIMES**

**New York • 1971**

Reprint Edition 1971 by Arno Press Inc.

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LC# 71-161172  
ISBN 0-405-03580-2

HISTORY OF BROADCASTING: RADIO TO TELEVISION  
ISBN for complete set: 0-405-03555-1  
See last pages of this volume for titles.

Manufactured in the United States of America

**HISTORY OF  
BROADCASTING:  
RADIO TO  
TELEVISION**

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**NATIONAL POLICY  
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## PREFACE

THIS analysis of radio broadcasting in the United States has been undertaken in line with the general policy of the National Economic and Social Planning Association of investigating significant national problems requiring the considered formulation of policy. Its purpose is to contribute to the understanding of the issues involved and to stimulate intelligent consideration of means of dealing with them.

The procedure followed has been a combination of group discussions and staff work in the offices of the association. No field research has been attempted. Instead, existing materials from many sources have been integrated. Participating in the group have been experienced persons in the radio industry—from the management both of networks and of independent stations, and employees—technical consultants, members of government departments, and laymen who have given time and study to the use of radio in many fields. The contributions of all these have been merged in this report; it thus does not represent the opinion of any single individual.

The field of radio touches many of the economic, social, and political aspects of our modern society. It has not been possible to consider all the services which radio renders. This report is confined to broadcasting as we know it in the United States, but even in this field there are gaps—for example, the whole subject of television has been omitted. Furthermore, it is recognized that many topics which could serve as the subjects for separate studies have not been thoroughly exhausted although they have been considered in their general relations. The intention has been rather to point out major problems than to write an encyclopedia of radio.

## PREFACE

The first five sections of the report are descriptive; conclusions are left to the last section. In this, no effort has been made to draw a blueprint for the broadcasting industry or for its regulation. Planning is a dynamic and continuing process rather than the design of some static solution. The purpose here has been to examine the present system of radio broadcasting in the United States in the light of the preceding discussion, and to indicate the directions in which solutions to current problems may be found.

The association gratefully acknowledges the assistance of those who have given freely of their time in the various stages of this study. The staff work was carried on and the report drafted by Cornelia B. Rose, Jr.

E. J. COIL, Director  
National Economic and Social  
Planning Association

*January 1, 1940*  
*Washington, D. C.*

## PART I

### THE PROBLEM OF A NATIONAL POLICY FOR RADIO BROADCASTING

IN TWENTY years radio has developed from a novelty, attracting only a few, to the status of a virtual household necessity. This tremendous growth has occurred, however, without benefit of a considered national broadcasting policy. The present system of broadcasting in the United States, instead of reflecting a nationally designed pattern, is the resultant of a rapid, unplanned development. Governmental controls for radio have not tended to give much recognition to radio's potentialities as a social force. Neither the legislative nor the executive branches of the government have been articulate with respect to principles for guiding the regulation of radio broadcasting. This has led to confusion as regards objectives, so that regulation has been attacked by the industry as excessive and by spokesmen for some public bodies as inadequate. The Federal Communications Commission is much criticized and held responsible for duties it has never been authorized to perform; even where it is empowered to act, there are evidences of inconsistency and confusion.

In a rapidly growing industry, the process of trial and error probably must play a considerable role, and many factors and forces have contributed to the delay in the building of a framework for a consistent national radio policy. Radio, however, is no longer an adolescent industry. The evidence at home and abroad now makes it abundantly clear that the problems of radio broadcasting

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definitely involve the public interest. No satisfactory solution of these problems will evolve from a continuation of temporizing. The time has come when the formulation of a policy which not only recognizes the existence of that public interest, but actively promotes it, should be undertaken.

### INFLUENCE OF LACK OF POWER

Since the establishment of a federal regulatory body under the Radio Act of 1927, criticism for failure to develop a policy has centered upon the regulatory agency—first the Federal Radio Commission and later the Federal Communications Commission. The two bodies can be considered as one since the functions of the former were merged in the latter by the Communications Act of 1934, and since the Federal Communications Commission adopted the procedures and practices of its predecessor with little modification.

Criticism of the radio regulatory body has frequently reached the floor of the Congress. Numerous bills have been introduced in both houses calling for an investigation of the Communications Commission and its predecessor. There have been frequent charges of favoritism and dereliction of duty.<sup>1</sup> A former chairman, Frank R. McNinch, has defended the commission alleging that it could not do better, in the face of insufficient personnel and the inadequacies of the Communications Act.

An articulate section of the radio industry contends that the Congress intended to give the commission power only to regulate the physical problems of radio broadcasting, such as the allocation of wave lengths. Thus, in 1939, when the commission sought to require licensees of international broadcasting stations to provide a service which would "reflect the culture of the United States," the broad-

<sup>1</sup> Cf. Caldwell, Louis G., "Developments in Federal Regulation of Broadcasting," *Variety Radio Directory*, Vol. III, 1939-1940, pp. 908-912. New York: Variety, Inc.

## THE PROBLEM OF A NATIONAL POLICY

casting industry challenged the right of the commission to specify the sort of service a station must render. This requirement, it was claimed, would result in supervision of programs which would amount to censorship, from the exercise of which the commission is specifically enjoined by law. In this claim the industry was supported by the American Civil Liberties Union. When two such groups—which have been at loggerheads more than once in the past—can unite in criticizing a public body, it indicates a need for clarification of the issues.

The existence of confusion is revealed most clearly in the actions of the commission itself.<sup>2</sup> For instance, at the same time that it reiterates its lack of authority to consider program content in passing upon the right of applicants to run radio stations, it admits that it must consider the type and character of the programs. In response to the objection that it is applying censorship, the commission claims that it reviews programs only after they have been broadcast. This, it is claimed by the commission's critics, is in effect a hidden and indirect form of censorship. Others believe that the Congress has placed the commission on the horns of this dilemma: there is virtually nothing in the law to guide the regulatory body in determining the fitness of an applicant to continue to receive a license for a broadcasting station except the generalization that a station must be operated to serve the "public interest, convenience, or necessity."

Again, the Federal Communications Commission has expressed the belief that competition among private broadcasters must be relied upon to keep the air waves free for the expression of all shades of opinion. It is generally recognized, however, that the commission itself interferes with the free play of competition. On

<sup>2</sup> For a good discussion of the commission's varying attitude toward network programs, for example, cf. Caldwell, Louis G., *Legal Restrictions on the Contents of Broadcast Programs in the United States*, Report to the Second International Congress on Comparative Law, The Hague, August 4-10, 1937, pp. 45-47.

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the one hand, the commission, in order to protect the economic position of an existing station, has denied a license to a potential competitor in the same locality.<sup>3</sup> On the other hand, by granting different classes of licenses to different stations in the same locality, the commission has established unequal conditions of competition. A station permitted to operate only during the day is handicapped in securing commercial sponsors as compared with a station unlimited in its hours on the air.

While the broadcasting industry is frequently criticized for what it does or does not do, the commission tends to be the focal point for all charges. The Congress, the industry, and the public all level their fire on the regulatory body. This seems especially significant, for it indicates the public character of radio service.

### FACTORS OPERATING TO DELAY EVOLUTION OF POLICY FOR BROADCASTING REGULATION

The rapid development of the broadcasting industry, and the creation of problems for the solution of which there were no guides, have imposed a formidable task upon those seeking to regulate radio. The fact that broadcasting developed as a branch of the art of radio only after the early regulatory pattern had been set for the radio telegraph accounts in some measure for the failure to anticipate the special problems it has created. The social aspects of program content and listener satisfaction were neglected partly as a result of the urgent need for finding a solution to the physical problems of regulating transmission facilities. Moreover, by the time regulation of radio broadcasting received attention, there

<sup>3</sup> The policy of the Federal Communications Commission has not been clear in this respect. In 1939 it contended in the WMEX case, before the United States Court of Appeals for the District of Columbia, that economic issues should not be considered by it in reaching its decisions. The court ruled adversely to the commission on this point but was reversed by the Supreme Court in a decision in another case (FCC vs. Sanders Brothers Radio Station) which raised substantially the same issue. Cf. p. 94.

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were powerful interests with relatively large investments to protect. The industry's insistence that the maintenance of the status quo, in so far as possible, was to be desired fostered an attitude of expediency.

The first general use of radio was for ship-to-shore and ship-to-ship communication, and it was almost exclusively with this field that the first laws were concerned. In keeping with the primitive state of radio, the Act of 1912 contained only the most elemental provisions, the administration of which was placed in the hands of the Secretary of Commerce. When radio grew to be more than a simple communication device, this same law was stretched to cover broadcasting. To meet new conditions arising from the multiplication of stations, regulations were imposed which the law did not specifically authorize. The powers assumed by the Secretary of Commerce were challenged, and in 1923 and 1926 court decisions undermined the regulatory structure which had been built up with the cooperation of the broadcasters themselves. Chaos on the air followed. New stations sprang up overnight, using whatever wave length and power appealed to them, disregarding interference with established stations, which in turn shifted their operating conditions to suit themselves. Because of the very multiplicity of broadcasting services, there was no service.

When this critical situation brought home to everyone what the industry had long known, namely, that governmental regulation was necessary to the development of an orderly pattern of allocation of radio facilities, the Congress passed the Radio Act of 1927. Attention, too, had been drawn to another aspect of the problem. During the period of mushroom growth of the broadcasting industry, the novelty of radio, together with the general laissez-faire attitude of the 1920's, obscured the necessity for retaining public control of the ether as a national resource to be utilized for the benefit of the people as a whole. The prospect that certain broad-

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casting stations with a record of long operation might claim the *right* to operate, without regard to performance in behalf of or against the public interest, finally alarmed the Congress. At the close of 1926, it passed a resolution severely limiting the length of licenses for radio stations, and requiring licensees to sign a waiver of any rights or claims as against the United States, to any wave length or to the use of the ether in radio transmission because of previous use. This was the first recognition of the importance of radio as an instrument of social value rather than just as an instrument of communication.

It was thus acknowledged that the public did have an interest in radio, but the nature of that interest was not defined. The Radio Act of 1927, passed a few months later, was no more explicit in this regard. The Federal Radio Commission was directed to see that holders of broadcast licenses operated in the public interest. No guides, however, were provided for the administration of this precept. The Congress apparently felt unable to prescribe standards and perhaps expected the commission to return, after a period of experience, with recommendations for more specific legislation.

The atmosphere in which the act was passed doubtless affected its form. Pressure for immediate action was being exerted by both the public and the industry to do something to free the air of the bedlam of sounds resulting from unregulated operation of broadcasting stations. There was dissension in the Congress as to the way in which the government's authority was to be exercised. There was, moreover, a pattern already established and a large investment made in the broadcasting industry (by both the station operators and the owners of receivers) which would have been disturbed by any radical change in the existing system of operation. It is, perhaps, surprising that the legislation which emerged was imbued with any social vision whatsoever.

In the minds of many, the commission form of administration

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set up for the regulation of radio constitutes a grave defect in the system. Originally it represented a compromise between the Congressional group which wanted a separate regulatory body like the Interstate Commerce Commission and the group which wanted control over radio continued in the hands of the Secretary of Commerce. In consequence of this disagreement, the Radio Commission was handicapped from the start. Its term of office as an administrative body was to be one year only, during which it was, among other things, to classify radio stations, prescribe the nature of the service they should render, allocate frequencies, and set up regulations to assure proper technical operation of radio in the United States. After the expiration of this period of a year, the licensing and regulatory functions of the commission were to be exercised by the Secretary of Commerce and the commission was to serve solely in a judicial capacity, to hear appeals from the actions of the Secretary, and to revoke licenses. Hampered by the unwieldiness of the commission form of administrative agency, the Federal Radio Commission was further exposed to the dangers of internal strife by the requirement that the five commissioners be appointed, one from each of the five zones into which the country was divided for the purposes of the act. As representatives of specific zones, members of the commission were inclined to regard national problems with a sectional point of view.

Whereas the Act of 1912 had delegated no administrative discretion, the Act of 1927 went to the other extreme. It gave to the commission broad powers while setting up as virtually its sole guide the standard of "public interest, convenience, or necessity." The task thus set the commission was one of great responsibility. It had to act as quickly as possible, with a minimum of guidance from the Congress, and with little or no precedent to follow. It was handicapped by lack of funds, no appropriation having been made for it in its first months, and by lack of public approval of its personnel.

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The Congress confirmed only three of five nominations to the commission: of these, two died in the fall of 1927, and one of the unconfirmed members resigned.

The first attempts of the commission to straighten out the confusion on the air and arrange stations' frequencies, powers, and hours of operation in some orderly fashion were promptly challenged in the courts. The task was so far from being completed when the time approached for the licensing authority to revert to the Secretary of Commerce that the Congress decided to prolong the life of the commission as the regulatory body. The extension, however, was limited to one year, ending little of the uncertainty so detrimental to effective action. Attention was concentrated on immediate issues and no effort made to evolve a comprehensive policy.

Although the powers of the commission were again extended and finally made permanent, its temporary status in its early years, according to the commission itself, "imposed certain restrictions on the procurement of personnel, on the formation of plans and policies for the future, and in other operations of the commission."<sup>4</sup>

It was hoped that the situation would be remedied by the passage of the Communications Act of 1934. Except for minor changes, the Radio Act of 1927 became Title III of this act. The Federal Radio Commission in effect became the Broadcast Division of the Federal Communications Commission. There was thus no perceptible improvement in the law or the administrative machinery in regard to radio broadcasting. Indeed, it might be argued that the particular problems of radio broadcasting suffered by being merged for consideration with other forms of communication to which common carrier concepts applied.

<sup>4</sup> *Fourth Annual Report, 1930*, p. 1. Washington, D.C.: The Federal Radio Commission.

## THE PROBLEM OF A NATIONAL POLICY

By the time that legislation was provided designed to meet the technical problems created, the major elements of the radio broadcasting system in this country were established—private operation of a public service under government license, drawing financial support from commercial sources and hence depending upon the degree of enlightenment of the self-interest of the broadcasters and the advertisers to operate in the public interest. The broadcasters, naturally, have been eager to have government interference confined to a minimum, to have the commission act purely in the capacity of traffic policemen—to keep the traffic moving without prescribing its destination. From the first, the commission has been hampered even in this limited sphere by being confronted with an existing situation: it could not start with a clean slate and set up an ideal allocation of radio facilities, but has had to do the best it could with what was already there. Everyone has paid lip service in the abstract to the “public interest” without having any clear conception of what that interest is or how best to safeguard it.<sup>5</sup>

In part the practice of temporizing with the basic issues was deliberate. It was contended that radio broadcasting was developing so rapidly that to be definite about its regulation might “freeze” an existing situation which technical inventions and new methods and procedures within the industry might outmode. This was one of the reasons that the terms of broadcasting licenses at first were restricted to three months, and later, although the law permits the issuance of a license for three years, to six months. (Only in 1939 was the period extended to twelve months.) This, it was believed, gave greater flexibility, since frequent license renewals enabled the commission to make changes with a minimum of complicated procedure. The practice has operated

<sup>5</sup> For a discussion of the confusion surrounding the concept of public interest cf. Denison, Merrill, “Freedom, Radio, and the FCC,” *Harper's Magazine*, No. 1068, May, 1939, p. 629.

## NATIONAL POLICY FOR RADIO BROADCASTING

to give the commission great, unexpressed power. The frequent necessity for coming before the commission for renewal has kept the broadcasters anxious to please the commission. While this may have its advantages, it adds to the current work of the commission and dissipates much of its energies in routine renewal work, leaving less time for the consideration of basic problems.

In several respects the stress placed upon flexibility is thoroughly justified. Technical developments have greatly altered the possibilities of the physical allocation of facilities. Whereas technical standards in the early days permitted only a relatively small number of broadcasting stations to operate simultaneously, subsequent developments have enabled a far larger number to be accommodated within the confines of the broadcast band. Furthermore, as knowledge about and experience with the higher frequencies has accumulated, it has become possible to use a larger portion of the radio spectrum. This trend may be expected to continue, indicating the desirability of proceeding slowly lest progress be impeded.

At the same time, there has grown up a body of operating patterns which many claim has tended to nullify the intent of governmental regulation, and to raise the question of the extent of the authority of the commission. Thus, when the Radio Act of 1927 became law, networks were just beginning to make their appearance in this country. Today, probably the dominating elements in the structure of the broadcasting industry are the network companies. Although one school of thought within the industry contends that the problem of laying good tracks for radio reception into every home in the country is so far from solved as to constitute the paramount issue facing broadcasting, the problems today appear to be predominantly social and economic rather than technical. Did the framers of the broadcasting law envisage this development and make allowance for dealing with it? Or

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did the Congress expect the commission, through experience, to build a pattern of national policy, seeking legislative authority to close gaps as they appeared?

### ISSUES REQUIRING CLARIFICATION

Reliance upon the method of trial and error to direct the actions of the body administering the radio laws may have been unavoidable in the absence of precedents and in view of the need for haste and the other handicaps under which the federal regulatory authorities have operated. But in the more than a decade that has elapsed since the establishment of such a body for radio, experience has not been used to create a frame of reference. Radio broadcasting has come to occupy a position of great importance in our social structure; recognition should be accorded its maturity and vitality.

The basis for such recognition must rest on a clear understanding of the nature of the public interest in radio broadcasting. It might be expected that such an understanding would evolve as the result of dealing with issues as they have arisen over the years. The task of synthesizing the experience growing out of regulating the various issues remains to be done.

According to the official view, "The practical basis upon which the licensing power [of the United States Government] rests is the physical fact of interference [of radio waves one with another]. The legal basis is the fact that transmissions and interference have an interstate effect. Were it not for interference, there would be no necessity for the exercise of the licensing function, and were it not for the effect of that interference upon the interstate transmission of messages and intelligence, there would be no legal validity to the Federal control."<sup>6</sup> The licensing

<sup>6</sup> "Grounds for decision of the commission in the case of the Intercity Radio Telegraph Co. vs. FRC," *Third Annual Report, 1928-1929*, p. 38. Washington, D.C.: Federal Radio Commission.

## NATIONAL POLICY FOR RADIO BROADCASTING

power is the foundation upon which the whole structure of federal regulation of broadcasting rests. Its exercise, however, immediately extends beyond the purely physical sphere. Since, owing to the limitations imposed by natural laws, not everyone who wishes to do so may operate a broadcasting station, the question at once arises as to which of the many applicants should be given the privilege, and on what grounds the choice should be made.

One view which is strongly held is that government regulation must stop with the technical field. Anything beyond this is considered an invasion of free radio; control over the means of mass communication is a threat to democracy. It is pointed out that the radio acts specifically provide that radio broadcasting is not to be considered a common carrier. Yet public utility concepts underlie much of the legislation and regulation affecting radio broadcasting. If radio is not a public utility, what are the elements that make it subject to governmental regulation? Its interstate character, the legal basis for governmental regulation, gives no guidance as to the substance or purpose of this regulation. Many industries, engaged in interstate commerce, are free from all or certain specific types of federal regulation. Other industries are regulated for one reason, but not for another.

Before the objectives of governmental regulation (i.e., national policy) can be stated with any degree of clarity, certain questions must be answered. For instance, does the federal government have any proprietary interest in broadcasting? The government does not have a proprietary interest in the transmission facilities which are privately owned, but does it have in the air channels? The law provides that radio licensees may not acquire such an interest in radio channels. If it is not a proprietary interest that the federal government has, what is the essential nature of its concern with respect to the usage of these channels?

## THE PROBLEM OF A NATIONAL POLICY

Again, it may be asked, is radio a monopoly? Monopoly and the essential nature of the service are factors considered in defining a public utility and rendering it subject to governmental regulation. A distinction must be made between concentration of control and monopoly per se. If radio is not a natural monopoly, then this characteristic cannot be made the sole basis for regulation. In some of the decisions of the federal regulatory bodies, broadcasting has been considered a public utility, not of the type of public-service communication which deals with a two-way relationship among customers, but of the type of electric utilities which give a one-way service from source of supply to a large number of customers. This comparison is not really helpful because of two fundamental differences between power supply and radio service: (1) power companies sell a measurable service for which the user pays directly; (2) the interest of the public is in the price and not in the nature of that service. Essentially it must be recognized that regulatory interest in public utilities such as electric and gas service deals with the measurable quantity, particularly with relation to price. This obviously cannot be the point of departure for the regulation of radio broadcasting.

Is radio service a public necessity? It cannot be said that radio is a necessity of modern life such as transportation or electric power. Whatever essential qualities it has acquired are not inherent in the service but are a result of social developments which make it a useful instrument in a given scheme of social organization. As its principal contributions are in the fields of information, education, and entertainment, it is more like the newspaper, the school, and the motion-picture industry than electric light and transportation services. Dealing more with the desire and responses of the mind than of the body, assuming that broadcasting has become a social necessity, the regulatory interest is more in the content than in the quantity of service made available to the

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public. To define the direction and scope of regulatory interest, it is necessary to establish clearly the factors that make radio broadcasting a social necessity.

The legislators have avoided the issues raised in these questions by giving the commission wide discretionary powers. If technical considerations alone were controlling, the purpose of governmental regulation as well as its limits could be fixed with relative ease, greatly simplifying the task of the administrative agency.

With the legislative branch of the government apparently unwilling to assume the initiative in clarifying the issues involved in the formulation of a more definite national policy for radio broadcasting, and the administrative agency uncertain of its ground, an important public need remains unmet. To assist in the process of policy formulation, the following pages discuss some of the major problems of radio broadcasting which have developed in large part as a result of the lack of coherent policy.

## PART II

### PROBLEMS OF THE TECHNICAL STRUCTURE OF AMERICAN BROADCASTING

THIS study is not intended to be a handbook for radio engineers, nor can it discuss in detail questions of engineering standards and practice. But cognizance must be taken of certain aspects of the technical structure of the broadcasting industry because of their inescapable influence. The basis for regulation of the industry is the physical circumstance of its existence. The direction which that regulation has taken, as well as the development of the whole industry, has been dependent upon physical facts and circumscribed by the extent of knowledge of physics. Before any national policy can be formulated, the influence of these technical facts must be appreciated.

Similarly, it is important to realize the interrelation between technical facts and the economics of the industry. The relative weight of each in the composition of the system of broadcasting in the United States today should be assayed. Both technical facts and economic considerations impose certain limitations. In a good national policy, what importance should be assigned to each?

To explore this question some attention must be paid, even by those least technically minded, to technical limitations and developments. The present pattern of radio broadcasting facilities must be surveyed in an effort to discover how closely it approaches the best possible compatible with physical laws. Once some of the major elements which have gone into the creation of this pattern are clearly set forth, it is possible to proceed to a discussion of the commercial structure and program content of radio broadcasting.

## CHAPTER I

### LIMITATIONS ON THE NUMBER OF STATIONS

At the present stage of technical knowledge the number of radio stations which may operate at any one time is still limited. This is, perhaps, the most fundamental fact about radio today. It has been responsible for the development of the existing pattern of international and national broadcasting. It makes necessary the regulation of radio communication and broadcasting in the United States, and underlies the legal framework about which this regulation is built.

To say, however, that the number of radio stations is limited by the state of the science today is not to prophesy that the number will always be limited by the same considerations. The trend of developments has been to make possible the simultaneous operation of an increasing number of transmitters, and there is no reason to suppose that this trend will not continue. Indeed, recent experiments indicate that the expansion may continue at an accelerating pace, and it is not too fantastic to suppose that the time may come when a vast number of radio stations may be on the air at the same time without interfering objectionably with each other. If such a time does arrive, and everyone who wants to can operate a broadcasting station, what will be the effect on regulation? Will it still be necessary to have any? And if it should prove so, on what basis can it rest?

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### LIMITATION AS THE RESULT OF PHYSICAL LAWS

Two fundamental facts about the propagation of radio waves<sup>1</sup> are that (1) radio waves travel long distances, and (2) once set in motion, it is virtually impossible to control their path.<sup>2</sup> A corollary of the first fact is that international boundaries or state lines present no barrier to the passage of radio waves. It follows that international agreement in respect to the control of radio is necessary to permit efficient use of this invention. Of particular importance in this country is the fact that this same circumstance permits control of radio by the federal government under its constitutional powers over interstate commerce.

There are two parties to communication by radio: the transmitter and the receiver. No matter how strong a signal is sent out, unless it can be received by the instrument for which it is intended, it is useless. The likelihood that mutual interference may take place between the signals of radio stations, rendering them unusable, is important because it adds one more stone to the foundation for government regulation. The significance of the second basic fact mentioned above is that whatever control is to be exercised over radio must occur in establishing the conditions under which waves are transmitted, and the needs of the listener must be accorded primary recognition.

To assure good reception of radio signals, there must be adequate separation of the frequencies upon which they are transmitted. The width of the channel reserved for each transmitter depends upon the use to which the signal is to be put. Thus, for point-to-point radio telegraph signals, a smaller separation is re-

<sup>1</sup> It will be assumed that such technical terms as are used need not be defined in the text. For explanations, see the glossary on page 284.

<sup>2</sup> The relatively new development of "directional antennae" may greatly affect the path of radio waves in the *process of transmission*, but once in the air this statement remains true.

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quired than for broadcasting of speech or music. For these, to permit reasonable fidelity of reproduction at the receiving end, it has been found that a channel 10 kilocycles (kc.) in width is necessary. This fact at once introduces another limitation upon the number of stations. Given a certain number of frequencies, the number of stations which can be accommodated varies with the purpose of the signal which those stations are transmitting as well as with the type of transmission employed.

When radio waves were first put to practical use, the number of frequencies which it was believed could be utilized was very small: with experimentation this number has grown. Other facts have been learned, such as that certain frequencies are better suited to certain uses than others, or to certain regions of the world, or to certain times of the year or of the day. These advances in knowledge have expanded the width of the radio spectrum and made possible its more efficient allocation.

Another increase in the number of radio stations which may be accommodated has come as the result of improved efficiency in transmission and reception through new inventions. Since a radio signal creates objectionable interference far outside the area in which it renders good service, stations transmitting on the same frequency must be separated by considerable geographical distances. Ten years ago the required separation was far greater than now. Developments in receivers and greater accuracy in transmission have made it possible to duplicate the use of the same frequency more often. This means that, with a given number of frequencies, more stations can be allowed to operate simultaneously.

All these advances notwithstanding, it still remains true that only a limited number of radio stations may be on the air at the same time.

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### LIMITATION AS RESULT OF INTERNATIONAL AGREEMENT

It was early recognized that the limitations of the physical laws to which reference has just been made necessitated some international agreement on the use of radio or hopeless confusion would arise. The first international conference was called as early as 1903, and there have been others at intervals ever since. One of the first things done was to set aside the frequency of 500 kilocycles as one upon which distress signals were to be sent by ships at sea—the first important users of radio as a means of communication. As the value of radio came to be demonstrated—it received a great impetus as the result of experience during the World War—more and more uses were found for it. As a practical matter, some sort of division of the radio spectrum had to be agreed to, in order to prevent one country from wreaking havoc with the system of another and to make possible international communication. Thus, the different portions of the radio spectrum are allocated by international agreement to types of services such as point-to-point, amateur, marine, aeronautical, international broadcasting, and domestic (or “standard”) broadcasting. Within this framework, each country may designate further classes of radio stations and assign their use.

To most people, radio means radio broadcasting. But this is only one of many services which utilize radio. Indeed, it is crowded into a relatively small portion of the entire radio spectrum. Some idea of how many services there are, and their relative importance in the United States, may be gained from a glance at Table 1, which shows the number of stations authorized to operate as of June 30, 1935, and June 30, 1939. It will be noted that not only is the total number increasing rapidly, but that more different types of radio services are coming into being.

The radio spectrum for which regular allocation of frequencies

**TABLE 1**  
**NUMBER OF RADIO STATIONS AUTHORIZED IN THE UNITED STATES,**  
**BY TYPE OF SERVICE**

Type of Service*	June 30, 1935	June 30, 1939
Agriculture: Point-to-point telegraph.....	9	7
Aviation:		
Aeronautical.....	193	378
Aeronautical point-to-point.....	96	152
Aircraft.....	359	1,237
Airport.....	27	57
Obstruction marker beacons.....	3	—
Amateur.....	45,561	53,558
Broadcasting:		
High-frequency.....	—	46
Experimental.....	4	12
Television.....	21	23
International.....	—	14
Facsimile.....	—	12
Low-frequency relay.....	12	199
High-frequency relay.....	—	275
Noncommercial educational.....	—	2
Standard.....	623	774
Special.....	126	4
Coastal, private:		
Coastal telegraph.....	3	3
Coastal harbor.....	2	0
Coastal, public:		
Coastal telegraph.....	110	106
Coastal harbor.....	37	126
Coastal telephone.....	2	4
Emergency:		
Municipal police.....	194	787
State police.....	58	227
Interzone police.....	—	26
Zone police.....	—	53
Marine fire.....	2	4
Forestry.....	—	247
Special emergency.....	44	192
Experimental:		
General experimental.....	849	372
Special experimental.....	126	—
Fixed, public:		
Point-to-point telegraph.....	377	457
Point-to-point telephone.....	111	274
Fixed, public press: Point-to-point telegraph.....	77	69
Fixed, private:		
Point-to-point telegraph.....	—	—
Point-to-point telephone.....	—	—
Geophysical.....	131	280
Marine relay.....	42	41
Mobile press.....	5	3
Temporary:		
Motion picture.....	1	10
Broadcast pickup.....	34	2
Ships.....	1,961	3,756
<b>TOTAL.....</b>	<b>51,074</b>	<b>63,794</b>

\* Type of service classification according to 1939 data; the use of (—) does not necessarily indicate no such station in operation, but merely that no data are given for this classification.

Source: FCC Annual Reports; 1935, p. 5; 1939, pp. 172, 208, 209.

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is provided now ranges from 10 to 300,000 kc. In this great range, broadcasting is assigned the band from 550 to 1,600 kc. Since a standard broadcasting station requires a channel width of 10 kc., the largest number of available channels is 106 within the broadcast band. Not all of these may be used for this purpose in this country. Certain of the channels in the broadcast band are covered by an agreement with Canada whereby that country has the exclusive use of some and shares the use of others. Under the agreement negotiated with Cuba, Mexico, and Canada at Havana, effective in 1940, the number left for United States use is only 93. So to allocate the use of these channels that the distribution of broadcasting facilities will render the people of the United States the best possible service is a task of no mean proportions.

### LIMITATION IMPLIES NEED FOR REGULATION

It is clear that if the number of radio stations which can operate simultaneously is limited, and there are more would-be station operators than can be accommodated, there must be some authority empowered to determine who is to be accorded and who denied the privilege. Not only that, but there must be a distribution of facilities on an orderly basis if the most efficient use is to be made of the available frequencies. If there had ever been any doubt on this subject, it was removed when the courts held that the Secretary of Commerce had no power under the existing law to discriminate between applicants for radio licenses, nor to determine the conditions under which they might operate. The resulting confusion readily demonstrated the necessity for adequate regulation.

If the problem of radio regulation involved engineering considerations alone, it still would not be a simple one. It is made vastly more complex by the fact that it is impossible to confine attention to the technical aspect. The law sets up the criterion of

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“public interest, convenience, or necessity” as the basis for determining who shall and who shall not be permitted to operate a broadcasting station. How is the commission, charged with carrying out this intent, to choose between two who promise to operate a station with identical technical competence? Or, if a station is operated with extreme fidelity to the rules and regulations of the commission and the standards of good engineering practice, is the commission to allow it to continue operation no matter what else it may do that is objectionable? In other words, does the legal standard of “public interest, convenience, or necessity” merely imply technical efficiency and engineering proficiency, or does it mean more than that?

Manifestly it must mean more than that if the objectives of a national broadcasting policy include the development of a system which, in addition to ensuring the best possible physical service to the public, will render program service in keeping with the desires and needs of the listeners. This has been recognized by the federal regulatory commissions. Given identical technical training and background of two applicants, the one with the greater financial resource is more likely to be in a position to operate his station with technical proficiency and to provide high-caliber programs, according to the commission view. Similarly, if one applicant is more likely than another to make a financial success out of his station, he is the one from whom the better public service can be expected. While the validity of such a standard may be challenged, its existence at least indicates that judgments are based on other considerations than those of a purely technical character.

Regulation of radio, beginning as a method of assuring service to the people of the United States by portioning out the available facilities, has gone on to provide some indication of the sort of service which it is expected will be rendered. The courts have

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sustained the commission contention that in passing upon the right of a station operator for a renewal of his license it must take into account past performance of a general as well as of a purely technical character. Although the basis for present regulation of radio grows out of the limitation necessary upon the number of stations, apparently the scope of regulation must be broader than the mere allocation of physical facilities according to engineering principles.

### POSSIBILITY OF FUTURE CHANGES

Prophecies about the future of radio are always dangerous, but the trend appears to be toward great increases in the possible number of simultaneous radio wave transmissions. The practical application of frequency modulation<sup>3</sup> which results in a "static-less" radio and minimum interference may supplant the present type of amplitude modulation. This would involve not only the manufacture and distribution of a whole new set of radio transmitters and receivers (the former are relatively cheaper to construct than the present type), but it would mean that the whole pattern of the allocation of facilities would have to be rearranged. For instance, the frequency modulation type of transmission is better suited to the higher frequencies rather than to those now

<sup>3</sup> The frequency modulation system of radio transmission has grown at a faster rate than any other new development in radio in recent years. The first patents in it were taken out in 1933, but public interest was not aroused until 1938. Since that time it has made rapid strides. It is possible that this system may be permitted to operate alongside the present one of amplitude modulation but in its present stage it cannot completely replace the older system. The service area of the frequency modulation station is strictly limited and includes no secondary or rural areas. With a power of 50,000 kw., it may reach 100 miles but the service area is not enlarged by increases in power. Several stations now operate regularly under experimental licenses and applications for many more are pending. The part of the radio spectrum now used for frequency modulation is the same as that suitable for television, and opposition to the extension of frequency modulation has come from television interests. The case for each side was presented at hearings held by the Federal Communications Commission in March, 1940. For a discussion of the history and progress of frequency modulation see the article by Paul A. deMars, *Broadcasting Yearbook 1940* p. 372.

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assigned to broadcasting and requires a much wider channel than is necessary for the use of the present broadcasting station.

No discussion of the future of radio can wholly disregard the subject of television even though the problems involved are so many and varied that adequate treatment demands separate consideration. Of importance, however, to the future of broadcasting is the fact that, as television becomes popular—which seems inevitable—more space must be given to it in the radio spectrum. Now a television band is not 10 but 6,000 kc. wide, which means that a vast section of the radio spectrum must be devoted to it; since the range of a television station is relatively short at the present time, if the whole country is to be served a large number of stations must be erected. If there is to be network telecasting employing a radio relay system, the number of channels required to be set aside for this use will be large. It may well be that eventually all broadcasting will involve the transmission of pictures as well as sound. In such case there will have to be some radical changes in the allocation pattern of the radio spectrum, and sound broadcasting as we know it today may cease to exist.

In so far as technical development makes possible an expansion of the number of stations it tends to eliminate the present basis for regulation. But it cannot be assumed that the need for regulation will disappear along with the ground on which it rests. The need for sorting out frequencies and determining standards of operation probably would continue even if interference problems are reduced to a negligible factor. As this report indicates, however, the major problems involved in the regulation of broadcasting today are not primarily of a technical character. The regulation of the future may necessitate the discovery of some foundation not dependent on technical factors.

## CHAPTER 2

### PROBLEMS OF THE LOCATION OF STATIONS

Since the number of stations is limited, some decision must be made in regard to the location of those which are permitted to operate. When the Federal Radio Commission first took up the problems involved in the allocation of broadcasting facilities, the only guidance from the Congress lay in the stipulation that the distribution should be as equitable as possible between the various states and communities. In order to fulfill this direction, the commission considered various plans and finally decided upon the pattern which still exists today; the modifications introduced by the new rules adopted in 1939 were designed merely to make the basic scheme more flexible. The outlines of this pattern are: a small number of frequencies upon which many stations operate, with proper geographic separations, at low powers, to serve small communities or sections of large metropolitan districts; a larger number of frequencies upon which stations of higher power are to render service to regions or to entire metropolitan districts; and a number of "cleared channels" upon which no duplication theoretically is permitted at night, to permit high-power stations to render service to rural areas. Within this over-all pattern there is much room for exercise of discretion as to exactly what localities are to be favored, and what not. The problem originally was one of reallocation of existing facilities with the least possible disturbance to the system. Once this was accomplished, it became one of bringing about improvements through action upon applica-

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tions for changes in assignments and for new stations. In other words, the initiative passed from the commission to the private operator.

Shortly after the Radio Act of 1927 became law, the Congress passed the so-called Davis Amendment which specified that each state was to have a share of the total broadcasting facilities proportionate to its population. While the purpose was to assist the commission in carrying out the general intent of the Congress, it proved to be administratively unworkable and was repealed in 1936. The attempt to put it into effect, however, left its imprint upon the broadcasting system. Radio waves do not respect state boundaries, and the actual location of a radio station within the borders of a particular state may not indicate much as to whether that station is actually rendering service to that state. Similarly, no such arbitrary provision could induce applicants to apply for a license for a radio broadcasting station in a locality which they considered unattractive, simply because it was without service. The result was to emphasize the tendency to concentrate stations in areas of dense population and to neglect thinly settled areas.

Relieved of the necessity for using a formula in allocating facilities, the commission has employed other criteria to bring about a "fair, efficient, and equitable distribution of radio service" to the several states and communities. Thus, in determining the present allocation, both technical and economic considerations enter into commission decisions. An outstanding feature of the American system of radio is the private operation of the broadcasting stations, under government license, with financial support coming from commercial sources. One result of this is to emphasize the economic factors. While the engineers must furnish the basic information for the conception of any plan to improve the distribution of physical facilities of radio, the execution of these plans depends upon the economic advantage to be derived

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from them. The result is that, since the initiative is private, and the system is one based on profits, there are regions in the country which receive little or no service, and others which have a multiplicity of services. In the New York metropolitan district there were on January 15, 1939, 28 broadcasting stations of all classes, and in the Los Angeles metropolitan district there were 18. In the whole state of Nevada there is only one broadcasting station. At what point the number of available services becomes excessive is debatable, but it would seem logical to expect that, before the question arises, all areas should be at least reliably served.

### TECHNICAL CONSIDERATIONS

The technical considerations which enter into the allocation system are mainly those which stem from the physical fact of interference. Stations must not operate on frequencies which are too close together in any one area, else clear reception of the signals of any one of them will be impossible. Since a signal creates objectionable interference far beyond the point at which it is of any use to the listener, the outside range of the signal must be taken into account. The factors which determine the range of a radio signal are: the power of the transmitter, the conductivity of the ground, the frequency upon which it is sent, and the efficiency of the antenna system. The net product of these factors varies with the time of day (whether it is daylight or not) and the season of the year.

It also must be determined whether a given signal will afford satisfactory reception within the area which the station proposes to serve. The factors which enter into this determination are: the sensitivity of receiving sets, interference from other than the desired station, electrical noise—either natural or man-made, and the erratic and inconstant performance of sky waves at night. Sensitivity of receiving apparatus means ability to receive and

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reproduce weak signals. On the market, at reasonable prices, it is claimed, is apparatus so sensitive that it will reproduce signals of less than 10 microvolts, and the great majority of sets are responsive to signals of less than 50 microvolts. Consequently, the sensitivity of receiving sets is not a limiting factor in determining satisfactory reception; practically all sets will receive weaker signals than those usable when other limiting factors are considered. Signals as low as 50 microvolts are believed to afford a sufficient amount of service to be worthy of protection against interference from other stations in the daytime, especially in those large areas where such signals afford the only service that is available.<sup>1</sup>

The commission has standards for satisfactory service which vary as between areas. Thus, in a city with many electrical machines, man-made electrical interference is considerable. This is taken into account in the requirements of the commission which set the following as satisfactory signal strengths: 10 to 50 millivolts in city business or factory areas; 2 to 10 millivolts in city residential areas; 0.1 to 0.5 millivolts in all rural areas during winter and northern rural areas during the summer; 0.25 to 1.0 millivolts in southern rural areas during the summer. To be licensed, a station must render service of this strength to the area which it proposes to serve. These are ground wave strengths. Service at night delivered by sky wave is of secondary value and must have a field intensity of at least 500 microvolts 50 per cent of the time. Sky wave transmission is a medium for giving service to the listening public only on clear channels, since on

<sup>1</sup> *Before the Federal Communications Commission In the Matter of: Rules Governing Standard Broadcast Stations (Mimeograph No. 26378) Pursuant to the Provisions of Section 303 of the Communications Act of 1934, as Amended and Particularly Subsection 303 (f) thereof.* FCC Docket No. 5072-A. Washington, D.C.: Testimony of Mr. J. H. DeWitt, Jr., of the Clear Channel Group. Vol. 3, pp. 290, 291. Mimeo. Hereinafter referred to as—FCC Docket No. 5072-A, "Transcript of Testimony."

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regional and local channels mutual interference between sky waves of the several stations on each channel limits the interference-free service area of each of them well within the areas served by the ground wave only.

Once a station is rendering service of the required strength, the commission undertakes to see that it is protected—that no other station is permitted to render interference of such a character as to make the service of the first station valueless within its area. The result is a jigsaw puzzle in which the shifting of any one piece may require the rearrangement of a number of other pieces. Thus, if, with a given frequency and ground conductivity, and antenna efficiency, a station seeks to change its power, it may mean that interference will be created with the signal of another station and this possibility may cause the commission to refuse to permit the power increase. Also, a shift from one frequency to another may disturb the whole picture. Certain frequencies are much better than others. Thus, ten times the amount of power is required to do the same job of broadcasting on a frequency of 1,500 kc. as would be needed on one of 600 kc., all other factors remaining the same.

There are so many variables that, despite the great advance in scientific knowledge in recent years, the effect of a change in any one must be discovered by operation under actual conditions rather than forecast on the basis of engineering theory alone. According to competent authorities, much research is needed to establish the precise influence of many factors before it can be definitely determined what is necessary, from the technical point of view, to give good service to all the population of the United States.

One problem which has never been really tackled is that of duplication of service arising out of network connections between stations. It is acknowledged that a desirable distribution of

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radio facilities would provide each area of the country and each listener with more than one good radio signal in order to assure a choice of programs. How much choice is desirable has never been agreed upon. In most urban communities there is little difficulty in securing at least two signals. If, however, these happen to be both from stations which belong to the same network, and thus for at least a large part of the time are carrying identical programs (or even members of two networks carrying the same type of program), the purpose of the choice is defeated. In rural areas the problem is still further complicated by the fact that such areas at night must depend upon sky wave service from distant clear channel stations. It will be remembered that the standard for this type of service requires only that a usable signal be rendered 50 per cent of the time. What about the listener the other 50 per cent of the time if he gets service from only one station? It is obvious that to assure reception of any given program, sky wave service must be available from at least two sources. In the opinion of some, these preferably should be placed at right angles so that if propagation conditions are not good in a north-south direction, say, the signal from the east-west direction can be received. This means that to give the rural listener reliable service, he should have at least four signals available—a condition which exists in few rural areas. For any assured choice the number must be increased.

A study of the problem of duplication made by the National Broadcasting Company, the results of which were presented at hearings of the Federal Communications Commission, was interpreted to indicate that

duplication of primary service at night is negligible, that duplication in daytime, because (of) variations in programs, is also negligible; that at night, because of the nature of secondary signals, any duplication is fictitious and dependent upon conditions that vary minute to minute, and

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we lack sufficient knowledge to predict the degree of service from secondary signals and to fix the number of secondary signals necessary to render reliable service.<sup>2</sup>

Like most other problems of a technical nature, the issues presented by duplication are not susceptible of any simple solution.

### ECONOMIC CONSIDERATIONS

It can readily be seen that the problem of allocating facilities so as to secure an equitable distribution throughout the country is not a simple one even if technical considerations alone ruled. But under the system in force in the United States, whereby the broadcasters must draw their support from the sale of time to advertisers, other considerations must be taken into account. This involves questions of population densities and purchasing power and natural market areas. Indeed, arguments have been advanced that the allocation pattern should be based primarily on market areas and technical factors made of secondary importance. Under the present system they are, nominally at least, given first importance. In actual practice, it would appear that economic considerations carry at least equal weight. This has been openly acknowledged by at least one experienced broadcaster:

No matter how much we may wish the contrary were true, we cannot escape the cruel fact that broadcast stations can be located only in communities that can support them economically and that we cannot solve the problem of inadequate service by purely theoretical assignments.<sup>3</sup>

The Federal Communications Commission has noted that "the density of stations follows quite closely the density of population and . . . the expensive higher power stations are in general lo-

<sup>2</sup> Lent, Worthington C., "FCC Scans NBC Program Coverage," *Broadcasting*, Vol. 15, No. 12, December 15, 1938, p. 61. (Also see FCC Docket No. 5060.)

<sup>3</sup> FCC Docket No. 5072-A, "Transcript of Testimony," Mr. J. H. DeWitt, Jr., of the Clear Channel Group. Vol. 3, p. 288. Mimeo.

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cated in the larger centers of population." The comment made by the commission is:

This seems to be the result of the automatic application of economic laws and perhaps shows the greatest diversity between the application of economic laws pertaining to the business of broadcasting stations and the economic laws relating directly to actual social desirabilities.<sup>4</sup>

The commission has determined that a city of less than 10,000 population cannot support a radio station unless there are extenuating circumstances such as the fact that it is the trading center for a large rural population. Unless these areas are natural distribution districts for advertisers, the station is likely to receive inadequate economic support.

Economic considerations likewise influence the location of the high-power clear channel stations: supposed to serve rural areas, they are all located in large metropolitan centers. The incongruity of this is recognized by the Federal Communications Commission but is defended as being practical:

From a theoretical scientific standpoint, some of the clear channel stations might best be distributed geographically so as to be located in sparsely settled regions, but if such a theory were attempted in practice under the existing method of furnishing broadcasting service, it would certainly be doomed to failure by reason of dwindling economic support. Furthermore, such a procedure might be most costly and detrimental, in that it would be impractical to broadcast interesting programs by reason of remoteness from the centers of talent. It would also tend to lessen competition for the choice of programs in rural areas.<sup>5</sup>

<sup>4</sup> *To the Broadcast Division of the Federal Communications Commission: Report on Social and Economic Data Pursuant to the Informal Hearing on Broadcasting Docket 4063, Beginning October 5, 1936.* Section IV, *The Industry Today*, p. 60. Washington, D.C.: The Engineering Department of the Federal Communications Commission, July 1, 1937. Mimeo. Hereinafter referred to as—FCC, "Report on Social and Economic Phases."

<sup>5</sup> *Part II of Report on Proposed Rules Governing Standard Broadcast Stations and Standards of Good Engineering Practice.* Section III, *Social Aspects*, p. 12. Docket No. 5072-A. Washington, D.C.: The Federal Communications Commission, April 7, 1939. Mimeo. Hereinafter referred to as—FCC, "Report on Proposed Rules."

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The argument that proximity to talent centers is essential for a clear channel station would seem to fall down in view of the extensive network system in this country. All the full-time clear channel stations are affiliated with one or the other of the national networks. There is no technical reason why a local station cannot serve as the distribution point for network programs as well as a high-powered clear channel station. The secret lies in the cost of the programs generally transmitted from high-powered stations, which can be supported only by the revenues made possible by the advertising attracted by the large center of population.

A further argument which has been advanced for the location of clear channel stations in metropolitan centers is that such areas require signal strengths of an order which can be provided only by the high powers granted to this class of station. It has been noted that other factors may influence signal strength and range as much or more than power. Moreover, under the allocation plan of the commission, it is the regional station that is designed to serve metropolitan areas.

From the point of view of the rural dweller, there is discrimination in the "ideal" allocation pattern at best. The distant clear channel station may render adequate rural service from the point of view of the listener even if located in a metropolitan center, but it does not operate as an outlet for community participation. That can be achieved only by the use of the local or, on a larger scale, the near-by regional station. Of course, engineering limitations would operate to prevent *all* towns and cities in the lower population brackets from being assigned stations even if economic factors did not militate against such a practice.

But it is the latter which is a major influence in determining the site of radio stations. The advertiser prefers to use stations which can claim in their service areas a relatively large, compact population with a relatively high per capita purchasing power.

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Even if the population of the rural and remote areas reached by a station is large, it is scattered and the average purchasing power is likely to be low. This deficiency has made itself felt in two ways: there are fewer radio families among rural residents in almost all sections of the country than among urban dwellers—the result largely of inability to buy receiving sets. (It may be noted that in areas without central station electric power the cost of radios, both original and operating, is considerably greater than in cities.) Moreover, even if farmers generally had sets, the amount of cash available in many rural areas is not sufficient for the purchase of many of the products advertised over the air. Another factor is that distribution can be much more easily and economically handled in a metropolitan area than over a large rural region. For these reasons the rural market is not an attractive one to many advertisers. Since stations cannot expect much financial support on the basis of their rural territory, they must depend primarily upon coverage in urban areas to attract advertisers. It is difficult, under the American system, to reconcile the interest of most advertisers in reaching compact groups of potential buyers and the desirability of providing radio service for all the people of the country, no matter how scattered.

## PRESENT PATTERN AND POSSIBILITIES OF IMPROVEMENT

The result of the interrelationship and functioning of the technical and economic factors is the radio system which we have today. It may be argued that the largest part of the population of the country is adequately served by the present pattern of heavy concentration of facilities in the populous sections of the country, with little or no service for the poorer or more sparsely settled regions. Theoretically, however, there can be little justification for discriminating against a section simply because it has only a few people in it; those few are as eager to have service

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(and it is probably of greater value to them) as is the man in the city.

According to estimates of the Federal Communications Commission, nearly 39 per cent of the land area of the United States is outside the primary service area of any radio broadcasting station during the daytime, and nearly 57 per cent is so situated at night. What this means in terms of population is shown by the following table:

TABLE 2  
 PERCENTAGE OF THE POPULATION OUTSIDE  
 PRIMARY SERVICE AREAS  
 ALL CLASSES OF STATIONS

	Total	Urban	Rural
Daytime.....	8.1	2.1	15.9
Nighttime.....	17.4	5.6	32.4

Source: FCC Docket No. 5072-A, FCC Exhibit #9, Tables V and VI.

It is interesting to observe the disparity between the amount of service rendered the rural and urban populations. When matters of the quality and variety of the service are taken into account, the disparity is even greater. Of significance in connection with the variety of programs available are some data presented by the Clear Channel Group at Federal Communications Commission hearings.<sup>6</sup> According to these calculations, somewhat over 40 per cent of the area of the United States does not receive daytime service from any station (checking closely with the estimates of the Federal Communications Commission), an additional 31 per cent receives service from only one station, 11 per cent from two stations, and only 17 per cent from three or more. At night, 82 per cent of the country is dependent upon secondary service from a clear channel station if it is to receive any at all, 15 per cent receives service from one station other than a clear channel, 2 per cent from two other stations, and less than 1 per

<sup>6</sup> FCC Docket No. 5072-A, "Transcript of Testimony." Clear Channel Group Exhibits #12, #13, and #16.

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cent from three or more. These data refer only to signals of a minimum strength which may be provided. Since it is generally agreed that the minimum is insufficient to give satisfactory service in areas where electrical noise levels are higher (usually urban areas), it can be seen that the area (and the population) which is not receiving satisfactory service probably is larger than the estimates indicate—how much larger no one knows.

The present concentration of radio stations is in the population centers east of the Mississippi and north of Mason and Dixon's line where over half of the people of the country are to be found. In this region are 20 of the 25 largest cities of the country; 4 of the remaining 5 are on the Pacific Coast. These 25 cities have nearly one-quarter of all the radio stations of the country.

TABLE 3  
NUMBER OF BROADCASTING STATIONS—ALL CLASSES—BY POPULATION GROUPS  
(As of May 1, 1938)

Size of Town	Number of Cities in United States	Number of Cities with Radio Stations	Total Stations for Population Group	Per Cent of Total Number of Stations
Under 10,000 . . . . .	15,616	99*	101	13.7
10,000 to 24,999 . . .	606	143†	145	19.6
25,000 to 49,999 . . .	185	90‡	102	13.8
50,000 to 99,999 . . .	98	68‡	89	12.0
100,000 to 199,999 . . .	52	48† ‡	96	13.0
200,000 to 299,999 . . .	16	16	50	6.8
300,000 to 399,999 . . .	7	7	30	4.1
400,000 to 499,999 . . .	5	5	19	2.6
500,000 and over . . . .	13	13	106	14.4
<b>Total . . . . .</b>	<b>16,598</b>	<b>489</b>	<b>738</b>	<b>100.0</b>

\* Three cities in Alaska; † 1 city in Hawaiian Islands; ‡ 1 city in Puerto Rico.  
Source: FCC, "Report on Proposed Rules," Pt. II, Table 3, p. 5.

It is generally agreed that the urban population is adequately served by radio although some improvement in signal strengths is believed desirable to overcome noise and to permit clearer reception. It is possible that the new rules adopted by the Federal Communications Commission in August, 1939, which permit in-

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creases in the power of local and regional stations will help to remedy this situation.

A different picture is presented by the southern and western sections of the United States, where, with the exception of the Pacific Coast, population is sparse and large cities scarce. This is particularly true in the ten states of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, South Dakota, Utah, and Wyoming which comprise one-third of the area of the country. In these ten states there are a relatively small number of broadcasting stations, many of them operating only part time. To be sure, a certain amount of secondary service from distant clear channel stations does penetrate these areas at night. From the point of view of adequate service, under the system prevailing in this country, a region should have access to network programs. But the stations in these states all lie outside the basic networks of the national network companies. Indeed, the percentage of stations which are network affiliations in this area is far below the national average. This means that only a relatively small portion of network programs reaches the people of these states. Both the Columbia Broadcasting System and the National Broadcasting Company claim "nation-wide" coverage for their networks, but the methods used for the studies on which these claims are based have defects which impair the value of the results. Moreover, in deciding on the number of stations which he wishes to carry his program, the advertiser naturally is impelled by economic rather than altruistic motives. This topic is discussed more fully in a subsequent section. Here it need only be noted that a large portion of the United States receives radio service of a less inclusive nature than other, more favored sections, from the point of view of both quantity and quality.

Since such large areas of the United States are inadequately served by radio broadcasting, it might be expected that some

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plan would be forthcoming to fill in the gaps. In view of the limitation of the number of possible radio stations, at this stage of scientific knowledge, a solution built on the addition of stations would contribute little. Some improvement might be brought about possibly by relocating stations, but the hindrances to such procedure have already been reviewed. If the allocation pattern were radically altered so that the channels now set aside as "cleared," and used by only one station at night, were utilized for regional stations and duplicated to the greatest possible extent, the problem still would not be solved; it is calculated that to cover the country with service from regional stations only would require 494 stations in addition to those now in operation. Under the most generous assumptions, the number of frequencies necessary to give the listeners of the country a "choice" of only one program service would exceed the number available for use for broadcasting in the United States. If the broadcast band were widened, it would be necessary to sacrifice space in the radio spectrum now devoted to the use of radio services other than broadcasting, which, as has been noted, are increasing rapidly. If none of the methods mentioned is adequate to improve radio service in those sections of the country where it is now deficient, what might be accomplished by granting increases of power to existing stations?

## CHAPTER 3

### PROBLEMS OF "SUPERPOWER"

Increasing the power of all broadcasting stations has been suggested as a means of improving service for the people of the United States. So far as local and regional class stations are concerned, a uniform rate of increase would provide stronger signals in areas now served, but areas not now receiving service because of interference would still suffer from interference. Thus, the good service areas of these classes of stations would not be enlarged by raising the power of the transmitters. Moreover, rural areas would not benefit by an increase in the power of regional or local stations. This is highly important because the problem of improving broadcasting service resolves itself into one of improving the rural service.

If, however, the power of the clear channel stations were raised, rural areas would benefit to some extent, although not even the most ardent proponents of this procedure claim that it would put rural service on a par with that now rendered to most urban areas. The proposal to allow some or all of the clear channel stations to operate at powers of a maximum of 500 kilowatts (kw.) instead of the present maximum of 50 kw. is controversial. The problems raised are not simple ones. From the technical angle, the plan has much to commend it. Obstacles, however, are encountered on economic grounds. It has been argued that, until the economic and social consequences of permitting operation of broadcasting stations at such high powers in the United States

## PROBLEMS OF "SUPERPOWER"

can be foreseen more clearly, a cautious attitude should be maintained toward such a far-reaching change. The fact that the economic considerations dominate in the creation of this point of view illustrates once more the influence of the commercial structure of the industry upon the broadcasting system in this country. The procedures followed in developing this system are not those which will give the best service under all circumstances, but only those which will assure the best service within the framework of existing economic restrictions.

### TECHNICAL CONSIDERATIONS

From a technical standpoint, there are distinct advantages in the use of powers in excess of the present maximum of 50 kw. The use of so-called "superpower" would bring some areas now receiving no service into the secondary service area of some clear channel stations; it would undoubtedly raise the signal strength in areas already reached but where the service is poor because of a high noise level. Better quality service would be provided the rural population and small towns which do not now have any primary service. To the extent to which this occurred, service in rural areas would be placed more nearly on an equal footing with that provided in urban areas. On the other hand, there might be adverse influences which would react to the disadvantage of people now receiving good service.

It must not be supposed that operation with power as high as 500 kw. would be an entirely new departure. There are in Europe and elsewhere in the world, broadcasting stations now operating with powers as high, and many with powers of 100 and 200 kw. There is even a projected station with power of 850 kw. in Mexico. Indeed, this circumstance serves to provide one argument for those who favor superpower: it is contended that no artificial

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restriction should be imposed which will prevent stations in the United States from keeping pace with progress in other countries.

There has been experience in this country with the operation, on an experimental basis, of one station (WLW in Cincinnati) with power of 500 kw. for a period of several years. Early in 1939 this experimental authorization was withdrawn on the ground that the economic repercussions on the broadcasting industry were adverse and that the program of experimentation was no longer yielding valuable results. During the period of its operation it did serve to demonstrate the technical feasibility of operation at such power, and the fact that the additional expense was not too burdensome. Of course, it is a question whether a number of superpower stations would be as effective over the country as a single one has been in the area reached by it.

Experience with WLW indicated also that at certain phases of the sunspot cycle, when radio transmission conditions degenerate, power of 500 kw. does a job that is no better than that done by a 50 kw. station when conditions are more favorable. If this is true, there might be a flexible regulation of the power of broadcasting stations, operated so that the service rendered by them is kept on an even plane. The difficulty with such procedure lies in the fact that not enough is known about the sunspot cycle and not enough about its effect on the propagation of radio waves to make possible the operation of such a system with any exactness.

It is claimed that 500 kw. should not be called superpower. It is recalled that 5 kw. was referred to as superpower in the early days of radio and is now regarded as rather low. It is stated that power as high as 500 kw. will be increasingly important in the future if clear channel stations are to be made to render the service of which they are capable and which is much needed in vast areas of this country. Arbitrarily to set a limit on the power which stations may use might impede progress.

## PROBLEMS OF "SUPERPOWER"

### ECONOMIC CONSIDERATIONS

Granting all the technical advantages which might be derived from the use of powers as high as 500 kw., it is claimed that the economic disadvantages would mean a net impairment of broadcasting service to the people of the country. The Federal Communications Commission, swayed by this line of thought, has refused to lift the rule which establishes 50 kw. as the maximum power permitted a broadcasting station in this country.

These economic arguments are based largely on the premise that 500 kw. stations would draw all the available broadcasting revenue and that the local and regional stations in the area covered by the larger stations would suffer such losses as to force them to go out of business. It has been estimated that the increased cost of operating a station at 500 instead of 50 kw. would be \$162,920 annually, or about \$25 an hour.<sup>1</sup> Only technical costs have been included in making this estimate, additional program expenses being considered as optional and not definitely calculable. It is believed that the increase in the rates for the sale of time of such stations necessarily would be far greater owing to a number of circumstances, and probably would range between \$175 and \$200 an hour. There appears to be little doubt that the increased costs could be met from additional revenue by stations in cities of substantial size. The question is whether the effects upon other stations would be such as to bring about poorer service on the whole.

It has been argued that all local advertising would be lost by stations which increased their power to 500 kw. and this contention is supported by the experience of WLW which had little or no local advertising while operating at that power. It is claimed that such advertising would go to local and regional stations which

<sup>1</sup> FCC, "Report on Proposed Rules," Part II, Section IV, Economic Aspects, p. 128.

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would therefore not suffer from the increased power. However, probably the only gainers would be those local and regional stations in the same cities as the new high-powered station; stations in other cities but still within the service area of the superpower station would not gain any new local advertising. At the same time, all such stations would be likely to lose the national and regional advertising which they now receive. This would be of particular importance to stations not now within the area of such stations but which would be brought in by the power increase. The proponents of superpower claim that many of the regional and local stations which might be expected to be affected by an increase in power of clear channel stations actually are in cities which would be within the rapid fading zone of the stations whose power would be raised and thus would not be brought into competition with them.<sup>2</sup>

The effect on regional networks probably would be marked. If a superpower station were able to cover the entire area now covered by a regional network, the chances are that the rate for that station would be lower than the rate for the network and the advertiser would be drawn to the single high-powered station. It must be admitted, however, that advertisers desiring concentrated coverage would not be willing to pay for the scattered audience taken in by the power increase.

Of course, experience with high power in this country has been confined to one station. The question arises as to what would happen if there were several—as many as 25 have been mentioned—such stations. There is disagreement as to the ability of superpower stations to cover the major markets. One group claims that a large number of such stations would be required; another, that owing to the location of the present clear channel

<sup>2</sup> FCC Docket No. 5072-A, "Transcript of Testimony," Mr. J. H. DeWitt, Jr., of the Clear Channel Group, June 9, 1938. Vol. 4, p. 435. Mimeo.

## PROBLEMS OF "SUPERPOWER"

stations in the most important market areas, such stations with higher powers would cover a large majority of the population and therefore would attract the bulk of national advertising. It may be assumed that if a few clear channel stations were permitted to go to 500 kw. all stations in that class would seek to do likewise. What would happen to the network affiliates in sections brought into the service areas of the superpower stations? The value of a network connection from the point of view of revenue is great. If stations lost their network affiliations it would greatly hinder them in providing service. Since, as is brought out in a subsequent section, regional and local advertising is attracted to those stations with a network affiliation, they also would suffer in this way. Some claim, however, that if higher powers were granted the present clear channel stations not only would duplication not occur to any marked degree as between those stations, but there would be only a few instances in which duplication of network programs as between regional and local stations would occur. If this should be the case, much of the objection to superpower would vanish.

Even if the effect on regional and local stations were not serious, and sufficient economic support were forthcoming to make the operation of stations at 500 kw. feasible, there is still a question as to whether the necessary number of competitive 500 kw. stations could be supported economically in the sections of the country where the need for improvement in signal intensity is the greatest. Indeed, if allocation of facilities is primarily governed by economic factors, areas which now receive no service would not be greatly affected by an increase to 500 kw. for clear channel stations.

The competitive element is important, since one of the fears about superpower is that it would place in the hands of a few people the power to influence the programs that are received by most of the people of the country. While it is not claimed that

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they would necessarily permit their facilities to be used in a way detrimental to the public interest, the potential danger would exist. This, of course, could be guarded against if superpower were found to be desirable on all other grounds, by the formulation of regulations to offset the possible deleterious effects which might result from the concentration of control over broadcasting in only a few hands.

The antisocial argument appeals particularly to one group of opponents of the superpower idea, for whom Senator Burton K. Wheeler of Montana is a spokesman. He has been quoted as saying that the high-power and clear channel station loses its local status; there is danger in our becoming a nation with but a few lines of thought emanating from larger centers. "Those who live in the rural areas are entitled to both day and night service from their local stations kept fully abreast of world-wide developments through network service." There is a fallacy in high power, continues Mr. Wheeler, which can be easily demonstrated. If Montana had no local class stations, it would be necessary for him to broadcast his campaign speeches from Salt Lake City; since Utahans are not interested in his qualifications for office, though Montanans are, the large station would not be serving the interest of a majority of its listeners by broadcasting such campaign speeches.<sup>3</sup>

At present the economic disadvantages which are envisaged, plus the possible adverse social effects, are believed by the authorities to outweigh the technical advantages of superpower. Future developments may change conditions or points of view so that high-power stations become commonplace in the United States. Until then, it appears that other means must first be tried to bring about improvement in the broadcasting service which the people of the United States receive.

<sup>3</sup> "Wheeler Warns Congressional Review of Radio and Regulation Is Imminent," *Broadcasting*, Vol. 15, No. 12, December 15, 1938, p. 18.

## PART III

### PROBLEMS OF THE COMMERCIAL STRUCTURE OF AMERICAN BROADCASTING

PRIVATE ownership of facilities with commercial use of a natural resource under license from the government and corresponding dependence for revenue upon advertising distinguish the American broadcasting system from that of most other countries. Elsewhere, with few exceptions, broadcasting facilities are either publicly owned or governmentally controlled. The private and commercial character of the American system of broadcasting exercises an important influence on the industry and gives rise to many of the problems confronting radio today. Discussion in the previous section covered its repercussions upon the location of stations; here its significance from the point of view of social control is examined. Together, the present physical distribution of broadcasting facilities and the content of programs demonstrate how, in the words of the Federal Communications Commission, “. . . practical economic laws operate as limitations upon a more complete fulfillment of the interest and needs of the people with respect to broadcasting service.”<sup>1</sup>

Whether radio has been monopolized or not, there is evidence that the control of station operations is tending to be concentrated in fewer hands. The growth of multiple-owned and affiliated units is clearly evident in the ownership pattern of the industry. This circumstance notwithstanding, American broadcasting frequently

<sup>1</sup>“Report on Proposed Rules,” Part II, Section IV, Economic Aspects, p. 74.

is held to be the most competitive in the world. The explanation of this paradox may lie in deliberate efforts to anticipate, not to say combat, the ingrained popular distrust of monopoly by stressing the presence and value of competition. Does competition actually exist? To what extent is there competition between stations within the same classes, between networks and individual stations, and between the broadcasting industry, on the one hand, and the older advertising media, on the other? Does profitability of station ownership increase with the number of stations under common management? What is the influence of competition or concentration upon the advertiser? Of more importance, how does concentration of control affect the public interest? These are but illustrative of the many problems vital to public well-being, which stem from the commercial character of American broadcasting.

## CHAPTER 4

### OWNERSHIP PATTERN

It has been claimed that there exists a concentration of control over American broadcasting equivalent to a monopoly. Some go so far as to call upon the government to break up this alleged broadcasting combination, not necessarily because broadcasters are acting in restraint of trade, but because the mere existence of a monopolistic condition would constitute an abuse of a publicly bestowed privilege. These allegations have been extensively probed by the Federal Communications Commission and will be the subject of a report. It is generally recognized that radio broadcasting, unlike the telephone for instance, is not a natural monopoly, since the industry conceivably could be so organized as to prevent concentration of control and yet render excellent service. It is therefore pertinent to inquire whether the present structure actually conforms to such a decentralized pattern.

#### MANUFACTURERS OF RADIO EQUIPMENT

It is logical that the pioneers in the field of broadcasting, as distinct from radio communications, should have been those who were likely to benefit most immediately and directly from it—the manufacturers of radio sending and receiving apparatus. This tendency was augmented by the patent laws, which gave the holders of basic radio patents control over the broadcasting field. Although other forces have pushed the manufacturers from their position of leadership, their power of influence through patents persists.

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*Manufacturers as Pioneers.* In the early days of broadcasting, the manufacturers of radio equipment dominated and virtually possessed the field. Their motive was to stimulate interest in the purchase of their products. Broadcasting in England had similar beginnings although the subsequent British development not only departed from that in this country but in fact moved in the opposite direction.

One of the first to foresee the commercial potentialities of public broadcasting was David Sarnoff, now president of the Radio Corporation of America. In a letter written in 1916 he anticipated that a profit could be made from the sale of "radio music boxes" and four years later forecast a sale of one million radios at a retail price of \$75. By 1922 Sarnoff had decided that the public could not be expected to pay directly for broadcasting; that the cost must be borne by those who derive profits directly or indirectly from the business resulting from radio broadcasting. He had reference to the manufacturer of radio equipment, the national distributor, the wholesale distributor, the retail dealer, and others associated in one way or another with broadcasting. To achieve this end, Sarnoff sponsored the organization of a broadcasting company, supported by subsidies from the Radio Corporation of America, the General Electric Company, Westinghouse Electric and Manufacturing Company, and other manufacturers operating under license from these holders of patents.

The subsequent commercial development of broadcasting, however, exceeded even Sarnoff's expectations. At the time he proposed the creation of a subsidized broadcasting company, there were between 300 and 400 broadcasting stations in the United States and probably not more than 60,000 American homes with receiving sets. The larger and better known broadcasting stations, like KDKA in Pittsburgh, were owned by manufacturers of electrical equipment. These companies encouraged the establishment

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of stations by others, such as dealers in radio receivers, and even by those not connected with the radio manufacturing industry who saw in the operation of a broadcasting station a medium for building prestige for themselves or their primary enterprises.

These pioneers had no expectations of profiting directly from the operation of broadcasting stations. "Time on the air" had not yet become a marketable commodity. The first commercial program was broadcast in 1923 and the practice did not become general for several years thereafter. The first sale of time was made by WEAf, owned at that time by the American Telephone and Telegraph Company. Under the cross-licensing agreement of 1920 between the Telephone Company and other leading manufacturers of radio apparatus, the former reserved the exclusive right to sell equipment for commercial purposes. This meant that only those stations using such equipment were free to sell time.<sup>1</sup> This agreement was later revised. In the meanwhile it had become clear that broadcasting was a costly undertaking and as a "side line" might make disproportionately heavy drains upon the owner's main business.

In the early days of radio, almost simultaneously with the development of radio stations by manufacturers, there were those who envisaged the possibilities of radio for conveying religious and educational ideas. Some of the early stations were established by nonprofit organizations for the purpose of disseminating religious and educational information and propaganda. Subsequently, however, this type of ownership dwindled. Between 1926 and 1938, for instance, the number of stations operated by educational institutions declined from 99 to 21. This decline, during a period when the total number of stations increased rapidly, was due to a number of causes. One contributory factor was the stipu-

<sup>1</sup> Cf. Hanson, O. B., NBC Vice-President in Charge of Engineering, FCC Docket No. 5060, "Prepared Statement," p. 17.

## NATIONAL POLICY FOR RADIO BROADCASTING

lation of the government regulatory body that would-be broadcasters show adequate financial resources in order to install equipment which would meet the constantly improving technical requirements. Many of the smaller groups were unable to comply with this demand. Another factor was the belief that special purpose stations serve the public interest less well than general service stations. It was felt by some that programs put on by educational or religious station owners were not so varied and appealing to the public as the programs especially designed to reach an expanding audience. Thus, commercial competition pressed heavily upon broadcasters with limited funds.

Simultaneously the manufacturers of radio apparatus also reduced their direct participation in broadcasting. An important step along this line came in 1932 when the General Electric Company and the Westinghouse Electric and Manufacturing Company were forced by a consent decree to give up their holdings in the Radio Corporation of America, which owns the National Broadcasting Company. Both General Electric and Westinghouse, however, continue to own broadcasting stations, the program service of which is managed by the National Broadcasting Company. About the same time the National Broadcasting Company began to push sales of time; theretofore it had been content to sell only enough time not to make it too costly to induce people to buy sets. While the leading role played by manufacturers has been assumed by commercial interests which expect to derive their profits from broadcasting as a business and not from its by-products, the manufacturer still exerts a definite influence over the industry through the ownership of patents.

*Manufacturers' influence through patent ownership.* The early history of broadcasting is largely that of patent control. When, during the World War, the Navy Department took over all existing radio stations in behalf of the government, it had difficulty in

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securing equipment according to its specifications because the most up-to-date devices required the use of patents held by a number of different owners. Thus, no one manufacturer could meet the navy's requirements without infringing upon the rights of others. By assuming responsibility for the consequences of possible patent infringements, the navy temporarily overcame this difficulty, but once the war psychology faded there was a reversion to earlier conditions, hampering once again the development of the industry. In 1920 the leading holders of patents entered into a cross-licensing agreement and formed a patent pool, thereby making further progress possible.<sup>2</sup>

Although this agreement enabled the industry to proceed, its movement was not entirely unimpeded. "Restrictions were put into the use of every patent, and these restrictions had ramifications almost as infinite as those inherent in the operations of the radio spectrum. They have undoubtedly changed the course of invention and corporate history in electronic communications."<sup>3</sup>

To appreciate the significance of patent control on the development of the industry, it must be realized that the holders of basic patents for receiving instruments are in strategic positions. It may be noted that much of the apparent competition between manufacturers of radio receivers is not entirely free since nearly all are licensees of the Radio Corporation of America, itself a leader in the field. No broadcasting program is better than the receiving set available for its reception. Technical improvements in turn affect the task of government regulation. As manufacturers have perfected the mechanism of receiving sets, the allocation of broad-

<sup>2</sup> For a discussion of the circumstances surrounding and growing out of this agreement, and its main terms, cf. Chapters V and VI, particularly p. 110 et seq., Danielian, N. R., *A. T. & T., the Story of Industrial Conquest*, New York: The Vanguard Press, 1939, 460 pp.

<sup>3</sup> Waldrop, Frank C., and Borkin, Joseph, *Television, A Struggle for Power*, p. 170. New York: William Morrow and Co., 1938. See this study for a more detailed discussion of the restrictions and their effects.

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casting facilities has been greatly altered. Writing on this point in 1937, Commissioner T. A. M. Craven noted:

. . . the receiver, its manufacturer, and its performance, and its distribution to the public [bear] a most important relationship to the problems of broadcasting both from the economic and engineering viewpoints, since both transmitters and receivers are required to complete service to the public. Knowledge of the relationship between receiver and transmitter and their coordination is therefore necessary to a sound engineering system of allocation.<sup>4</sup>

Another aspect of the situation in regard to the influence exercised by the manufacturer of receivers is the increase in the output of the "push-button" tuning models. The radio broadcasters have publicly expressed the fear that within five years the volume of such receivers in use may seriously reduce the audience of independent stations. The push-button set tends to limit the number of stations to which the receiver will be tuned, and thereby freezes the listening habits of the radio audience.

Again, if the new frequency modulation system of radio transmission should prove satisfactory, it is conceivable that the public interest will require its general adoption. This would necessitate not only new transmission equipment, but a wholly new type of receiver, the holder of whose basic patents would be in a commanding position. How soon this development may be expected is purely conjectural, for large investments on the part both of the public and of the industry in present equipment would be jeopardized. It is not an unknown practice of those in a position to do so to keep inventions off the market if they threaten to make existing equipment obsolete. It is of interest that one of the leading manufacturers in the field of radio has made a specific disclaimer of engaging in such practices. In testimony before the

<sup>4</sup> FCC "Report on Social and Economic Phases," Appendix C, Summary of testimony of each witness, p. 1.

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Temporary National Economic Committee, an official of Radio Corporation of America stated that "RCA purchases patents solely in order to make use of them possible by itself and its licensees; never to prevent their use by others, or to 'fence' in the inventions of others, or to 'put them on the shelf.'"<sup>5</sup>

The development of television may bring about yet another revolution in the broadcasting industry. It may antiquate the entire system of sound broadcasting as it is known today, requiring a complete change in both sending and receiving apparatus and, indeed, in the whole allocation pattern. Recognizing the danger inherent in too hastily accepting what may necessitate fundamental changes, the Federal Communications Commission has had a committee investigating the development of television equipment and conferring with manufacturers prior to promulgating engineering standards for telecasting stations. A spokesman for the commission was quoted as stating that, were the standards proposed by the Radio Manufacturers Association to be adopted, only a few privileged holders of patents would be able to meet the requirements and would control all television equipment manufacture, including receiving sets. The commission decided to postpone action until the science of television assumed greater definition.

It may be guessed that the speed with which television will reach the general public depends upon the invention and utilization of devices to make it less expensive. Little is to be hoped for from the independent inventor. For one thing, most inventions utilize principles the patents for which are held by the now established manufacturers. The free lance may unknowingly infringe a patent, or it may be alleged that he has, which may be enough to discourage him effectively, since the cost of litigation is too great to be borne by any but those with considerable financial resource.

<sup>5</sup> Schairer, Otto S., *Patent Policies of the Radio Corporation of America*, pp. 37-38. New York: RCA Institutes Technical Press, 1939.

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For another, the independent inventor needs the established manufacturing facilities and distribution outlets if his invention is to be utilized on any but a small high-cost scale. There are good reasons why most of the inventing is done in the laboratories of the big established manufacturers. And a condition of invention under these auspices is the assignment of patents on all new creations, thus cementing control ever firmer. Yet how much of an incentive can the present manufacturers of radio equipment have to encourage the rapid obsolescence of their product for the making of which they now have large fixed investments?

While manufacturers continue to exercise influence over the broadcasting industry, it is today largely an independent structure commercially. The leading role is now played by others, especially the chain companies and networks, although it must not be forgotten that the National Broadcasting Company, outstanding in both categories, was established by a manufacturing enterprise and is still controlled by it. Recent chain and network development, however, has been so marked that—despite the conspicuous growth in the number of licensed stations—today's broadcasting industry is closer knit than that of earlier years and fewer stations.

### CHAIN-OWNED BROADCASTING STATIONS

Single ownership of two or more stations is the first step in the development of a more cohesive structure in the broadcasting industry. When stations are commonly owned their policies are coordinated, opportunity for the exercise of individual judgment by station managers is restricted, and the industry moves closer to concentrated control. The national chain companies are the outstanding examples of this trend.

*National chains.* Confusion frequently exists as regards the distinction between a chain and a network. For the purposes of the discussion here, a broadcasting chain is held to consist of a num-

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ber of broadcasting units operated under common ownership. It differs from a broadcasting network, which consists of two or more stations, usually connected by means of a leased telephone line so that a program originating on any one of the connected stations may be broadcast simultaneously by all of them. It may be noted that a group of stations making up a broadcasting chain need not all comprise parts of the same network. The distinction becomes clearer if the Mutual Broadcasting System is considered. This organization operates as a nation-wide network but owns no stations and hence is not a broadcasting chain. Chain-owned broadcasting in the United States is generally associated with the National Broadcasting Company and the Columbia Broadcasting System. The fact that these happen to be two of the leading network companies as well doubtless explains the confusion between networks and chains. Actually these two companies together own only 18 stations and operate four more under lease. The remainder of the nearly 300 radio stations affiliated with them are simply associated as members of one of the three networks—the Columbia Broadcasting System and the National Broadcasting Company Red and Blue Networks.

The stations owned by these two national network companies occupy a special position in the broadcasting structure. These chain stations are also the key stations for the networks, and as such are the originating points for most of the network programs. This gives them an almost wholly national character. Station WEAJ, for instance, a key station on the Red Network of the NBC, devoted less than 4 per cent of its time in 1937 to broadcasting nonnetwork programs.

In theory, these chain stations are expected to function as local enterprises in their communities. According to officials of the National Broadcasting Company, local managers are considered to be entirely independent in that regard, within broad policies

## NATIONAL POLICY FOR RADIO BROADCASTING

laid down at the central office. The actual existence of this independence is questionable, however, since the managers are kept constantly aware of policies and opinions at headquarters. Moreover, the amount of time at the disposal of the local manager is severely limited. Even when the station is not the originating point for the network, it may be carrying one of the many prescribed sustaining programs.

*Other types of chains.* Ownership of more than one broadcasting station is not confined to the national network companies. A regional network may own several of the stations in its group. The Yankee Network in New England and the Don Lee Broadcasting System on the West Coast are examples. Frequently newspaper interests own stations which are scattered over the country and are not even members of the same network. According to data collected by the Federal Communications Commission, 341 stations are associated in groups with a "community of interest." This does not imply a direct community of interest such as would be present in an out-and-out holding company structure, but does indicate the existence of some relationship between owners and operators of a large proportion of all broadcasting stations.

From the point of view of industrial structure, the association of common ownership stations in a network is not of primary importance. The major consideration is the lack of a local point of view which may accompany "absentee" ownership. It is contended by some that stations the ownership of which is outside the community must make an extra effort to identify themselves with the locality in order to overcome the popular distrust of "foreign" corporations. There may be an advantage in bringing a wider field of interest to the locality, so long as the community is permitted ample scope for self-expression. A far more important consideration, however, is the fact that the more stations owned by one interest the fewer proprietors there are and the more readily can

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these be welded into a common front. The larger financial resources of such united units may make possible participation in many legal and regulatory processes which are almost forbidden to small operators because of the expense.

The Federal Communications Commission, believing in the importance of local ownership, at one time suggested that the licensee of a local class broadcasting station be required to be a resident of the community in which the station is located. The proposal was strongly opposed by the more articulate elements of the broadcasting industry and is not likely to be adopted. None the less, the commission continues to favor local ownership of small stations. Recently it denied application for a new station (in the case of WRSP, Inc.) chiefly because "it is the apparent intention of the applicant to operate the proposed local station under the supervision and management of persons who are not associated with community interests and are not shown to be qualified to operate the proposed station in accordance with the best interests of the local community." Local stations are designed to serve limited areas of large centers of population, or small communities. Residence requirements for the larger stations have never been proposed since they are expected to serve wider regions or nationally.

## BROADCASTING NETWORKS

The integration of several stations into a network may in certain respects represent a looser form of coordination than chain ownership. In other respects, however, it may have more binding effects. Affiliation with a network need not fundamentally alter the commercial policy of the station, but to the extent that it takes network programs, its policy and procedure conform to that of the network. It is possible that two commonly owned stations, on the other hand, may be left entirely to local management, each with

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complete independence in the selection of programs, despite a general coordination of policies.

*Regional networks.* Regional networks, sometimes composed of as few as two or three stations, are common in the United States. They operate in a relatively restricted territory where a community of interest is likely to exist. Programs which are of more than local interest but not important enough for the national networks may be shared through this network organization.

In the case of commercial programs, the grouping of stations is a convenience for the advertiser, who is thereby spared the necessity of dealing with several agencies. Regional networks appeal to advertisers seeking a restricted local market or not equipped for national distribution. The grouping of stations in this way lessens intraregion competition between stations, at the same time bringing them business which they might not otherwise have.

These advantages notwithstanding, regional networks do not bulk large in the industry as a whole. The Federal Communications Commission reports that in 1938 the "secondary networks" had a combined net income of only \$84,508 and their time sales to advertisers after trade discounts amounted to only \$2,593,497. The corresponding figures for the "major networks" were \$1,349,446 (net income) and \$54,938,879 (time sales to advertisers after trade discounts).

*National networks.* The three major or national networks, the National Broadcasting Company, the Columbia Broadcasting System, and the Mutual Broadcasting System, encompass in their affiliations over half of the broadcasting stations of the country. In terms of power, however, the network affiliated stations are of far greater significance than even this would indicate. Collectively, they account for over 90 per cent of the power utilized in commercial broadcasting today. On January 15, 1939, network affiliated stations accounted for 92 per cent of the power of stations

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operating during the day and 96 per cent of the power of all stations broadcasting at night. Most of the stations unaffiliated with networks are either small local stations or stations operating only part of the time. Those engaged in full-time operation with as much as 1 kw. daytime power and without network membership are few in number.

The growth of the national networks has been considerable since January 1, 1925, when the first commercially sponsored

TABLE 4  
NUMBER OF NATION-WIDE NETWORK AFFILIATED AND TOTAL  
BROADCASTING STATIONS, 1926-1939

Year	Nation-wide Network Affiliated Stations <sup>1</sup>				Total Broadcast- ing Stations <sup>2</sup>	Ratio of Network Affiliated to Total
	NBC (Red & Blue)	CBS	MBS	Total		
1926 . . . .	19	—	—	19	not available	not available
1927 . . . .	48	15	—	63	681	9.3
1928 . . . .	56	28	—	84	677	12.4
1929 . . . .	70	47	—	117	606	19.3
1930 . . . .	73	70	—	143	618	23.1
1931 . . . .	85	83	—	168	612	27.5
1932 . . . .	87	93	—	180	604	29.8
1933 . . . .	87	94	—	181	598	30.3
1934 . . . .	88	99	4	191	593	32.2
1935 . . . .	89	100	19	208	623	33.4
1936 . . . .	105	95	46	246	660	37.3
1937 . . . .	142	112	83	337	704	47.9
1938 . . . .	166	115	108	389	747	52.1
1939 . . . .	181	120	125	426	778	54.8

<sup>1</sup> As of December 31, 1926-1938, FCC Docket No. 5060, CBS Exhibit #361; 1939, NBC, CBS, MBS.

<sup>2</sup> As of June 30, FCC *Annual Reports*. The six months' difference in date would make only a fractional difference in per cent.

program handled on a national basis was sent out over the air. The early network associations were temporary affairs, arranged for a particular occasion. As it became apparent that a permanent grouping might be profitable, the networks as we know them came into being and rapidly grew to major importance. The National Broadcasting Company, the first permanent national network company, was organized late in 1926. At the end of 1939 there were 181 stations affiliated with the combined Red and Blue networks of the National Broadcasting Company, 120 with the Columbia

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Broadcasting System, and 125 with the Mutual Broadcasting System. Table 4 reveals the rate at which stations have joined the networks in recent years.

The trend toward station affiliation with networks cannot, of course, continue indefinitely. The officials of at least one network have indicated that the point of saturation may have been reached so far as their system is concerned, since too many stations make an unwieldy unit for the scheduling of programs from present program centers. This belief may have been influenced by the fact that most of the stations attractive from the network point of view are already affiliated with one network or another. As pointed out above, the unaffiliated stations are largely those with limited hours of operation. Daytime stations are not sought by networks because they are off the air during the most profitable evening hours. Other nonnetwork stations are in market areas which are not attractive to advertisers. Thus, a portion of the nation's population is, for commercial reasons, deprived of network programs which in many instances may be of national interest.

Networks are developed in terms of trade areas and once an outlet for a particular market has been secured other stations in that area are excluded from affiliation with the same network. The significance of this from the point of view of a system of super-powered stations was noted in the second section. From a public point of view it may be desirable to avoid excessive duplication of programs. But before any definite action is taken as a matter of public policy, it should be kept in mind that a network connection is of undoubted commercial value to a station. Care must therefore be taken not to penalize unaffiliated stations unduly and thereby render them less able to serve their community adequately.

*Value of network affiliation to stations.* The value of network organization is inestimable from the point of view of programs. Network programs

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. . . are primarily a means of bringing to all parts of the country lying within the range of good, fair, or poor radio signals, the best in entertainment, instruction and information that is available in the principal cities of the country, and of foreign countries as well. To listeners who do not live in or near the three or four large production centers, they bring programs that could not possibly be given to them otherwise.<sup>6</sup>

Individual stations could not afford to duplicate the quality and variety of network programs. Moreover, the existence of a permanent organization creates opportunities where otherwise none would be. A broadcast of some unexpected event of national importance can be put on the network with little delay, whereas the chance might be lost if interconnection arrangements had first to be negotiated. This is particularly striking in the field of international programs. The networks can do what few if any individual stations would be able to manage in bringing foreign programs to the United States. There can be little doubt that network organization is essential to a good national system of broadcasting.

Available data support the contention that network affiliation is an almost determining factor in the profitability of a radio station. Statistics collected by the Federal Communications Commission show that those stations which are affiliated with a network are more profitable than those unaffiliated. This subject is examined elsewhere in this report. Here it will suffice to note that the average net broadcasting revenue of stations affiliated with a national network in 1938 amounted to \$58,130, while unaffiliated stations averaged only \$4,139. While data of this character indicate that network affiliated stations are generally more desirable from the commercial point of view, the correlation is not necessarily conclusive. Possibly, because of their superior facilities or location, the profits of these stations would have been higher than those of the others even if there had been no network to aid them. The

<sup>6</sup> FCC Docket No. 5072-A, "Transcript of Testimony," Mr. J. O. Maland, Manager of Station WHO of the Clear Channel Group. Vol. 10, p. 1117.

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statement has been made that many of the stations associated with the networks could make an equal amount of money if they were not so affiliated, because the rate at which they charge advertisers is higher than that charged on their behalf by the networks.<sup>7</sup> It cannot be denied, however, that an important source of revenue for broadcasting stations is the network commercial programs. It is most probable that national advertisers would not make the same use of radio as an advertising medium if the networks did not exist.

Appearing before the Federal Communications Commission in 1936, William S. Paley, president of the Columbia Broadcasting System, expressed the view that a station which severed its network affiliation probably would lose about half of its audience. This in turn would reduce the value of its time, and threaten its revenue or force it to accept less desirable advertising. Among other consequences he listed loss of network revenue and increased station costs in building its own programs to fill the hours previously devoted to sponsored network programs, where these hours had not been bought by local advertisers. It is apparent that the intensification of the commercial organization of broadcasting under the American system puts considerable pressure upon stations to affiliate with a network.

*Networks a logical development.* The development of networks was logical once public interest in radio passed beyond the stage of curiosity in a novelty. As listening for its own sake gave way to discriminate listening, the public demands for program material became more exacting than could be provided locally. Moreover, the efficiency of network broadcasting appealed to the advertiser. With the increased cost of broadcasting, the stations themselves felt the need for some cooperative action such as could

<sup>7</sup> FCC Docket No. 5072-A, "Transcript of Testimony," Dr. Leon Levy, President of WCAU, Philadelphia. Vol. 8, p. 874.

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be provided by network connections. In consequence of this combination of forces the national networks assumed a dominant position in the broadcasting structure.

Most radio stations have an effective range of a relatively limited area. Operating as independent units, their influence is restricted. But when, through the networks, a single voice can reach the entire country, the way in which this powerful instrument of mass communication is used assumes national importance. It is contended that much of the need for governmental regulation derives from the existence of networks.

Nevertheless, the Federal Communications Commission has not considered the regulation of networks to be within its province. As recently as 1937, it stated:

Any individual or company in the United States with sufficient capital and ability to lease wires and provide programs, is able to undertake a network service to as few or to as many stations as are willing to give such consent or who express such a desire. The function of such an individual or company requires no allocation of facilities by the Commission and requires no license because in effect it is merely a contractual arrangement for program service by and between the stations themselves in some instances, and in others between the stations and the chain company or individual undertaking to provide the network service.<sup>8</sup>

The development of networks is pointed evidence that the broadcasting structure is growing increasingly cohesive. Instead of a scattering of small, separate, independent stations, there are now groups of stations banded together in networks and cooperating in the conduct of their business. One of the effects of this development is to change the character of competition. The fact that groups of stations now work together as networks does not necessarily mean that a monopoly has been created. It does mean that

<sup>8</sup> FCC, "Report on Social and Economic Phases," July 1, 1937. Section III, The American System—Labor, p. 36.

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control of the broadcasting industry is becoming more and more centralized.

### NATIONAL NETWORK DOMINATION AND RELATIONS WITH AFFILIATES

The pace of the American broadcasting industry is today largely set by the national networks. It is inevitable that this should be so. The networks have the greatest resources; and they are in constant touch with a big proportion of the stations. As owners they control the policies and procedures of a number of stations—the most important, as a rule, in their respective localities. Through the network programs and their policies in regard to both sustaining and commercial programs, they dominate even the stations they do not own but which are affiliated with the network. In part this domination is explicit and expressed in the contractual relation, in part it is implicit in the operations of the business under a network system.

*Contractual relations.* Originally the affiliation of stations and networks consisted largely of informal agreements. Now in the cases of CBS and NBC at least, written contracts are in force defining the relationship between network and station. The contents of these agreements vary between networks and between different stations on the same network. The basis of organization of the Mutual Broadcasting System is different, yet it includes the same essential elements. The station permits the network to negotiate for commercial programs which it will broadcast and for which payment is made to the individual stations; the stations may take sustaining programs from the network and remunerate the latter on some contractual basis. In the National Broadcasting Company, it was stated at recent public hearings, the terms of the contract vary greatly between affiliates but an effort is being made to negotiate five-year contracts so that the network may have a firm basis on which to plan. The contracts may be terminated at the

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desire of either the network or the station after due notice—the network frequently having the advantage of a shorter period. The network is given an option on certain parts of the day—usually the best evening hours. The commercial programs are submitted to the affiliates for their acceptance or rejection before the contract is closed with the advertising agency, and the network cannot force the station to take any programs which it does not want. The fact remains, however, that stations must take a good proportion of the programs offered them or suffer financially since, to pay for the connection, their contract commits them to placing at the disposal of the network a certain number of hours. If a network were unable to sell over a station what it considered a reasonable amount of time it would be unlikely to continue it as a member. Hence the discretion allowed the stations in refusing programs is considerably circumscribed.

Originally the contracts provided that the station should pay the network at a fixed rate<sup>9</sup> for such sustaining programs as it used. The Columbia Broadcasting System abandoned this practice early in its history, substituting for it the stipulation that the station receive no compensation for a given number of hours of network commercial programs which it broadcast—the so-called “free” hours. The National Broadcasting Company followed suit in 1935.

Network contracts generally provide for the cancellation of scheduled commercial programs or the refusal of offers if the alternative is a local program which is more in the public interest. Interpretation of community well-being is left to the individual station manager and it has been stated by network officials that no serious disputes have occurred on this point. Since, however,

<sup>9</sup> Early contracts of NBC called for a flat payment of \$90 an hour by the station for sustaining programs used. Later the rate declined and a distinction was made between daytime and nighttime programs. Still later a monthly charge of \$1,500 was made. Cf. Exhibits of typical contracts introduced by NBC in testimony before the FCC on Docket No. 5060, Exhibits #112-124.

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the acceptance of a local program usually involves a sacrifice on the part of the station (if it is not paid for) and never any greater profit (the contracts may provide that any excess received by the station over what it would have received if it had carried the commercial program must be turned over to the network), the incentive for broadcasting a local public interest program as a substitute for a commercial network program is not great. The relatively long-term contracts covering network commercial programs reduce the opportunities for rejecting network offers at the beginning of the contract period in favor of a local series.

The contractual relation between the Mutual Broadcasting System and its member stations differs from that of the other national networks. In part this grows out of the form of organization and the function it performs. Until January, 1940, six groups bore the expense of the network operation in varying degree: stations WGN and WOR owned all the stock of the corporation and guaranteed to make up any deficit; the Colonial Network in New England, the Don Lee System on the Pacific Coast, and the group of stations owned by the Cleveland *Plain Dealer*, participated in responsibility for running expenses. A new contract effective February 1, 1940, provides for contributing membership by all the above group plus station CKLW in Detroit-Windsor. These groups now agree to underwrite expenses and become stockholders in the network. The contract runs for five years—a reversal of MBS policy, which has favored short-term contracts. An operating board for the network is comprised of representatives from each of these groups, together with additional representation appointed by other affiliated stations. The intention is for all members of the system to have an active voice in the network's general operation and formulation of policies. All others associated with the system receive from the network payment at their own card rate for time sold over their stations less a 15 per cent charge to cover selling

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costs, and the wire charges for getting the programs to those stations.

The network reserves no special hours for its own use and has not attempted to control the programs which the member stations take. They have thus been free to take programs from other networks if they wish and the other networks will permit it. According to a memorandum presented to the Federal Communications Commission, the MBS is being forced to abandon this practice and conclude "exclusive" agreements with its members—a practice of which it has repeatedly expressed its disapproval.<sup>10</sup> Members are encouraged to cooperate in furnishing sustaining programs. It is believed that this makes possible greater variation in types of programs offered as there are more points of origination than just the major talent centers. The network itself originates no programs, except for arranging for broadcasts transmitted from abroad; it maintains no artist bureaus or engineering department; it engages in no international short-wave broadcasting, and neither owns nor operates any station. Its sole function is to make programs originating on any of its affiliates available to other member stations, contract with advertisers for commercial programs on member stations through the network, and purchase wire facilities.

*Control by the network over policies of affiliates.* The networks' control over a station's best hours has important consequences. An example of this is given in a letter from a station manager quoted by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association:

Our station has always been outstanding in the amount of educational matter which we have broadcast. However, in the hours between 7:00 and 11:00 P.M. under our contract with our associated network [NBC],

<sup>10</sup> "MBS Expands Network Base," *Broadcasting*, January 15, 1940, Vol. 18, No. 2, p. 93.

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which contract we understand is exactly similar to arrangements which the network has with all its other stations, we have just thirty minutes out of the four peak evening hours subject to our own use. The other three and a half hours are subject to network option and completely filled with one or two exceptions with commercial business. Our thirty minutes per night falls 7:30 to 8:00 P.M. [the particular program was scheduled for 7:45] and it's not nearly sufficient time to begin to take care of the amount of business which is practically thrust upon us both by local advertisers and by national advertisers who are not using the network itself. Therefore, we are not carrying your program simply through lack of time—not through any question as to desire.<sup>11</sup>

The knowledge that it can count on certain hours is an advantage to the network in negotiating with advertisers. The Mutual Broadcasting System, which does not have the system of optioned hours, considers that it is handicapped in dealing with the advertiser. As a result of the option system, commercial network programs are scheduled during these hours and are generally taken by the individual stations. Since these programs mean a financial return, it may be impossible, as the letter just quoted shows, for the affiliate to take sustaining features even of a highly desirable kind. Consequently, the network cannot deliver network coverage for a sustaining program even when it is scheduled at a favorable time from the point of view of available audience. Again, local stations may or may not take a particular broadcast of a sustaining series at will, but commercial programs are on a contract basis which ensures the same stations for all the broadcasts of the series. The sponsors of educational broadcasts carried by networks as sustaining features, and local merchants (other than distributors of nationally advertised products) and organizations are all at a disadvantage under this system.

<sup>11</sup> *Four Years of Network Broadcasting*—a Report by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association. Preprinted from *Radio and Education*, p. 54. The University of Chicago Press, 1936.

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The network's control of the chief hours when the public is listening serves to demonstrate the dominant position of the network in broadcasting. It is clear that, if the largest audience is available at a time when the network is responsible for what goes over the air, it is the network's selection of programs which predominates in the broadcasting fare. The control of the individual stations over the matter which they broadcast is greatly lessened since the scripts of network programs are not submitted to affiliates for prior scrutiny.<sup>12</sup> Once on the network hookup, the station has the choice of continuing to broadcast a program or, if the matter is offensive to the local audience, taking the drastic step of cutting it off—which it can do only after part of it has been transmitted. That the network's supervision of broadcasts is not always to be trusted was emphasized by the celebrated Mae West incident. In that instance the Federal Communications Commission cited all the stations which carried the allegedly objectionable program, disregarding their limited powers of control.

Control over the most salable hours also makes the individual stations financially dependent upon the network and hence more docile in following its lead. Under these circumstances the query might be raised as to why stations affiliate with a network. This is partially answered by the direct relationship between station income and network affiliation. A further point is that affiliation with a network is of definite prestige value to stations. Moreover, local and national spot advertising is attracted to network affiliates. In addition, network sustaining programs are available to them for which they pay less than it would cost them to fill the same amount of time with local programs of equal quality. In some cases where a large national audience has been cultivated for certain programs like orchestral concerts, opera broadcasts, the

<sup>12</sup> This does not imply that programs originated by affiliates are ipso facto superior to programs originated by networks.

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speeches of the President, and other events of national interest, the local audience listens to the station which can provide these programs.

In theory, the network's determining influence is confined to those programs which go out over the network. In practice, the question may be raised as to whether or not there is not a reflection of network attitudes in station policies—if not actual direction of those policies—during other periods. Network officials deny that such influence is exercised. Affiliated but not network-owned stations are alleged to be entirely independent. It has already been noted that the fact of network affiliation in itself does have repercussions on the policies pursued by stations. There are instances when the network indicates its desires and dislikes to its affiliated stations and the economic power which it wields is sufficient to make the stations listen attentively. A degree of conformity naturally is important to the networks. The stations are known as affiliates of the particular networks and as such can damage the name of the organization by contravening its policies. The networks themselves stress the importance of maintaining their identity, giving this as the reason why "exclusive" clauses are contained in contracts; i.e., an affiliate of a network usually is barred from broadcasting the programs of another network except by written permission of the network company. Thus the NBC contracts provide:

For the purpose of eliminating confusion on the part of the radio audience as to the affiliation and identity of the various individual stations comprising radio networks, you agree not to permit the use of your station's facilities by any radio network, other than ours, with which is permanently or occasionally associated any station serving wholly or partially a city or county of one million or more inhabitants.<sup>13</sup>

<sup>13</sup> FCC Docket No. 5060, "Substantive Modifications in 1935 Form of NBC Contract of Network Affiliation," p. 3. Mimeo. NBC Exhibit #133. Submitted by NBC at the FCC hearings.

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It is not necessarily detrimental to the public that the network should control the policies of its affiliates since as a rule network standards are relatively high. Network organization undoubtedly is essential to good radio. But the commercial aspect of the system may not always work to the advantage of the listening public. When the commercial interests of the station or the network are at variance with the public interest, the latter is likely to be disregarded. Fortunately, this is an instance when good business policy frequently coincides with good public policy. Some affiliated stations, indeed, are in especially strategic positions in regard to bargaining powers and are thereby enabled to maintain more than theoretic independence. That the present management refrains from exercising, for ulterior purposes, the great power which a network has over the majority of its associated stations cannot be taken, however, as a guarantee for a similar policy on the part of future managements.

## LICENSING OF CHAINS OR NETWORKS

Charges of "monopolization" in the broadcasting industry focus principally on the chain ownership of stations. Because they are the two largest chain owners and because of the leading position of the networks they control, the National Broadcasting Company and the Columbia Broadcasting System are frequently the target of criticism. The third national network, the Mutual Broadcasting System, largely escapes attack because of the general opinion that it is different since it is organized on cooperative lines and owns no stations directly. While the case for and against specific federal regulation of broadcasting chains has been widely discussed, the objectives and form of such regulation continue to remain in doubt.

*Provisions of the Communications Act of 1934.* Existing legislator delegates to the Federal Communications Commission the

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authority "to make special regulations applicable to radio stations engaged in chain broadcasting" (Sec. 303 i). "Chain broadcasting" is defined as simultaneous broadcasting of an identical program by two or more connected stations. In other words, the act applies to network broadcasting rather than to common ownership of stations. None of the provisions of the act relate to this latter aspect except to specify that common ownership between radio and wire communication companies is precluded if it is found to be in restraint of trade. Thus far the Federal Communications Commission has not acted under these provisions to establish any special regulations. In fact, as has been noted, it has taken the position that networks per se do not come within its province.

*Form of regulation.* The existence of a special "network problem" has been recognized for several years. As early as 1928 the Federal Radio Commission made an attempt to regulate network broadcasting with a view to eliminating the duplication of programs in particular listening areas. It was presumably prompted in this step by the realization that the physical limitation upon broadcast facilities made each frequency too valuable to permit wasteful duplication. The commission ordered that two stations within 300 miles of each other were not to transmit the same program. The administrative difficulties which arose at once, coupled with the protests of the industry, forced the postponement of this order and, eventually, its repeal.

As technical knowledge has progressed it has come to be realized that the problem is too complex to be solved so simply. As noted in the previous section, duplication of programs in specific listening areas is to some extent desirable to assure reception under a variety of conditions. This may have contributed to the failure of the regulatory body to attempt to revive or copy that early order. Instead, it has taken the position that the solution lies in the eco-

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nomics of broadcasting; since advertisers would be unwilling to pay for unnecessary duplication, the situation will take care of itself.

Whether program duplication is a primary aspect of network broadcasting regulation is questionable. It is in connection with the public-service aspects of the broadcasting industry that the question of network regulation assumes significance. There are those who believe that unless the government reserves to itself the right to regulate network-affiliate relations the public-service features of a station conceivably might be destroyed. Such regulation possibly would include control of the number of stations which may be joined, whether by ownership or by affiliation, in any one group. Here, again, the administrative difficulties implied in fixing an optimum number would be great. In opposition, the industry holds that as long as there are at least two networks, competition will protect the public interest, both in the matter of the variety of entertainment that is provided and in the control that is exercised over expressions of opinion. That this assumption is not wholly valid is made clear by testimony at the so-called monopoly hearings of the Federal Communications Commission. This showed that there are only a limited number of opportunities for competing networks to enter "exclusive" network cities—i.e., those cities where only one national network is now represented—on anything like equal terms. Thus, under the exclusive character of present station-network contracts, the population served in these areas is deprived of the benefits of internetwork competition. That this is no insignificant problem may be guessed from the fact that there are 124 such "exclusive" cities.<sup>14</sup> Even though signals from competing networks may reach the city from outside, they cannot be considered on a par with those of local origination. Various aspects

<sup>14</sup> FCC Docket No. 5060, "Exclusive Network Cities." NBC Exhibit #109. Submitted by NBC at the FCC hearing.

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of the question of competition in radio broadcasting are discussed subsequently in more detail.

In a question of intraindustry relations such as this, it is difficult to frame a regulatory or legislative principle that will accomplish the desired ends and yet not be susceptible to violations of the spirit which vitiate its effectiveness. Moreover, broadcasting, despite its twenty years of growth, is still in a developmental stage and care must be exercised that progress is not impeded. Regulation deemed to be desirable today may, in the not too distant future, prove to be restrictive without being beneficial.

## CHAPTER 5

### INTRAINDUSTRY ORGANIZATIONS

Outside the ownership pattern the growing coherence of the broadcasting industry is manifest also in the development of intraindustry organizations. That trade associations, special purpose groups, and labor unions should exist in an industry as sizable as broadcasting is to be expected. In this instance, however, they are of prime public importance because of the special place occupied by radio in the nation's social organization. The degree of influence exerted upon the industry by these different entities varies, but all represent the trend toward group action.

#### RADIO MANUFACTURERS ASSOCIATION

The oldest of these internal organizations is the Radio Manufacturers Association. Although essentially the trade organization for the manufacturers of radio equipment, the association includes the whole broadcasting industry within its field of interest, since it is the keystone upon which the radio equipment business rests.

The Radio Manufacturers Association took an active part in drafting<sup>1</sup> the legislation which subsequently became the Radio Act of 1927. It works in close collaboration with the National Association of Broadcasters since, as part of its job of sales promotion, it must deal with all phases of broadcasting. Furthermore, it directs industry standardization and technical work on all radio

<sup>1</sup> *Service—An Outline of R. M. A. Activities and Accomplishments*, p. 13. Chicago: Radio Manufacturers Association, June, 1928.

## NATIONAL POLICY FOR RADIO BROADCASTING

developments, often in cooperation with governmental agencies. Since its membership includes all the leading manufacturers of radio equipment in the country, it can make itself felt in any situation with which it chooses to deal. The broadcasters and the manufacturers are, of course, mutually dependent for their existence. Consequently, the opinion of the latter has considerable weight in the deliberations of the former. There is no evidence that this factor has worked any harm to the public interest. It is none the less a force to be reckoned with and one which might be swung into the balance in any situation where the interests of the broadcasters deviated from those of the public.

### NATIONAL ASSOCIATION OF BROADCASTERS

Probably the most inclusive organization in the broadcasting industry is the National Association of Broadcasters (NAB). Its by-laws describe the objective of the association:

. . . to foster and promote the development of the art of radio broadcasting; to protect its members in every lawful and proper manner from injustices and unjust exactions; to foster, encourage and promote laws, rules, regulations, customs and practices which will be for the best interest of the public and the radio industry.<sup>2</sup>

The association's membership includes over half of the broadcasting stations of the country for which it acts as a clearinghouse of information. In addition, it has developed into an organization of considerable strength as a policy-making agency. As such, it is aggressively representing the industry and at the same time attempting to put the broadcasting house in order, with a view to staving off additional governmental regulations. The service which it renders its members must have a definite monetary value, for association dues are far from nominal, ranging from \$60 a year,

<sup>2</sup>"How NAB Was Reorganized: Text of New By-Laws," *Broadcasting*, Vol. 14, No. 4, February 15, 1938, p. 24.

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for stations with annual net billings of from 0 to \$15,000, to \$6,000, for those with over \$2,000,000.

*Role as a policy maker.* The NAB has become an increasingly vital force in the industry. It conducts research on important broadcasting problems and prepares literature for distribution among its membership and the public. It has represented the industry at general hearings before the Federal Communications Commission. It employs a labor relations counsel to investigate and advise broadcasters on labor problems. While it claims not to dictate action to the individual broadcasters, it does inform them of general industry opinion and procedures in respect to vexing situations. Thus, in effect, the industry has been given a collective voice through the NAB. The NAB's clearing of information and focusing of industry opinion has resulted in a coordination of policies within the broadcasting industry.

An instance of industry cooperative thinking through the NAB, and one of great public interest, is the association's consideration of the question of broadcasting standards. The NAB has long had a Code of Ethics governing the actions of its members, but this dealt largely with trade practices. It is now generally recognized that something more far-reaching is needed, and to avoid governmental regulation the industry must take the initiative. The Federal Communications Commission, under the law, may not censor broadcast matter and this has been construed to preclude the erection of definite standards by which station performance may be judged. Some hold that too great rigidity would result if regulations for programs were made too explicit. Others desire a clarification of objectives and believe that responsibility should be taken by industry rather than government. In such case it is logical that the most comprehensive organization in the industry should take the lead. The new code, enforcement of which rests with the NAB, covers a wide variety of subjects, including the

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banning of broadcasts which might arouse religious or racial hatred, and the dramatization of political issues; it recognizes the broadcaster's public responsibility by requiring the broadcasting of both sides of controversial subjects for which time may no longer be sold. In the course of its activities, the NAB is obtaining an expression of views from hitherto unorganized units and bringing other groups within the industry into alignment, so that broadcasting presents a more united front under the leadership of its trade association.

*Problem of unifying the industry.* Despite the growth of cohesion, some conflicting elements remain within the broadcasting industry. The interest of the independently owned station is not always identical with that of the chain-owned; nor is that of the networks always in accord with the unaffiliated stations. Furthermore, there are basic differences between local, regional, and clear channel stations. The old NAB weakened under the strains imposed by attempts to reconcile these divergent points of view and dissension within it came to a climax as a result of the demands of the musicians' union. The NAB failed to cope adequately with this issue and a temporary grouping of the network affiliated stations (other than the chain-owned) was organized. The Independent Radio Network Affiliates (IRNA) negotiated with the union and a contract was agreed upon. Subsequently, it announced its intention of remaining as a permanent organization if the NAB were not reorganized and strengthened. Under this pressure, the NAB was reconstituted early in 1938. This experience led to the realization that perhaps the outstanding problem of the broadcasting industry was the vital necessity for harmonizing the activities of the various groups interested in radio.

With a view to according representation to all the divergent elements, the board of directors of the association is composed of representatives from 17 geographical districts into which the

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country is divided. In addition, the board includes six members at large, two representing each of small, large, and medium-sized stations. Size classification of stations is based on power ratings. Because membership in the NAB is on a basis of stations, the owner of more than one station commands more than one vote. The networks as such are only associate nonvoting members. They are, however, represented in the voting membership through their owned stations and exert an influence in the conduct of the association's affairs.

## OTHER MANAGEMENT ORGANIZATIONS

In addition to the above, numerous other organizations have been formed within the broadcasting industry, at one time or another, in response either to conflicts within the field or to outside pressure. An example of the latter is the IRNA, previously mentioned. It is of interest that with the approach of the expiration of the musicians' contracts this organization is being reconstituted to deal with this and other issues. The National Independent Broadcasters (NIB) was similarly set up to represent the interests of those stations not affiliated with any network in negotiations with the musicians' union.

The Clear Channel Group, formed to defend the principle of cleared channels and the existing clear channel stations, is an outstanding example of organization resulting from intraindustry conflicts. It includes 14 independently owned (i.e., not network-owned) clear channel stations.<sup>3</sup> All these operate at 50 kw., without nighttime duplication. Six are owned by newspapers, three by corporations whose sole business is broadcasting, two by electrical and radio equipment manufacturers, one each by a university, a large

<sup>3</sup> KFI, Los Angeles; WSM, Nashville; WLW, Cincinnati; WGN, Chicago; WSB, Atlanta; WJR, Detroit; WBAP, Ft. Worth; WFAA, Dallas; WHAS, Louisville; WWL, New Orleans; WLS, Chicago; WHO, Des Moines; WHAM, Rochester, N. Y.; WOAI, San Antonio.

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insurance company, and an automobile distributor. Nine are affiliated with NBC, three with CBS, one with both NBC and Mutual, and one with Mutual alone.

Among the activities of this group have been appearances at hearings before the Federal Communications Commission to present the case of these stations in respect to operation of clear channel stations. They are all large, important stations with considerable financial resource and the ability to sustain a long legal fight with expensive legal talent. In this regard they have a distinct advantage over smaller groups or individual stations less well supplied with funds. As part of the fight for clear channel stations the group formerly supported publication of a magazine, *Rural Radio*, which emphasized the importance of clear channel stations to the rural listener. Opposed to this group is the National Association of Regional Broadcasters which favors the sharing of all channels rather than the clearing of any for operation at night by a single station. The existence of conflicting interests notwithstanding, these two groups appear to be prepared to compose their differences in the face of a threat of outside encroachment.

## LABOR UNIONS

In 1938, full-time and part-time employees in radio broadcasting, excluding performers employed by advertising agencies, numbered approximately 20,000. The excluded group is quantitatively important since the advertising agencies as a rule hire all talent for the majority of commercially sponsored programs. Thus, a large part of broadcasting personnel is responsible to the agencies, as distinct from the broadcasting industry itself. The complications which might arise under these circumstances are revealed by the difficult negotiations between the advertising agencies and the union representing artists employed on commercial programs which hovered on the verge of a strike. Had the strike been called,

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the broadcasting industry would have been severely affected despite the fact that it could not have dealt with the problem directly.

Strife between the various labor organizations as well as between labor and station owners is one of the serious problems which the broadcasting industry must face. As an industry-wide problem, it cuts across the usual lines of division in the industry, tending to drive broadcasters further into the presentation of a solid front. It may be noted also that the degree of unionization of the industry has significant effects upon the conduct of the business.

*Extent of union organization.* Employees in the broadcasting industry fall into two general groups. The first includes the executives, musicians, artists, continuity writers, and similar workers; the second consists of the technicians. While the number of employees is relatively small, the unions in the field are numerous. In general, they are built along craft lines, although there is one industrial union. With the exception of the musicians, the technicians are the best organized group, but in general union coverage is not yet extensive although organization is proceeding rapidly. During 1939, the artists' unions were particularly active in expanding their membership and the number of contracts with broadcasting stations.

The overlapping resulting from the fact that those employed in radio are frequently active in other fields leads to jurisdictional disputes. Few of the unions are exclusively concerned with broadcasting; most of them are older unions which have spread into this field. The youth of the industry and the rapid pace of its development have delayed the standardization of job descriptions and the definition of functions. As the broadcasting industry becomes the scene of increasing union activity, the station operators may face a difficult period. It is likely that as employees grow

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more united, the employers likewise will draw together more closely.

On the whole, the broadcasting industry is not well organized. The International Brotherhood of Electrical Workers (IBEW) affiliated with the A. F. of L. and the American Communications Association (ACA) affiliated with the C. I. O., together have contracts with probably about 100 of the nearly 800 broadcasting stations of the country. These are the two leading technicians' unions. The IBEW is an example of an established union which has spread into broadcasting. The ACA is the successor to the American Radio Telegraphists Association which had good coverage in radio communications, particularly among ship operators, before it turned to the broadcasting field where many of its members found employment. The ACA is an industrial union claiming all workers in the industry except musicians, actors, and singers, but it has made most progress in the technical fields. There are two other technical workers' unions which have grown out of the old "company" unions of the NBC and the CBS: the Association of Technical Employees (NBC) and the Associated Broadcast Technicians (CBS). The latter now has members in other than CBS-owned stations and in July, 1939, affiliated with the IBEW. In general, however, both of these are confined to the technical employees of the two networks in which they claim to have relatively complete coverage.

Aside from the technicians, the musicians, as has been noted, are the best organized group in radio broadcasting. The American Federation of Musicians (AFM) affiliated with the A. F. of L., has the most complete coverage of any union in the field of radio broadcasting. To all intents and purposes, it has a nation-wide contract although agreements were actually negotiated on three fronts—the networks, the network affiliates, and the independent stations. The manner in which this was accomplished is revelatory

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of the structure of the broadcasting industry and the interdependence of its various elements.

The first AFM contract was negotiated with the major networks and encompassed the network-owned and -managed stations. The agreement included an "unfair" clause, preventing, in effect, the networks from providing sustaining programs to stations having no contracts with the union. This equipped the union with a powerful weapon, since more than 50 per cent of all programs are musical and the balance use the services of musicians in varying degrees. The union thereupon approached the stations affiliated with the networks and confronted them with the choice of signing contracts or being denied network sustaining programs. This led to the organization of the IRNA, which negotiated the situation to a conclusion. Thereafter the union turned to the remaining broadcasting stations, those neither owned by nor affiliated with a national network. It did not, however, approach them directly, but through the transcription companies. These were used to bring pressure upon the unaffiliated stations by means of the same tactics employed against the affiliated stations. The effectiveness of this action depended upon the extensive use of transcriptions by stations not members of networks. The transcription companies were threatened with strikes if transcriptions were sold to nonunionized stations. The unaffiliated stations eventually came to terms, and the musicians' union acquired industry-wide coverage.

The contracts which were signed prohibit the employment of other than union musicians. Moreover, in order to effectuate the use of musicians rather than recordings, it was provided that 5½ per cent of the gross income of the station must be paid for the services of musicians—whether or not they are fully utilized. In the case of the smaller stations upon which this would have worked great hardship, an adjustment was made. The general result, however, has been to raise program costs and increase the expense of

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operating a broadcasting station as well as influencing program structure. For instance, since this agreement became effective, incidental music has been largely eliminated from transcribed dramatic programs. Thus, one result of union action has been to make the transcription companies go into a period of experimentation in program forms. It remains to be seen whether the quality of programs is adversely affected or not.

*Influence of the unions.* The nature of the broadcasting business places employers at a disadvantage in labor disputes. Under the terms of their license they are required to make full use of the time at their disposal. In addition, there is the fear that the audience might be lost to competitors should the station remain silent for any appreciable period. Furthermore, the accompanying advertising would be highly unfavorable. These forces combine to give labor considerable leverage. For instance, the 1939 Annual Report of the director of Labor Relations of the NAB stated that the association had taken the position that member stations could not afford to risk prosecution for violation of the Wages and Hours Act in even the slightest respect and advised strict compliance in order to avoid adverse publicity and the creation of ill will between the industry and organized labor.

There are, however, counteracting considerations as well. Opportunities for employment in the field are relatively restricted while the supply of labor is large. In its technical branches, for instance, broadcasting can draw on the many amateurs and ship operators who hold first-class radiotelephone operators' licenses. Because the number of broadcasting stations is less than 800, the number of positions open to technical engineers is limited. This tends to offset the disadvantages which the nature of radio imposes. Moreover, the unions themselves, in arriving at their wage scales, must recognize the deficit character of many of the small stations, although the ACA attempts to follow the principle of equal pay

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for equal work regardless of the status of the station. The economic return to labor from broadcasting is discussed in Chapter 7.

As unionization of the broadcasting industry has developed—and it may be expected to continue—it has prompted concerted action on the part of the broadcasters in their negotiations with labor organizations. Viewed in this light, broadcasting unions constitute an additional force making for the consolidation of the broadcasting industry.

## CHAPTER 6

### COMPETITION

The fundamental purpose of the Communications Act of 1934 is "to prevent a concentration of control of broadcasting channels in the hands of any person or small group of persons, either in the Government itself or elsewhere."<sup>1</sup> It should be apparent from the preceding discussion, however, that there is a growing centralization in the broadcasting industry, formally through ownership devices and informally through affiliations and associations. This is the result of pressures of various kinds, and is not necessarily detrimental to the public interest in its present stage. Such centralization as has occurred has not been adjudged an illegal form of concentration by either the commission or the courts. It does, however, represent a potential source of danger.

#### FORCES OPERATING TO CREATE LARGER UNITS

It has already been implied that the trend toward industrial concentration is not the result of scheming to get monopolistic control. On the contrary, it appears to be the almost inevitable consequence of cumulative economic and technological pressures. Several of these have been at work to reduce the number of independent units in broadcasting and to bring about larger groupings and greater cohesiveness.

Important among these forces, and one which cannot be overstressed, has been the factor of expense. As the cost of establishing

<sup>1</sup> FCC, "Report on Proposed Rules," Part I, Section II, p. 9.

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and operating a broadcasting station rose, only those with considerable financial resource were able to enter and carry on the business. As technical refinements were introduced, requiring increasingly more equipment for operation in accordance with good engineering practice, the required outlays reached important sums. The amounts specified by the Federal Communications Commission as the minima which must be on hand before it will issue a construction permit range from \$6,500 for a 100 watt local station to \$200,000 for a 50 kw. clear channel station. These are the sums "required to construct and complete electrical tests of a new standard broadcasting station of the class and power indicated, in accordance with the requirements of the Rules and Regulations of the Commission and good engineering practice."<sup>2</sup> The commission goes on to emphasize that the above figures are considered the minimum required for satisfactory installation, including the transmitter, antenna system, monitoring equipment and equipment for one large and one small studio of average dimensions and equipment including microphones, speech input equipment, and the usual acoustical treatment, but exclusive of the cost of land and buildings and organization and development costs. To this, once the station begins to function, must be added the cost of operating personnel and program expenses.

In 1938, the average expense of the unlimited time local stations, some with higher power than 100 watts, including depreciation, amortization, and taxes other than federal income taxes, amounted to \$36,660. The corresponding figure for 50 kw. clear channel stations was \$505,854. The assumption of such obligations requires adequate financial resources. In consequence, the formation of large companies is inevitable. Those who were in the business in the early days, when less capital was required, have

<sup>2</sup> *Standards of Good Engineering Practice Concerning Standard Broadcast Stations (550-1600 kc.)*, p. 18.1. Washington, D.C.: The Federal Communications Commission, 1938. Mimeo.

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found in many cases that they could no longer continue on the same basis and either allied themselves with or were assimilated by those with greater resources.

Simultaneously, there have been conspicuous increases in the cost of programs, partly as a result of changes in their character. Radio programming is not what it was in the days when the radio audience was thrilled to pick up a squeaky phonograph record transmitted from a 15 w. station in the neighborhood. This in part has been the result of competition. As radio stations developed more elaborate programs and employed more expensive talent, each sought to outdo the other. The advertisers and the labor unions were contributing factors. Producers, accustomed to spending enormous sums on advertising, outbid each other for elaborate shows and well-known names. Commercial programs consume, on the average, only about one-third of broadcasting time for all the stations of the country, but they set the pace in expense for the remaining two-thirds which the stations must fill on a sustaining basis.

Reinforcing the trend toward increasing expenditures in broadcasting has been the interpretation of the governmental regulatory bodies that the public interest demands service of high quality. To meet such requirements it is apparent that larger investment expenditures must be made. This, in turn, means that where expenses can be reduced through joint operation there is going to be increasing concentration of units into groups under common ownership.

The trend toward affiliation into national or regional networks, as has been noted, is partly the result of public demand for country-wide broadcasting of events of national interest. Some contend that so long as networks remain on a loosely constructed basis, with ultimate control in the hands of the individual station operator, there is little danger that the power of radio will be

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abused. A committee of the Federal Communications Commission, for instance, stated:

. . . even though the backbone of the present methods of program distribution is the network system as operated by chain companies, the many licensees who operate stations as outlets of the networks have the opportunity to prevent an exercise of any control of this medium of mass communications which clearly is not in the interests of the public.<sup>3</sup>

The adequacy of this safeguard is debatable in view, as has been indicated, of the implied powers of the networks over their affiliates. The individual operator's effective control is restricted, many believe, to rejection of "objectionable" programs or the substitution of programs which he can convince the networks are of superior public interest to those they offer. There is, furthermore, the tendency of the broadcasting industry to adopt common points of view toward issues which do not relate to their special interests as individual units. This is demonstrated in the response of the industry to proposed changes in the form of governmental regulation which would increase the degree of supervision exercised over it, and by the attitude toward problems affecting the industry as a whole such as arise in labor relations. The value to the public of depending upon competition to protect its interests may be considerable where that competition is between members of the industry, but it is definitely limited in respect to those factors which affect the industry as a whole.

### CHANGE IN THE CHARACTER OF COMPETITION IN BROADCASTING

The trend toward concentration of control and greater unity in radio has shifted the center of gravity in the broadcasting industry. In the process the character of the competition has changed. Rivalry in the broadcasting industry occurs on various levels:

<sup>3</sup> FCC "Report on Proposed Rules," Part I, January 18, 1939, Section II, p. 10.

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between national networks for national business; between national networks and individual stations for national business; between national networks and transcription companies as forms of program syndication; between individual stations and regional networks for regional and sectional advertising; for national and regional spot advertising by individual stations, irrespective of network affiliation; between individual stations for local advertising; and between classes of stations. Much of this competition is essentially focused on the possibility of commercial return rather than on the opportunity for excelling in terms of public service. Each of the various elements is attempting to increase its business volume and seeking to secure the largest possible buying audience for its station.

This striving for listener interest has an important effect upon programing and the sort of fare that is offered the public, a point which is discussed more fully later. The broadcaster, in competition for the advertiser's dollar, seeks gains which do not necessarily accrue to the stations with the best programs, but rather to those with the best facilities and the widest reach. Frequently, of course, the latter do have the best programs because of their superior earning power. Since the government, in its allocation of powers, hours of operation, and frequencies, determines the conditions under which stations exist, it largely sets the limits of competition in which stations can engage. Viewed in this light, it is the government and not the free play of competitive forces that determines what the public gets, however the regulatory body may attempt to evade the responsibility which this circumstance imposes. The commission has insisted that

The preponderance of technical evidence shows conclusively that there must be differences in types of facilities if the country is to obtain adequate service both of transmission and reception. While it might be a desirable ideal to have all facilities equal in so far as power, hours of

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operation and frequency performance are concerned, such an ideal is practically impossible because it would sacrifice service either to the rural or to the urban population of the nation.<sup>4</sup>

If it is impossible to equalize competition between broadcasting units, in physical terms, it follows that competition alone cannot be relied on to protect the public interest; it must be supplemented by other means.

The question of the attitude of the commission toward the maintenance of competition within the broadcasting industry is an interesting one in view of some recent decisions of the United States Court of Appeals for the District of Columbia and of the Supreme Court. The commission has expressly stated in regard to various applications that it has taken into consideration the question of whether its decision would adversely affect the economic interests of existing stations. During 1939 the commission counsel general argued before the courts that the commission does not consider that such a determination comes within its powers, and furthermore, that the fact that a decision of the commission adversely affects the economic interest of a station is insufficient grounds for appeal to the courts. In the WMEX case the Court of Appeals made several statements which have a bearing on this point:

. . . the granting of a license by the Commission creates a highly valuable property right, which, while limited in character, nevertheless provides the basis upon which large investments of capital are made and large commercial enterprises are conducted.

There would be no value in a *right* to use a designated frequency or in *equities* relating thereto—which would justify the great financial outlays involved in station construction and operation—if the licensee were not protected from destructive competition. Equities and rights do not exist in a vacuum but in relation to the total situation of which they are a

<sup>4</sup> FCC "Report on Proposed Rules," Part I, January 18, 1939, Section II, p. 6.

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part. The Commission has control of that situation, by virtue of its power to grant or deny licenses.

The method of uncontrolled competition argued for by the Commission in the present case is in fact one way of creating monopolies. If it were allowed to go on unrestrained, according to its theory of non-reviewable arbitrary power, none but a financial monopoly could safely exist and operate in the radio broadcasting field.<sup>5</sup>

The view taken by the industry is that the court's finding undermines the American system of broadcasting which is based upon the free operation of competitive forces. Moreover, it is claimed it clothes the commission with virtually unlimited powers to inquire into all aspects of station operation to ascertain whether reasonable returns by stations would be affected by the licensing of new stations or the improvement of facilities of existing stations in given areas. The commission insists that there is nothing in the law which entitles a licensee to immunity from unlimited competition. Subsequently, in another case, the same court held that, if competition would have the effect simply of reducing the earnings of existing stations, no appeal might be had from the commission's decision. To constitute adequate grounds for reversing the decision of the commission the competition must be shown to be ruinous. In response, the commission has contended that this distinction between ordinary competition and "that which will defeat the ability of the licensee to carry on is unwarranted. If competition is to be effective, it must always contain the threat, and must sometimes produce the result, of a destructive competition."<sup>6</sup>

<sup>5</sup> U.S. Court of Appeals for the District of Columbia, No. 7250, "The Yankee Network, Inc., Appellant v. FCC; The Northern Corporation, licensee of Station WMEX, Boston, Massachusetts, Intervenor." Decided August 14, 1939, pp. 5, 7, 13.

<sup>6</sup> Cf. "Competitive Economic Issues are Given Court Recognition," *Broadcasting*, Vol. 17, No. 4, August 15, 1939, p. 36; "Court Holds Economic Interest Vital," *Broadcasting*, Vol. 17, No. 5, September 1, 1939, p. 22; "FCC's Refusal of Intervention Brings Federal Suit by KTSA," and "Court Sustains FCC Position in Ruinous Competition Claim," *Broadcasting*, Vol. 17, No. 10, November 15, 1939, pp. 14, 40.

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The issue of the commission's powers and duties in taking cognizance of the effect of competition was raised in the Sanders Brothers case decided by the Supreme Court in March, 1940. The decision of the lower court which followed the same line of argument as had been applied in the WMEX case, was reversed. The Court held that the granting of a license did not create a property right and that the commission was under no obligation to make findings in regard to economic injury which might result from competition created by the licensing of a new station, "apart from considerations of public convenience, interest, or necessity." However, the Court further stated that "This is not to say that the question of competition between a proposed station and one operating under an existing license is to be entirely disregarded by the Commission. . . . It may have a vital and important bearing upon the ability of the applicant adequately to serve his public."

Although the question was not at issue, the Court expressed the opinion that "The Commission is given [by the Communications Act of 1934] no supervisory control of the programs, of business management or of policy." To many this is the most important statement in the decision. It is believed that the commission is barred by it from any action in respect to the establishment of program standards or investigations into the economic condition of the individual stations or the industry. Those who hold this view believe that the commission's sphere of action has been delimited. Since, however, the injunction to see that licensees of radio broadcasting stations operate in the public interest remains, it is not clear to what extent if any, the commission's powers have been circumscribed.

One point which was clarified by the Supreme Court decision respected the right of appeal. To the satisfaction of the industry, the Court held that appeal might be had from action of the com-

## NATIONAL POLICY FOR RADIO BROADCASTING

mission even though the appellant had not sustained injury which was subject to redress.<sup>7</sup>

*Competition with other media.* Not only is there rivalry within the broadcasting industry, but between the radio and other advertising media as well. The radio draws advertising from newspapers and magazines and audiences from the movies. The growing importance of radio as a medium of advertising is clearly indicated by the accompanying table. During the past eleven years the index

TABLE 5  
INDICES OF VARIOUS MEDIA OF ADVERTISING, 1928-1939

Monthly Average 1928-1932 = 100						
Year	Combined Index	Farm Papers	Maga- zines	News- papers	Out- door	Radio
1928.....	114.7	128.8	113.8	112.5	134.7	38.6
1929.....	120.7	130.8	125.4	118.9	124.8	71.5
1930.....	104.9	113.6	109.2	103.7	105.6	103.8
1931.....	91.9	77.2	88.2	92.0	79.1	110.3
1932.....	71.8	49.6	63.5	72.9	55.8	145.9
1933.....	65.0	41.5	58.9	66.7	47.7	117.5
1934.....	74.7	55.1	76.0	73.8	51.7	158.5
1935.....	79.3	60.4	78.8	78.0	57.2	182.6
1936.....	89.1	74.4	89.5	86.0	69.7	216.8
1937.....	94.0	78.2	98.8	88.3	80.2	255.6
1938.....	81.4	66.0	77.3	76.7	78.0	258.5
1939.....	83.1	64.8	78.8	77.6	76.3	302.7

Source: *Printers' Ink* indexes, as published in Department of Commerce *Survey of Current Business*.

of radio advertising has advanced almost uninterruptedly. Today it stands approximately 200 per cent above the 1928-1932 average, while the corresponding indices for other advertising media range between 64.8 and 78.8 per cent of the five-year average. Since advertising rates of broadcasting stations generally have shown a tendency to increase substantially, only part of the gain as compared with other forms of advertising represents additions to the numbers of advertisers using radio or to the amount of time sold per advertiser. Indeed, the proportion of radio time sold for com-

<sup>7</sup> Supreme Court of the United States, No. 499—October Term, 1939, "Federal Communications Commission, Petitioner, vs. Sanders Brothers Radio Station." Decided March 25, 1940.

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mercial purposes to total time stations are on the air has changed little in recent years. There has been an increase in the number of stations, of course, so that the absolute number of station hours sold to advertisers has risen.

Although radio has been taking an increasing proportion of the advertising dollar, it continues to lag behind nearly all other media in total volume. Adequate data on this point are not available. In 1938, the total amount spent by advertisers for radio time approximated \$117,400,000; the corresponding figure for magazine advertising was \$140,373,000. The distribution between the major forms of advertising in 1930 and 1936 is estimated as follows:

TABLE 6  
DISTRIBUTION NATIONAL ADVERTISING  
MEDIA DOLLAR  
(in per cent)

	1930	1936
Magazines . . . . .	39.6	33.6
Newspapers . . . . .	45.0	44.0
Outdoor and car cards . . . . .	10.1	8.4
Chain broadcasting . . . . .	5.3	14.0
Total . . . . .	100.0	100.0

Source: FCC Docket No. 5072-A, WLW Exhibit #19 (ANPA data).

Radio-newspaper competition for advertising has not been markedly abated by wide newspaper ownership of radio stations. The broadcasting industry itself considers this association to resemble unfair trade practice since advertising rates may be made on a joint basis, or newspaper-owned stations may offer inducements to the advertiser that are not at the disposal of competing stations. Playing up the advertiser's program in the pages of the newspaper is an example. One of the adverse effects of radio-press competition has been in the handling of news matter over the air. This will be discussed more fully in another section.

Broadcasting is essentially a public service which should be concerned primarily with proving itself worthy of the public trust it

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holds. Under the American system, the broadcaster who loses out in the commercial race is doomed. As he gets less revenue, his program service deteriorates and his audience and advertising diminish. This may continue until the station is driven out of business. The profits in broadcasting go to the larger units. In consequence, the small independent stations operate under a handicap and some are forced out, a consequence of competition which must be carried on under unequal terms. But it is these small stations that are depended upon in theory to prevent undue concentration of control and to give the flexibility in the system necessary to protect the public interest. It is apparent that this consideration counts for little under a commercial system which precludes the operation of any station which fails to show profit-making possibilities.

## CHAPTER 7

### ECONOMIC RETURN AND ITS DISTRIBUTION

Data on the earnings and expenses of the broadcasting industry in comprehensive or detailed form have only recently become available. The trend of income could be gauged roughly from the figures on gross sales published by the national networks. These, however, could not be taken as a reflection of conditions in the broadcasting industry as a whole because of the networks' peculiarly fortunate and dominating position in the broadcasting structure. Some data were collected and published by the Bureau of the Census of the Department of Commerce, covering the year 1935. The most detailed information is contained in data released by the Federal Communications Commission for the years 1937 and 1938. These reveal that the profitability of stations varies with a large number of factors.

#### ECONOMIC RETURN TO THE OWNERS OF THE INDUSTRY

The structure of the broadcasting industry, with individual owners of stations enjoying wide variations in facilities and markets, overlaid by the networks, regional and national, makes for a confused income and profit structure. In 1938, there were 240 stations which suffered aggregate losses of \$2,223,195 while 419 stations reported combined profits of \$16,728,533. The three major national networks together had net earnings of \$3,434,582 apart from the income which they derived from owned and operated broadcasting stations. The total receipts of the industry, in-

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cluding networks and individual stations, have risen over 50 per cent since 1935 and more than 80 per cent since 1931. The proportion of broadcasting time devoted to commercial programs has remained substantially the same during this period.

*Distinction between station and network profits.* Networks and stations operate under different conditions, precluding an exact comparison of the two. The networks collect the money for the commercial programs which they feed to their affiliates, retaining part of it for themselves. The proportion paid to the stations has varied, and the basis of the arrangement has changed from time to time, but in general, stations are receiving a larger proportion now than several years ago. It may be pointed out that the method of compensation to networks by allowing the free use of a stated number of hours means that increases in radio advertising benefit stations more than networks. Figures available for one national network (CBS) show that in seven years the proportion received by affiliates has nearly doubled.

TABLE 7  
RATIO OF: PAYMENTS BY CBS TO AFFILIATED STATIONS  
TO: CBS SALES OF AFFILIATED STATIONS' FACILITIES

Fiscal Year	Percentage of Payments to:	
	Gross Sales	Net Sales
1931 .....	15.62	21.53
1934 .....	25.68	36.62
1937 .....	27.99	42.36

Source: FCC Docket No. 5060; CBS Exhibit #234.

Note: Sales of time over stations owned and operated by CBS are excluded. The form of contract between CBS and its affiliates was changed as agreements were renewed in 1934 and 1935 to provide for the payment of a particular percentage of the network's charge to advertisers for the time sold over the affiliate rather than a straight payment on the basis of hours sold. Increases in rates such as were taking place consequently benefited stations under the new form, whereas under the old only a gain in the number of hours sold would have been reflected in the return to them.

The same trend is less strikingly presented by data on total station receipts from networks (national and regional combined) which, in 1935, amounted to 31 per cent of total network time sales after discounts but prior to commissions. In 1938, the average return to stations represented about 40 per cent of the network

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receipts from advertisers. That year, national and regional networks received, respectively, \$54,938,879 and \$2,593,497 from the sale of time while the total time sales by networks and stations together amounted to \$117,379,459. Networks, however, had additional sources of income including sales of talent and booking commissions, amounting to \$2,381,964, "other revenue incidental to broadcasting" amounting to \$1,451,947, and sales of sustaining programs to stations aggregating \$20,470.

The degree of concentration of broadcasting income is not revealed by these figures. The regional networks secure only a small proportion of the whole business of broadcasting. The net income of all networks, exclusive of owned and operated stations, in 1938 amounted to \$4,433,954; for national networks alone, the figure was \$4,349,446. Of this amount the Mutual Broadcasting System received relatively little; the bulk of it was divided between the Columbia Broadcasting System and the National Broadcasting Company. Since both these networks own and operate stations as chains, they actually receive a larger share of the total net income of the broadcasting business than this would indicate. Data covering the financial history of these companies from their inception show that, in 1937, CBS had a consolidated net income, after payment of federal taxes, of \$4,297,566.82, while NBC reported net operating profit of \$3,699,386.41. Since November, 1926, when it was established, NBC reported a net operating profit of \$18,885,532.70, while CBS, from April 5, 1927, to January 1, 1938, earned \$18,980,728.67. These figures include the earnings of the stations operated by these two networks.<sup>1</sup>

*Variations between stations.* As has been previously indicated, one of the most important factors affecting the earnings of a broadcasting station is the matter of affiliation with a network. This was

<sup>1</sup> FCC Docket No. 5060, Exhibits reprinted in *Broadcasting*, Vol. 16, No. 2, January 15, 1939, pp. 26-27, 70-71. This was the first and only time that such financial data have been made public for NBC; for other years they have been merged in reports for RCA, the parent corporation.

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brought out by the Census of Business for the year 1935, and appeared no less true in the data collected by the Federal Communications Commission for 1937. How much of the difference between the average earnings of stations affiliated with networks and those of the same class not so affiliated, is the direct result of affiliation cannot be definitely determined, however, since those stations connected with a network are in the best position to make money anyway, being usually in a preferred market and having other advantages such as favorable frequencies or powers. There can be little doubt, however, that national and regional nonnetwork revenue follows network affiliation.

The income of stations varies not only with network affiliation, but with the class of station, its frequency assignment, its power, and whether it operates unlimited time or only daytime or part-time. For instance, the average 50 kw., unlimited clear channel station had net time sales of \$696,439 in 1938, while its part-time counterpart averaged only \$379,823; the average full-time clear channel station with power from 5 to 25 kw. had net sales of only \$188,875 even when operating full-time. The part-time station is handicapped in making profits since many of its expenditures are the same as those for a full-time station but the hours which it has available for sale are far fewer. The discrepancy caused by part-time operation is particularly notable in the case of regional and local stations and in a consideration of the net income of these classes. While the average, unlimited regional station had a net income of \$26,415, the limited or daytime regional station showed a deficit, the average for this type being a loss of \$1,306. A distinction must be made between stations operating on limited time or daytime, and those on part-time which might include evening hours. In general, the former types of stations showed losses or only small profits while part-time stations on the whole showed a profit. A factor to be considered here is the ability of two or more

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part-time stations, if located in the same community, to operate as a full-time unit. These variations are shown in the accompanying table.

**TABLE 8**  
**AVERAGE NET INCOME OF CLASSIFIED CATEGORIES OF BROADCAST STATIONS**

	1937		1938	
	Number	Net Income	Number	Net Income
<b>Clear Channel</b>				
50 kw. or more				
Unlimited.....	29	\$258,502	31	\$246,530
Part-time.....	4	119,320	4	96,024
5 to 25 kw.				
Unlimited.....	8	86,541	14	30,935
Part-time.....	10	10,387	4	13,482
<b>Regional</b>				
<b>High Power</b>				
Unlimited.....	8	37,147	8	39,704
<b>Others</b>				
Unlimited.....	188	29,397	195	26,415
Limited & Day.....	68	1,237(d)	68	1,306(d)
Part-time.....	37	10,002	33	9,146
<b>Local</b>				
Unlimited.....	187	2,465	227	1,247
Day.....	35	387(d)}	76*	356*
Part-time.....	50	1,695 }		
<b>All Stations.....</b>	<b>624</b>	<b>\$ 24,699</b>	<b>660</b>	<b>\$ 21,978</b>

d—deficit; \* not available separately.  
Sources: 1937—FCC "Summary of Information submitted . . . in response to Order #38," from Table 21.  
1938—FCC release of June 28, 1939. Mimoo. #34845.

Part of the variation in income between stations is accounted for by the size of the community in which they are located.

**TABLE 9**  
**AVERAGE NET INCOME OF BROADCAST STATIONS BY SIZE OF COMMUNITY**

Size of Community	1938	
	Number of Stations	Average Net Income
2,000,000 and over . . . . .	83	\$51,263
1,000,000-2,000,000 . . . . .	27	64,531
500,000-1,000,000 . . . . .	40	78,773
250,000- 500,000 . . . . .	85	34,421
100,000- 250,000 . . . . .	94	14,985
Not in any metropolitan district .	331	3,090
United States.....	660	\$21,978

Source: FCC, Accounting Department.

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An interesting analysis of the relationship between station income, size of community, and purchasing power of the community made by H. Hettinger for the *1939 Broadcasting Yearbook*, shows a close correlation between these variables except in certain areas where the station income outranks the index of purchasing power, indicating that the station draws audience from an area outside the district in which it is located.

Larger stations, of course, incur greater expenses than smaller ones. Nevertheless, net income and net sales comparisons show that the clear channel stations are the most profitable with a ratio of nearly 31 per cent, despite the higher expense of operating such a station. The class including regional daytime and limited stations is the only one which is uniformly unprofitable. The ratio for network-affiliated, unlimited-time regional stations was approximately 20 per cent as compared with only a small return or a deficit for unaffiliated stations of the same class indicating expenditure reductions accompanying affiliation.

These variations between station profits have given rise to the claim that

. . . in assigning to a certain station in a certain community the right to use a certain power and frequency, the Government, in effect delimits the profit of that station. If the assignment the Federal Communications Commission gives it enables the station to reach a large community with good purchasing power, provided the station is well managed, it is bound to make more money than it would if its permitted frequency and power enabled it to reach only a small group of the same people. Thus from a practical standpoint, the government license may be a station's most valuable stock in trade.<sup>2</sup>

This point acquires considerable significance in connection with the question of station sales prices.

<sup>2</sup> Bratter, Herbert M., "Whose Business Is Broadcasting?" *Barron's*, Vol. 18, No. 29, July 18, 1938, p. 3.

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*Sources of revenue.* The sources from which broadcasting stations derive their income vary in importance with the class of station. The distribution of the various types of broadcasting business among the different classes of station is not the same as the share which each type represents of all radio advertising. Of the total broadcasting business in 1937, network time sales accounted for 47.6 per cent, national and regional nonnetwork business (spot) for 19.6 per cent, while local advertising provided 32.8 per cent. The total amount of each type of business handled by each class of station is shown in the following table:

TABLE 10  
PROPORTION OF TOTAL BUSINESS  
(in per cent)

Broadcast over:	Net- work	National & Regional Nonnetwork	Local
Clear Channels . . . .	49.8	52.5	19.4
Regionals . . . . .	48.0	44.2	61.5
Locals . . . . .	2.2	3.3	19.1

Source: Hettinger, H., *Broadcasting Yearbook, 1939*, pp. 24, 26.

Obviously, the local station has its chief competitor for local business in the near-by regional rather than in the clear channel station which penetrates its area. This difference in appeal to the advertiser brings out the distinct functions performed by the different classes of stations. The clear channel stations get nearly half of the network business and more than half of the national and regional nonnetwork advertising. But these two types account each for only about 40 per cent of the business of this class of station.

It is apparent that, even though the local station gets only about 19 per cent of all local advertising business placed, this share is important to its existence, being about 80 per cent of its total revenue. At the same time, network advertising contributes little to the income of a local station, partly because relatively few local stations are affiliated with networks and partly because those

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**TABLE 11**  
**DERIVATION OF REVENUE FROM TIME SALES—PER CENT OF**  
**TOTAL REVENUE**

(Selected classes of stations with net sales of over \$25,000)

Classes of Station	Revenue Derived From:					
	Network		National Spot		Local	
	1937	1938	1937	1938	1937	1938
Unlimited Clear Channel 50 kw. . .	38.5	37.4	40.6	48.6	20.9	13.5
Unlimited High Power Regional. . .	31.3	33.1	30.3	33.2	38.4	33.4
Other Unlimited Regional. . . . .	29.2	26.3	25.7	29.6	45.1	42.6
Unlimited Local. . . . .	7.6	5.7	9.9	16.0	82.5	77.4
All. . . . .	27.9	26.0	29.2	35.1	42.9	37.9

Source: 1937—FCC, "Summary of Information submitted . . . in response to Order #38," Table 15.  
1938—FCC, "Summary of responses by licensees of standard broadcast stations filed in compliance with Section 15.11 (FCC Rules of Practice and Procedure)," June 28, 1939, p. 2. Mimeo. #34737.

that are, are not sought by advertisers. This dependence of local stations upon the goodwill of their community makes them peculiarly sensitive to community opinion. Other classes of stations whose income is better distributed feel this check to a lesser extent.

### ECONOMIC RETURN TO LABOR

With some exceptions, broadcasting appears to be a relatively profitable business. While the earnings are not distributed evenly, the majority of owners and operators fare moderately well. Labor, too, receives a relatively good return for its efforts.

The total payroll for all commercial broadcasting stations during the week beginning March 6, 1938, according to the Federal Communications Commission, was \$881,310, of which \$770,894 was paid to full-time employees. (It must be remembered that payments by advertising agencies to radio employees are not included.) Salaries and wages account for the largest single item in station expenses. Executives take about one-fifth, and nearly half goes to program employees. The remainder is divided among the technical, commercial, and general administrative employees.

While average weekly wages appear to be relatively high, the hours are generally long. Moreover, conditions in the industry

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**TABLE 12**  
**WEEKLY PAYROLL DATA 626 BROADCASTING STATIONS**  
 (Week of March 6, 1938)

	Full-time		Part-time	
	Amount Paid	Average Payroll	Amount Paid	Average Payroll
Executives.....	\$155,556	\$87.44	\$ 12,006	\$55.20
Employees:				
Technical.....	136,414	42.72	3,497	12.88
Program.....	305,627	44.13	84,687	18.65
Commercial.....	79,944	49.28	4,247	24.13
Gen. & Admsn.....	85,856	25.17	5,979	9.76
Miscellaneous.....	7,497	48.37	—	—
Total.....	\$615,338	\$40.20	\$ 98,410	\$17.57
Grand Total.....	\$770,894	\$45.12	\$110,416	\$18.97

Source: FCC, "Summary of Information submitted ... in response to Order #38," Table 35.

frequently call for split shifts. For instance, a control engineer at a share-time station which operates for several hours at different times during the day, may actually work only eight hours. His intervals of work, however, may be so arranged that in reality he must be present at his place of employment much longer.

Some light is thrown on working conditions in radio broadcasting by the reported effect of the National Wages and Hours Act on this industry. In all but a few minor instances, wage rates are above the required minimum and were not affected. Considerable adjustment sometimes had to be made in the case of hours to make them conform to legal requirements. The industry conceded that announcers and engineers were covered by the act. In stations where these employees had union contracts with the station management, no change in hours occurred since these uniformly call for a 40-hour week. In unorganized stations, however, particularly in the South, hours had been much longer. Employment in the industry has not increased markedly as a result of the act, however, since most affected station managers found that they could rearrange working schedules more efficiently, or decided that it was cheaper to pay overtime than to add another

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man to the staff. There is, then, a certain amount of compulsory, paid overtime in the broadcasting industry.

On the whole, the employees of radio broadcasting probably secure a relatively good economic return for their labor. But the large number of marginal stations and those showing losses, are reported to underpay and overwork their employees on the usual plea that bankruptcy would result if they met the demands for higher wages and shorter hours. The management of these stations is in a controlling position since the opportunities for work in this field are relatively limited and, labor union activities notwithstanding, there is keen competition for every job in the industry.

### EFFECT OF HIGH STATION PURCHASE PRICES AND CAPITALIZATION OF GOODWILL

The uneconomic position of some stations may be partly due to the valuations which have been placed on them. The price at which a station is transferred is surrounded with controversial questions. The Communications Act of 1934 provides that no license issued by the regulatory authority may be transferred without its consent. It does not give that body the right to pass upon the price paid for the station; the Federal Communications Commission, none the less, has substantially assumed that right, denying at the same time that it has the power to do so.

The nub of the problem, since licenses may not be sold, is whether or not stations should be transferred at a price greater than one which just covers the cost of the physical equipment. If the price exceeds this amount, is it to be assumed that the excess represents the value placed on the license issued for the station? If so, the licensee is selling something he does not own, namely, the right to operate under specific conditions granted by the government. On the other hand, it is claimed that the value

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placed on radio stations merely reflects the earning power of the station. The excess between the investment in physical plant and the price paid for the station represents the capitalization of income which it may be expected the station will earn. This excess is frequently entered on the books under the heading of goodwill. For instance, the three major networks and the licensees of 660 standard broadcast stations combined for 1938 reported investment (at cost) in broadcast assets of nearly \$73,000,000 less depreciation to date of over \$26,000,000, leaving assets of over \$46,000,000. Of this amount over \$12,000,000 was shown as goodwill.

Former Chairman McNinch of the Federal Communications Commission stated at a press conference shortly after taking office that under the law the licensee has nothing but the physical property to sell.

There can be no good will to pass on to another . . . when a license is issued for the limited term of six months, with no legal right to renewal, and can be renewed or transferred only by written permission of the Commission, and when furthermore the statute specifically forbids vested rights, within which term good will might be thought by some to come.<sup>3</sup>

There has been a general disposition to evade the issues inherent in this problem. Stations are sold at prices which far exceed the real investment in physical plant; since some stations are highly profitable business enterprises, and since competition for station ownership is keen, limited by the technical restrictions on facilities, transfer prices for radio stations frequently reflect anticipation of relatively large future earnings.

It must be recognized that the capitalization of income as a method of determining values for the sale of a business is not

<sup>3</sup> "Regulation of Radio Broadcasting," *Editorial Research Reports*, Vol. 1, No. 7, 1938, p. 113.

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peculiar to the radio industry but is a fundamental element of capitalism. Under this system the incentive to engage in a business or build up an existing enterprise is associated with the right to transfer and dispose of the property at a profit. If this incentive were to be removed from broadcasting, the alterations brought about in the structure of the industry undoubtedly would be far-reaching. The existence of the present situation, however, likewise exerts considerable influence on many phases of the business.

*On owner's profits.* For one thing, the high price which must be paid to enter the business of broadcasting introduces an element of speculation which leads the broadcast station owner to seek the greatest possible return on his investment in the shortest possible time. This tends to increase the cost of time on the air to those who wish to purchase it. In effect, the cost of the high values placed on radio stations is paid, not by the investor in broadcasting, but by the consumer of broadcasting's product—radio time.

The figures published by the Federal Communications Commission for the year 1937 show that in that year the broadcasting industry as a whole had a net income which amounted to 34.3 per cent of the total investment in equipment, building, and other real and personal property. In 1938, the rate of return approached 40 per cent. One justification for the high rate of return in broadcasting is presented by the commission, which points out:

. . . it should be realized that broadcasting is essentially a "service" industry and that there is a risk ever present in the business of broadcasting station operation over and above that ordinarily encountered in some other forms of business.

Not only must each broadcaster, against constant competition, maintain the public's confidence and interest in the service rendered, but also the licensee must and should operate on a rigid basis of regulation by the Federal Government. The industry is confronted with rapid change,

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rapid obsolescence, and rapid new and renewed demands upon the enterprise, initiative, and capital of its members. There is always present the threat of sweeping changes in the technical base on which the radio stands, as for example, such developments as television. The industry must be sufficiently prosperous, not only to pioneer but also to secure adequate funds to finance the new developments and changes which periodically will continue to confront a new industry based on a rapidly developing new science.<sup>4</sup>

The ever-present risk referred to by the commission grows out of the necessity under the law for broadcast operation under license. The licensee naturally proceeds on the assumption that his license will be renewed but the possibility that it may not be—or that it may be revoked—thus terminating his existence as a broadcaster, is a strong incentive to recover as large a part of his investment in as short a time as possible. If the result is to emphasize the commercial aspects of broadcasting to the detriment of the public service rendered, it might well be in the general public interest to lengthen the period for which licenses are issued. Protection would still be afforded by the power of the commission to revoke a license for cause at any time, and the industry would be placed on a more stable footing.

While the industry as a whole may be prosperous, as was brought out earlier, there are groups of stations which suffer operating losses. The actual return on investment, except in the most fortunately placed groups, probably is not large. As long, however, as the industry as a whole is continuing to secure increasing returns, funds will be available to support the capitalization of future earnings at a relatively high rate. Radio might well consider whether it is not beginning to mature and question the wisdom of discounting earnings at present rates far into the future.

In part, the willingness of those desiring to enter the broad-

<sup>4</sup> FCC, "Report on Proposed Rules," Part I, January 18, 1939, Section II, p. 17.

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casting field to purchase an old station (even in cases where the physical equipment is practically valueless) rather than apply for a construction permit and set up a new one is the result of the policy established in the early days of regulation by the Federal Radio Commission. This body enunciated the principle which has been upheld in the courts that, all other things being equal, it would give preference to stations on the basis of priority. In consequence, it became more desirable to acquire a station by purchase and transfer than by construction, the statutory provisions designed to prevent "trafficking" in licenses notwithstanding. This element of the commercial structure of American broadcasting has important repercussions on the conduct of the business.

*On labor.* If excessively high prices are placed on radio stations, the economic structure of the industry is out of balance. One effect of this is to increase the pressure on the owner to draw as much as possible out of the business in order to get a return on his investment. This has a tendency to result in a shift in the distribution of the business return. Wage rates may be depressed, the commercial aspects of the business stressed, and the public may even suffer in the quality of the programs which are transmitted, emphasis being placed on inexpensiveness rather than quality.

*On control of the industry.* The question must be faced whether there can be sufficient incentive to build up and expand a new industry if the possible return is limited to the recapture of the investment in fixed plant. If a "barebones" policy were adopted, new investment would be less attractive. Likewise, present owners would be discouraged from attempting an expansion of their business. Such a limitation on the economic return in a supposedly competitive industry might cause it to undergo a major structural change. It might be that, for lack of interest on the part of private investors, radio broadcasting would become an entirely govern-

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mental enterprise. An alternative would be the creation of a monopoly in private hands, under governmental regulation which would in effect assure a small but almost certain return to investors in the business.

Previous discussion established the fact that the earning possibilities of stations vary in close accordance with the conditions of the license under which they operate. It was pointed out that this license may be a station's most valuable asset—yet it is one which the broadcaster has no legal right to sell. The Communications Act of 1934 requires a waiver from a licensee of any claim to a vested right in any frequency on the basis of past use; under the interpretations and practices of the regulatory authorities the practical effect of this provision in protecting the public interest has been negligible. Unless it can be shown that operation has been decidedly against the public interest, present licensees are given the benefit of the doubt and permitted to continue operation. When a buyer purchases a station he does so on the assumption that his license will be renewed, but he is also conscious that such a renewal is not certain. The fact that the prices at which radio stations are sold are frequently much greater than the value of the physical equipment, reflects directly the estimated earning power of the station as extended into the future.

In this economic process of capitalizing the future, there is no literal evaluation of the broadcasting license. But confusion arises since the ability to remain in the business in the future and thereby continue to realize these earnings depends on the granting of the license. Those who contend that the Federal Communications Commission permits "trafficking" in licenses and who would prohibit all sales at a price above the recapture of the investment in actual plant frequently fail to recognize the economic processes inherent in competitive, privately owned business. Many of these want to keep radio a private, competitive industry, but also want

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to prohibit all sales of stations at a price above the recapture of the investment in actual plant. It seems that there is confusion here in that the two aims are not compatible. If one is to advocate a limitation on the sales price of a station, one must anticipate and be content with a change in the present structure of the American radio industry.

This sequence never has been adequately stressed. But certainly any process which would give to the commission the power to determine the propriety of a given price for a particular broadcasting station would either plunge the commission into all the complicated problems of "fair value"—a most unsatisfactory phase of American regulatory history—or would increase the concentration of control of the industry even to the point of creating monopoly.

## CHAPTER 8

### PAYMENT FOR SERVICES AND VALUE RECEIVED

Radio broadcasting in the United States is generally spoken of as "free" in the sense that the public pays no direct taxes or fees for the service which it receives. Instead, it is the one-third of radio time used for commercially sponsored programs which makes possible the sustaining programs of the remaining two-thirds. Radio is not "free" to the advertiser. The rapid growth of radio as an advertising medium may be taken as proof of its successful execution of this function. The advertiser knows what he is spending and doubtless considers he gets good value for his money.

In the last analysis, however, it is the public which pays for radio. But since the average listener is unaware of just how or how much he is contributing, he is less concerned about the quality of what he receives in return than he would be if he were better informed. This explains in part the uncritical attitude of a large section of the public, which accepts gratefully whatever is offered over the air, following the proverbial injunction not "to look a gift horse in the mouth." To some extent the failure of the public to be more vocal is due to lack of understanding of what could be offered to it if it chose; there are few affirmative requests for new types of programs. This failure on the part of the public is unfortunate since it leaves the broadcaster with no better guide to public taste and wants than the indiscriminating response to sustaining programs or the success or failure of advertising campaigns. It must be hard to untangle a drama program from a can of soup!

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### BY THE ADVERTISER

The commercial support of radio by advertising follows the pattern set by newspapers, and creates many of the same problems. In some respects, however, the questions raised are peculiar to radio. For instance, radio has no "paid circulation" data to use as a criterion of value received by the advertiser.

*Amounts spent.* The amount spent for radio advertising has increased enormously since the first commercial program went on the air in 1923. It was estimated that in 1927 only about \$3,000,000 was spent; in 1939, the networks alone received \$83,000,000, while \$171,000,000 was spent for all radio advertising exclusive of the cost of talent provided through advertising agencies and estimated at an additional \$20,000,000.

The chief users of radio advertising are the manufacturers and distributors of low-priced goods with high repeat sales, those of specialty articles like automobiles, and retail businesses. The gross sales of national networks to the largest buyers of radio time in the past two years are shown in the following table. These figures are before trade discounts and agency commissions and

TABLE 13  
DISTRIBUTION OF NATIONAL NETWORK GROSS TIME SALES  
(in thousands)

	1937	1938	1939
Foods and Beverages . . . . .	\$18,072	\$21,784	\$24,650
Drugs and Toilet Goods . . . . .	19,133	19,414	22,426
Cigars, Cigarettes, Tobacco . . . . .	6,789	8,780	11,668
Laundry Soap & Housekeepers' Supplies . . . . .	5,862	7,624	9,784
Automotive Industry . . . . .	6,682	3,904	3,276
Lubricants, Petroleum Products, Fuel . . . . .	4,065	3,033	4,276
Confectionery, Gum, Ice Cream . . . . .	1,642	2,016	2,275
Radios, Phonographs, & Musical Instruments . . . . .	2,099	1,194	861
All Others . . . . .	5,255	3,840	3,899
<b>Total . . . . .</b>	<b>\$69,600</b>	<b>\$71,590</b>	<b>\$83,114</b>

Source: 1937—*Broadcasting*, Vol. 14, No. 3, February 1, 1938, p. 24.

1938—*Broadcasting Yearbook, 1939*, p. 12.

1939—*Broadcasting Yearbook, 1940*, p. 12.

## PAYMENT FOR SERVICES AND VALUE RECEIVED

hence represent the amounts spent by advertisers rather than the amount received by the broadcasting industry.

National spot and regional advertising follows much the same pattern. Local business comes largely from retailers. Increasing attention is being paid to the field of local retail advertising which hitherto has been relatively undeveloped. The techniques required differ from national advertising and the burden placed upon the station is greater in proportion to the amount received. In some communities, however, where the radio stations have made special efforts in this field, radio is extensively used by the local merchants.

In addition to the sums spent on buying time, the national advertisers who put on large talent shows have heavy program expenses. These frequently far exceed the amount spent for time although there is a connection between the two. This is one reason why networks appeal so strongly to advertisers desiring to reach a large market. The production expense is incurred only once no matter how many stations carry the program. The increment caused by increasing the number of stations is relatively small in relation to the total cost of the program.

*Value received.* Advertising costs usually are compared in terms of "per thousand circulation." For years the Audit Bureau of Circulation has certified the statements on the paid circulation of magazines and newspapers. This has given the advertiser a means of figuring unit cost. The early radio advertiser could only hope that someone was listening to his sales talk but had no way of gauging the extent of his audience.

In the course of time a number of techniques have been devised which yield information on the total audience for a particular station and also on the audience for any particular program. The reliability of the results is not absolute, of course, and no one of the methods is entirely satisfactory in itself. The

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crudest and most obvious is based on fan mail, frequently encouraged by offers of merchandise or by contests with prizes. The difficulty of this approach is that it depends upon the people who are willing to sit down and write; it shows nothing about the total audience. The fact that a letter came from a particular area means that the station can be heard there, but there is no check on the entire area reached. The use of audience mail as a gauge rests on a basic assumption which has never been proven: that the distribution of mail from area to area is the same as the distribution of the audience.

In an effort to acquire more accurate information on the extent of the radio audience, various sorts of telephone and house-to-house surveys, based on the principle of sampling, have been developed. These have certain advantages over the fan mail analyses, but they have their own disadvantages. For one thing, only part of the radio audience can be reached by telephone since ownership of telephones and radios is not coterminous, particularly in rural areas. The expense of these surveys is considerable, and they must be limited to the hours which are considered reasonable for telephoning. Thus, they eliminate the early morning and late evening audience. The house-to-house survey suffers from much the same defects, and the results of both methods are subject to definite biases.

Another approach to the problem is wholly technical, based on the measurement of the signal which a station throws into its territory. This delimits the area in which the station may be heard, but tells nothing about other competing stations or electrical interference which may make worthless a signal of a given strength however satisfactory it may be under normal conditions. Furthermore, from the point of view of the advertiser, the information has only secondary value since his primary interest is in whether the audience is listening to his particular program.

## PAYMENT FOR SERVICES AND VALUE RECEIVED

It is claimed that while the unit cost of radio advertising may appear high, particularly in view of the uncertainty of its reaching even one listener, it is in reality an economical advertising medium. Because it establishes direct vocal approach, making possible an emphasis absent from the printed word, it has an advantage over other forms of advertising. Furthermore, announcements inserted in the course of or between programs are not so likely to be ignored as advertising matter in the pages of magazines and newspapers. The sums spent on radio advertising tend to substantiate these claims unless the broadcasters are exceptionally skillful in merchandising their medium, for radio continues to grow at the expense of magazines and newspapers.

### BY THE PUBLIC

Even though it is the advertiser who appears to be paying the costs of broadcasting, actually, of course, it is the general public which pays for radio. In countries where listeners are directly taxed for ownership of receiving sets, attempts sometimes have been made to apportion assessments in accordance with some more or less equitable scheme. Under our commercial system, however, it is impossible to trace all of the amounts spent and the path they follow into the hands of the broadcasters. The public makes certain expenditures for radio consciously; others, indirectly and unknowingly.

*Direct expenditures.* Everyone who owns a radio makes his contribution to the upkeep of the broadcasting industry. This is true even though manufacturers of radio equipment no longer play the leading role in the broadcasting field. It has been estimated that between 1922 and 1937 nearly 54 million radio sets were bought, representing a total investment of \$3,723,962,000. Does the public get its radio "free"? Another calculation shows that the average radio family spends about \$30 a year on radio. This includes the

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amount spent for "power"—either house current or battery—repairs and replacement of parts.

*Indirect expenditures.* The public, even the nonradio-owning public, makes a contribution toward the upkeep of broadcasting with every purchase of a product advertised over the radio. Of course, the fractional part of the cost represented by the particular package's share of the total advertising budget of the manufacturer is small. Taken together, however, the sum is enough to keep radio going. Moreover, in the course of the year, each family's cumulative share probably is substantial. It may be argued that, if goods were not advertised over the radio, some other medium would be employed and the cost to the public would remain the same. There is probably no direct relation, however, between the payments individuals make and the time spent listening to the radio.

The final method by which the public pays for commercial radio is in the time that it must listen to blurbs on the air. The law provides that the name of each sponsor of a radio program must be announced. To this each commercial sponsor adds his line of sales talk. From time to time an outcry is raised over these "commercials": they take up too large a proportion of the program; they are in poor taste; they interrupt the mood of the program. Various attempts have been made to meet these protests. The difficulty is that, even though surveys have shown the popular dislike of advertising matter on the radio, there does seem to exist a close relation between the selling power of a program and the amount of sales talk which it carries.

*Value received.* The question of what value the public receives for its support of radio is one which requires more than a paragraph for treatment. It is really the crux of the whole problem of broadcasting. The service which this privately operated industry is performing is a public one for which it is well paid. Is the public getting its money's worth?

## PART IV

### PROBLEMS OF PROGRAM CONTENT

THE commercial structure of the broadcasting industry causes most programs—both sponsored and sustaining—to be designed to appeal to the largest possible segment of the buying public. Before this can be done, however, it is necessary to know something about this audience—where it is, what sort of people compose it, and what it wants. The task of gathering this information has assumed the aspect of a highly specialized profession. The results of such studies, however, are often little more than an informed estimate leaving a wide margin for the exercise of judgment in constructing programs and schedules.

This is particularly true in the determination of what the public wants in the way of programs. The broadcaster, in whose hands lies the power of final decision, is swayed by numerous influences. In England, under a quasi-governmental board, the criterion for program planning traditionally has been a desire to educate the public taste and standards by giving it something rather better than what it is believed it would like—better in the opinion of the managers of the British Broadcasting Corporation. In the United States, on the other hand, the general tendency has been to give the public what it wants—as interpreted by the managers of the individual broadcasting stations and the networks. Certain limits are imposed by the law, but these are minimum standards of decency. Outside these limits the broadcaster may go as far as his imagination can carry him.

The broadcaster, under the stimulus of the desire to attract as much business as possible to his station, usually has sought to appeal to the “average” member of the public. This has tended to keep down the amount of time devoted to broadcasts which

would have a limited appeal only—particularly those of an educational nature. Under these circumstances, assistance to stations whose programs would be designed largely to reach small groups with special interests has been urged upon the government. The attitude of the regulatory agency, however, has been that public policy demands the use of a limited resource like the air waves for the greatest good of the greatest number and that special interest stations should not be encouraged, however worthy their aims. Part of the difficulty surrounding educational broadcasting has arisen because of inability to define what this term includes. A partial solution may have been found by the recently adopted plan of assigning a portion of the high-frequency band to the use of nonprofit educational stations.

The question of standards for program content is being more widely discussed now than ever. The solution to this problem cannot be simple since it impinges upon so many different aspects of the broadcasting system. Thus, it is not merely a question of the quality of programs but also of the amount of time allotted to sales talks and the desirability and handling of advertising matter. How can standards covering these varied issues be erected which will be effective and yet not too restrictive? Above all, how can enforcement of any standards which might be established be accomplished without approaching too closely the objectionable features of censorship? The march of totalitarian forms of government abroad has tended to rouse general apprehension over any action which might be interpreted as censorship by the government or a restriction upon the civil liberties of the people of the United States. The individual is wary of surrendering his power to act as his own censor into the hands of another, even—or perhaps especially—a government body. But since the air waves and the hours of the day are limited, there must be some form of selection of what the radio shall carry. In this case, whose judgment is to prevail?

## CHAPTER 9

### AMERICAN RADIO AUDIENCE

Nearly every resident of the United States is within reach of an instrument capable of receiving some sort of radio signal at least during some of the time. The distribution of this audience throughout the country is not uniform, partly because of the uneven concentration of the population and its purchasing power, and partly because of the unequal allocation of radio transmission facilities.

The advertiser, who is a controlling factor in the broadcasting structure, is, of course, not interested in all the people. He is interested only in that particular segment of the population which constitutes a potential market for his wares. This restricted group, however, interests him intensely—where they are, when they listen to the radio, and what type of programs they prefer. In contradistinction to the advertiser, and bringing increasing pressure to bear on the broadcaster, are those striving to make the radio something more than an instrument for meeting the preferences of the buyer; who would prefer to use it as a means of educating and “uplifting” the general public. The aims of these two groups are not always at cross-purposes. The broadcaster, in keeping with good business policy, is eager to acquire goodwill for his station and, therefore, attempts to mix the various elements judiciously in determining what shall go on the air.

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### COMPOSITION OF THE AUDIENCE

The radio audience, although drawn from all income levels, geographic regions, economic, social, racial, and age categories, is *not* a cross section of the American public since representation of the various groups is not proportional to their presence in the population. This heterogeneity is responsible for many of the problems confronting the broadcaster in planning programs to appeal to the whole audience, or to as large a part of it as possible. He tends to reduce his data to averages, which results in such a picture of the typical listening audience as was drawn by a foremost advertising agent: “. . . a tired, bored, middle-aged man and woman whose lives are empty and who have exhausted their sources of outside amusement when they have taken a quick look at an evening paper.”<sup>1</sup> In point of fact, there probably is no such thing as an “average American radio audience” but many different audiences, which enhances the difficulty of selecting appropriate programs to reach particular audiences.

*Number and distribution.* The number of radio sets in use in the United States has risen swiftly since broadcasting first began. It is estimated that in 1922 there were in use some 400,000 sets, including home-built receivers; in 1939, the number was put at 45 million, of which 6.5 million are in automobiles. It is further estimated that there are 27 million families who own one or more radios. The balance is accounted for by those in public or semipublic places, and in homes with two or more sets. Since the average family is estimated to contain 3.96 persons, the potential home radio audience is 106 million persons.

If it were not for the influence of purchasing power and the

<sup>1</sup> Durstine, Roy J., “The Future of Advertising Over the Air,” *Broadcasting*, Vol. 8, No. 2, January 15, 1935, p. 9.

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allocation of broadcasting facilities (and if it were assured that the demand for radios is universal), the geographic distribution of radio families would be expected to parallel the geographic distribution of all United States families. This, however, holds true only in a few instances. In the Middle Atlantic, East North Central, and Pacific states, the number of radio homes is relatively greater than the proportion of the country's families in those regions. In the South Atlantic, East and West South Central areas, on the other hand, the number of radio families is smaller than might be expected from the number of families alone. This is revealed by the estimates of the Joint Committee on Radio Research sponsored by the Association of National Advertisers, the American Association of Advertising Agencies, and the National Association of Broadcasters, hereafter referred to as the Joint Committee.

TABLE 14  
GEOGRAPHIC DISTRIBUTION OF RADIO OWNERSHIP, 1938

Division	Radio Families		Distribution of	
	Number (in thousands)	Per Cent of All Families	Per Cent Radio Families	Per Cent of All Families
New England.....	1,991	92	7	7
Middle Atlantic.....	6,361	92	24	21
East North Central.....	6,050	90	23	20
West North Central.....	2,862	80	11	11
South Atlantic.....	2,599	65	10	12
East South Central.....	1,537	60	6	8
West South Central.....	2,040	65	7	10
Mountain.....	778	80	3	3
Pacific.....	2,449	95	9	8
United States.....	26,667	82	100	100

Source: Joint Committee on Radio Research, *Estimated Number of Families Owning Radio Sets in the United States, January 1, 1938*, p. 2. New York, 1933.

State-by-state variations in the extent of radio ownership are even more marked. These range from California, Nevada, Oregon, and Washington, where 95 per cent of all families own radios, to Mississippi, where only 42 per cent of the families

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in the state have receivers. The New England, Middle Atlantic, and Pacific Coast sections of the country in general are better supplied with these facilities than the rest of the country. The largest number of radios and the largest audience, however, is localized in the Middle Atlantic and East North Central states. This contrasts with the Pacific section, where 95 per cent of the families own radios, representing, however, only 9 per cent of all the radio homes in the country. Concentration of radio ownership does not necessarily imply large revenues to broadcasting stations. While nearly one-half of station net sales of time to advertisers takes place in the Middle Atlantic and East North Central regions, the average sales of time per radio family are highest in the Mountain region. This indicates the high cost to the advertiser involved in reaching a scattered population.

Not only are there differences between states and geographic regions, but between urban and rural populations. The Pacific Coast section is the only part of the country where rural family ownership of radios exceeds that in urban areas. In New England the percentages of rural and urban radio owners are equal. The widest discrepancy appears in the South Central states, where the

TABLE 15  
RURAL AND URBAN RADIO OWNERSHIP BY GEOGRAPHIC DIVISIONS, 1938

Division	Per Cent of all families owning radios	
	Urban	Rural
New England . . . . .	92	92
Middle Atlantic . . . . .	93	88
East North Central . . . . .	93	83
West North Central . . . . .	93	69
South Atlantic . . . . .	82	54
East South Central . . . . .	80	51
West South Central . . . . .	83	53
Mountain . . . . .	90	72
Pacific . . . . .	94	96
United States . . . . .	91	69

Source: Joint Committee on Radio Research, *Estimated Number of Families Owning Radio Sets in the United States, January 1, 1938*, p. 2. Communities with population of more than 2,500 are classified as urban areas.

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ratio of radio families to all families is approximately 60 per cent higher for urban than for rural areas.

The growth of radio ownership in rural areas is strikingly illustrated by data collected by the United States Bureau of the Census. In 1925, only 4.4 per cent of all farms in the country were supplied with a radio; in 1930, 20.8 per cent of all rural farm families reported ownership of receiving sets; while in 1938, a survey of a sample number of counties indicated that the figure had risen to 62 per cent. These figures differ from those supplied by the Joint Committee which included communities under 2,500 population as "rural."

TABLE 16  
PER CENT FARM FAMILIES OWNING RADIOS

Division	1925	1930	1938
New England.....	18	61	83
Middle Atlantic.....	13	43	88
East North Central.....	9	49	80
West North Central.....	11	42	73
South Atlantic.....	3	9	51
East South Central.....	1	6	40
West South Central.....	1	10	37
Mountain.....	3	35	79
Pacific.....	8	44	86

Source: U.S. Bureau of the Census, quoted in *Broadcasting*, Vol. 15, No. 3, August 1, 1938, p. 22.

Note: To ensure comparability, only the counties included in the 1938 count were used in presenting the data for 1925 and 1930.

There is apparently a tendency for more families in small or medium-sized cities to own radios than in villages, rural areas, and large cities. Several factors probably bear on this; in the big cities there are not only a large proportion of very poor families, but entertainment and information from other sources are more accessible. In the rural areas and villages the level of purchasing power on the whole has been below the level of urban purchasing power, and radios are actually more expensive where central station electric power is not available. The initial cost and the upkeep as well as the running cost of battery sets is greater than that for sets operating on house current. In this connection it is

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of interest that the Rural Electrification Administration has found a radio to be the most popular addition to farm equipment following the connection of central power.

TABLE 17  
RADIO OWNERSHIP BY SIZE OF COMMUNITY, 1938  
Radio Families

Population	Number (in thousands)	Per Cent of All Families
Over 500,000 . . . . .	5,000	89
100,000 to 500,000 . . . . .	4,030	93
25,000 to 100,000 . . . . .	3,380	95
10,000 to 25,000 . . . . .	2,215	91
2,500 to 10,000 . . . . .	2,571	86
Rural—nonfarm . . . . .	5,210	80
Rural—farm . . . . .	4,261	59
United States . . . . .	26,667	82

Source: Joint Committee, *Broadcasting*, Vol. 14, No. 12, June 15, 1938, p. 22.

*Income data.* The commercial character of broadcasting, and more particularly its uses for merchandising, renders the distribution of the radio audience by income groups of major importance. Such information enables the advertiser to plan his sales campaign which in turn affects the composition of radio programs.

TABLE 18  
RADIO OWNERSHIP BY INCOME GROUPS, 1938  
Radio Families

Income Group	Number (in thousands)	Per Cent of All Families
Over \$10,000 . . . . .	400	99.9
\$5,000 to \$10,000 . . . . .	1,495	99.7
\$3,000 to \$ 5,000 . . . . .	3,730	98.2
\$2,000 to \$ 3,000 . . . . .	4,780	95.6
\$1,000 to \$ 2,000 . . . . .	10,600	88.3
Under \$1,000 . . . . .	5,662	57.0
Total . . . . .	26,667	82.0

Source: Joint Committee, *Broadcasting*, Vol. 14, No. 12, June 15, 1938, p. 22.

While in the highest income group nearly every family has a radio, the total number of sets owned by this group is relatively

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small; the largest audience is to be found in the low-income groups. Families with income of \$2,000 and less collectively accounted for 61 per cent of all radio homes. Moreover, the amount of time spent listening to the radio is likely to be greater in this group than in the higher income levels since other forms of amusement and information are less readily attainable. These facts influence the program structure to a large degree. Although there are variations depending upon the character of his product, the advertiser generally strives to reach the audience with sufficient income to make the purchase of his product feasible; if he finds that he is drawing chiefly from groups with insufficient purchasing power, he adjusts his program or leaves the air altogether. Research recently has revealed the tendency for people in the lower income levels to listen more to small stations than to large ones, even though signals from both may be available.<sup>2</sup> This has an influence upon the advertiser's selection of stations to cover a given area as well as on programing. Two reasons have been suggested for this tendency, each of which probably has merit: foreign-born working people are attracted by foreign-language broadcasts, generally carried only by small stations; the local, more intimate character of the small station's program is designed to appeal to the neighborhood feeling which persists in poorer areas.

### HOW IT LISTENS

Information on the hours during which the public is likely to be listening to the radio is of considerable moment to the broadcaster and to the advertiser as well. Moreover, in planning advertising campaigns, the latter is interested in knowing whether program

<sup>2</sup> Meyrowitz, Alvin, and Fiske, Marjorie, "The Relative Preference of Low Income Groups for Small Stations," *The Journal of Applied Psychology*, Vol. 23, No. 1, February, 1939, pp. 158 ff.

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appeal outweighs clarity of reception as the determining factor in the audience's selection of stations.

*Hours and amount of listening.* In the early days of broadcasting, few stations made any attempt to transmit programs all day long; it was believed that people would listen to the radio only in the evening. Gradually, however, the existence of a daytime audience, thought to be composed largely of housewives, came to be recognized. The depression may have contributed to this circumstance: people on curtailed working schedules and unemployed had more time to sit by the radio during the day. Only recently has the magnitude of the daytime audience come to be appreciated. One survey made in the Boston area disclosed that 26.7 per cent of the total number of hours counted was morning listening, 38.8 per cent afternoon listening, and only 34.5 per cent was evening listening.<sup>3</sup> This was in the nature of a revelation to those who had thought that the largest audience was in the evening. This belief is reflected in the rate cards for almost all broadcasting stations; their charges for evening hours are higher—often by considerable amounts—than for daytime hours.

Several estimates have been made of the length of time spent by the average listener at the radio. The figure is placed between four and five hours daily and is believed to have increased in recent years, particularly in rural areas. It is possible that there is some connection between this gain and increased agricultural income, since a survey undertaken by the Columbia Broadcasting System is reported to show that the "number of use-hours among urban radio families rises on the median as income falls; the reverse being true for rural families." On the whole, there tends to be more daytime listening in rural areas and less in the evening as compared to urban areas.

<sup>3</sup> Haring, Chester E., "A New Kind of Station Measurement," *Broadcasting*, Vol. 15, No. 6, September 15, 1938, p. 19.

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The lengths to which studies of listening habits sometimes go is illustrated by a study of urban and rural family availability which analyzes the radio listening habits of adults, adult males and adult females, girls from 12 to 18, boys from 12 to 18, and children from 5 to 12, by hourly periods, for the average week-day, as well as for Saturday and Sunday, by time zones, and residence on farms or in villages. It concludes, for instance, that from 9 A.M. to 10 P.M. from Monday to Friday, people in more than two-thirds of all rural radio homes are "at home and awake." The peaks for adult availability are from 6 to 7 P.M. in all time zones except on the Pacific Coast, where the peak comes from 8 to 9 P.M. Minor peaks are registered between the hours of 7 and 8 A.M. and again at the noon hour. Data on urban availability show deviations from the rural trends. This variation in the composition of the audience according to the time of day is taken into consideration in scheduling programs.

The attentiveness of the radio audience is influenced by the location of the sets within the home. The survey just mentioned discovered that 75.7 per cent of all rural sets were in the living room, 10.4 per cent in the dining room, 7.5 per cent in bedrooms, 4.6 per cent in the kitchen, 0.5 per cent in dens, libraries, and game rooms, and 1.3 per cent elsewhere with second and third sets usually in bedrooms.<sup>4</sup> This matter of the degree of attention that is being paid to what the radio pours out is something that most surveys have not been able to take into account. Random studies indicate that much listening is entirely subconscious. The various attachments to receiving sets developed to record what stations are tuned in and at what times, cannot indicate how closely the audience listens—or even whether anyone at all is listening.

<sup>4</sup> *Joint Committee Study of Rural Radio Ownership and Use in the United States*, Section IV, New York (NBC & CBS), p. 10.

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From that point of view audience mail is more indicative, since it at least proves that the program made some impression.

*Selection of stations.* How does the listener choose the station to which he tunes his set? Is it because he knows what the program is to be—or does he select the station with the best signal, no matter what program is being carried? Habit probably determines the station to which a listener tunes most frequently, while the push-button method of tuning probably affects the choice of station to some extent. Does the listener hunt over the dial to find something that pleases him, or does he turn on his set and just let it run? It is widely held that the most common practice is that of “continuous running” and that relative program merits weigh little in the listeners’ choice of stations. On the other hand, there are those who feel that something other than chance determines what stations and programs are heard.

Those who give most credit to the technical advantage of signal strength believe that in an area receiving reliable primary service from a number of broadcasting stations, a listener will choose the station he listens to entirely on the basis of relative program appeal. But in areas with an unreliable grade of service or only one reliable and several secondary stations, listeners have a decided tendency to select the station which gives the most consistent signal, freest from interference. In other words, in those large areas which receive no primary service, a decided program preference must exist to outweigh the advantage enjoyed by the station providing a steady, strong signal over the one providing a fading, variable one. The significance of this bears not only on what station the advertiser chooses to carry his program to a particular region but also on the whole allocation pattern of broadcasting facilities. The local or regional station affording primary service would, on the strength of this reasoning, have a greater chance

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of claiming the listener's ear than the distant clear channel station even though the latter were more highly powered.

Others, on the contrary, hold the view that in general the average listener will tune to a lower and less desirable signal if it carries a good program, rather than to a good signal which carries an inferior program, providing the differential in the quality of programs is big enough. The strength of program appeal is also emphasized by the results of a study made by the Columbia Broadcasting System which showed that nearly 65 per cent of the radio audience in the area surveyed (urban) chooses the station to which it listens on the basis of the program that is being carried, nearly 18 per cent are more likely to take the station which they can hear best no matter what the program, and the remainder combine the two factors in varying proportions.<sup>5</sup> Should these findings be generally valid, it devolves upon the broadcasters or other creators of programs to provide something which will attract and hold the listening public, and makes it more than ever important to find out what the public preferences are.

### TO WHAT IT LISTENS

The program preferences of the radio audience are crucial for the broadcaster and for the advertiser. The former is interested in providing programs which will sustain listener interest and build audience for his station so that he may attract advertisers. The advertiser selects the stations which reach the largest number of potential buyers in the territory which he wants to cover and designs his programs to appeal to the largest possible share of this available audience. For these reasons a great deal of time, energy, and ingenuity have gone into finding out what it is that people want to hear. It may be noted that most surveys of audience composition and preference have been made from the commercial

<sup>5</sup> FCC, "Report on Social and Economic Phases," July 1, 1937, Appendix C, p. 56.

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point of view of those interested in merchandising rather than providing a public service.

*Surveys of program popularity.* Some attention was paid in the previous chapter to the various types of program surveys from the point of view of how large an audience a station reaches. The more elaborate methods for discovering this information yield considerable detail about the wants of particular sections of the radio audience. In general, however, these investigations do not include rural areas, which tends to give a bias to the results. For instance, a recent survey carried on by the personal interview method revealed definite variation between the preferences of listeners with telephones and those without. This discovery brings out a distortion introduced into surveys carried on purely by telephone calls, whether in urban or in rural areas. It was found that 41 per cent of those interviewed had no telephones; they listened to programs which found only a small audience among those having telephones. One program called *Girl Alone* had a 30 per cent telephone and 70 per cent nontelephone audience; another, *For Men Only*, had a 93.3 per cent telephone and 6.7 per cent nontelephone audience. If the listening habits of telephone possessors were typical of those without telephones, the relationships would have been 59 per cent for the former and 41 per cent for the latter in each case.<sup>6</sup>

One of the most general and consistent studies of program preferences is that carried on by the Cooperative Analysis of Broadcasting (CAB). Established in March, 1930, as the result of a study made by the Association of National Advertisers, CAB is a mutual, nonprofit organization to whose support the adver-

<sup>6</sup>On the other hand, there are some who contend that variations in listening habits correlate more closely with income levels than with presence or absence of a telephone. If this is true and enough low income families with telephones were reached to assure proportionate representation in the survey, the results would not necessarily be distorted. Cf. Crossley, Archibald M., *Advertising and Selling*, Vol. 32, No. 8, July, 1939, p. 64.

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tisers, advertising agencies, and networks contribute. It provides, on a regular basis, ratings for each sponsored network program in terms of the percentage of set owners who listen to it. The actual survey, conducted by means of telephone calls, is done by Crossley, Inc., in 33 cities, supplemented by occasional special rural surveys. The results of these surveys are used by advertisers to check the popularity of various types of programs and to watch the success of their own programs in relation to those of their competitors. Such surveys are particularly useful in measuring the relative appeal of different programs, although they fail to take into account the extent to which reception conditions influence listener reactions. They are less useful in revealing general tastes.

According to a general study made several years ago, listeners like, in the order mentioned: music (popular first and then classical), comedy, drama, sports programs, talks, religious broadcasts, news and market reports, educational, children's, special features, and women's programs. Shifts in program preferences probably are partly a reflection of changes in the quality of presentation; as improvements are made, audiences grow. Another influence is that brought by outstanding programs of any particular type which attract a large share of the total audience. The popularity of one particular program may be interpreted as a preference for that type. In recent years news has moved to the fore and many listeners, particularly in rural areas, place news programs first. A survey conducted in Iowa shows rural listeners to be primarily interested in general news broadcasts, with market news second. Rural and small-town listeners depend upon radio for national news to a far greater extent than they do either on their local daily newspapers or the daily newspapers from the nearest large city.<sup>7</sup>

According to a *Fortune* check, 42.5 per cent of the people prefer

<sup>7</sup> FCC Docket No. 5072-A, "Transcript of Testimony," Mr. J. O. Maland for the Clear Channel Group, June 17, 1938. Vol. 10, p. 1123.

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popular music, 21.5 per cent classical, 31.3 per cent both, and 4.7 per cent neither. From this it is deduced that more than half the radio audience now likes to listen to classical music. Names and personalities have a large drawing power on the radio. It is possible that this is a bias inserted by the use of the various methods of analysis, since names are more readily remembered. But an attempt is made to eliminate this in the "aided recall" type where the surveyee is given a list of all the programs broadcast during the period under consideration. It is interesting that a large group of college students who were asked to list their favorite programs mentioned more than 700 different programs, indicative of the wide variety of interests which must be satisfied by the broadcaster who would reach this particular segment of the audience.

### DETERMINATION OF WHAT THE RADIO AUDIENCE WANTS

Under the broadcasting system in operation in this country, the broadcaster determines what program content and form shall be. In this he is influenced by various forces, of which public opinion is only one. The composition of the program menu is vigorously criticized by many groups and individuals who would like to see radio used as a means of improving the tastes and standards of the American public.

*By the broadcaster.* The broadcaster, wanting to attract the largest possible section of the radio audience to his station, must attempt to satisfy the wants of that audience. "Every program must appeal either to the *emotions* or the *self-interest* of the hearer, and not merely to his intellect, if it is to hold him," says the head of the Columbia Broadcasting System.<sup>8</sup> Guided by various indications

<sup>8</sup> Paley, William S., *Radio as a Cultural Force*, p. 8. New York: The Columbia Broadcasting System, 1934.

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of public opinion, the program director builds a program structure which conforms to his interpretation of public wants. His decisions are influenced by the knowledge that the Federal Communications Commission will consider the extent to which he has fulfilled the requirements of the law in respect to serving public convenience, interest, and necessity, when his license comes up for renewal. It is only fair to state that few licenses have been revoked or renewals refused on program grounds but the potentiality remains as one of the "bogeymen" of the industry. The limitations of the broadcast band and the numerous applicants for each available facility mean that some would-be station owner may seize the opportunity to suggest that a particular station has failed in a public trust and is no longer worthy of a broadcasting license, in order that he may realize his ambition to become a broadcaster. If the broadcaster has sufficient financial resource, he is able to withstand these attacks or discourage their occurrence, but the threat that his right to operate may be challenged does act as a partial check upon his actions.

In determining what the audience wants, the broadcaster has comparatively free scope within the limitations just mentioned. His attitude is naturally influenced by his own wants and desires, although those who are aware of this and conscious that not all men's tastes are alike will seek to compensate for this personal bias. Above all, the broadcaster is eager to avoid giving the slightest offense to any element in the listening public. This fear, which carried too far may lead to stultification, is grounded on experience which shows that audience reaction is sharper and more vociferous in expressions of disapproval than of approval.

In aiming at the average public the broadcaster has been largely guided by the popular myth that the average intelligence of the American public is that of a 14-year-old. Recent experience with

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the popular reaction to the *War of the Worlds* broadcast raised the suspicion that this was an overestimate instead of a public slander. The president of the NAB has stated the view that the level of broadcasting "can be no higher than the general level of education and culture in the country."<sup>9</sup> Those broadcasters who have aimed at a somewhat higher general level of intelligence are inclined to consider themselves extremely courageous. They like to point to the current interest with which programs of classical music and good drama are received and feel that their policies have been responsible. Nevertheless, the broadcasting companies not only do not wish to, but believe that they should not, be the arbiters of the curriculum of public education. They consider it their function to provide the facilities for programs planned and executed by competent authorities.

*By the uplifters.* A wholly different view of program content is held by those who feel that the function of the broadcaster is to educate the public taste by giving the radio audience something better than it imagines it wants. One group, which has taken a leading part in education by radio, claims that the vast majority of American radio listeners are still largely uncritical and that their program preferences are not of a high order. It views with concern the fact that radio programs tend to be directed at the lower intellectual level, in part because the discriminating listener is not vocal in making his wants known.

It is frequently maintained that the educational programs carried by the broadcasters are inadequate and are generally relegated to unfavorable spots. The history of one educational series with the National Broadcasting Company has been elaborately covered in a pamphlet called "Four Years of Broadcasting Ex-

<sup>9</sup> Miller, Neville, *The Place of Radio in American Life*, p. 9. Reprinted from an address delivered at Commencement Exercises, Peabody College, Nashville, Tenn., by N. Miller, President of the National Association of Broadcasters, August 19, 1938.

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perience.”<sup>10</sup> Here it is stated that the broadcasters did not cooperate in reaching a large audience and in making the series fully effective. Shifts in time, the inability to count on a definite number of stations so that audience preparation work could be thoroughly carried out, and other factors eventually led to the discontinuance of the series. The broadcasters claim to have made a sincere effort, that the public in general prefers entertainment to enlightenment, and that they must meet this preference or lose their audience and thus any possibility of making a livelihood. They warn:

Let him who seeks to force upon it [the radio audience] too strongly his own ideas of “good” beware! An inconceivably assorted mass audience can be led, but we have yet to find a way to drive it; nor do I believe that we are entitled to drive it toward our own or anyone else’s particular conception of what will “uplift” it.<sup>11</sup>

<sup>10</sup> A Report by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association. Preprinted from *Radio and Education*. The University of Chicago Press, 1936.

<sup>11</sup> Paley, William S., *The American System of Broadcasting*, p. 9. Reprinted from an address delivered by President of CBS before the Second National Conference on Educational Broadcasting, Chicago, Ill., November 29, 1937.

## CHAPTER 10

### PROGRAM PURPOSES, TYPES, AND DISTRIBUTION

What does the American system of radio afford in the way of education, information, and entertainment—the triple functions of broadcasting? What should be considered a balanced program structure? How far should people's wants be the determining factor? The present program structure is the result of years of broadcasting experience, influenced by changes in public taste and numerous other factors. These years were marked by an increase in the hours during which stations are on the air and by a gradual appreciation of the peculiarities of the broadcaster's medium. Competition between the national networks has resulted in constant innovations in materials and modes of presentation; some have been discarded as unsuited to radio use, while others have been improved upon and developed. A curious situation has arisen in that, while the broadcaster is the final arbiter of what goes on the air, he is frequently not the initiator, because advertising agencies have come to take more and more responsibility for the production of the programs sponsored by their clients. Among other factors which have a formative influence upon the programs broadcast in the United States are the copyright laws.

#### WHAT IS GIVEN IN THE WAY OF PROGRAMS

The multiplicity of radio stations makes it impossible to examine the program structure of the United States broadcasting industry in detail. Studies have been made of offerings in particu-

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lar areas but it is difficult to integrate these into national summaries. The national chains publicize their network programs, but not much is known about what is heard and where, since the affiliated stations may or may not have taken what the network provides. This is particularly true in the case of sustaining programs where the individual station may not be required to notify the network what programs it has used. Some unofficial surveys show general trends and shifts in program structure. The most comprehensive data are those obtained by the Federal Communications Commission through a questionnaire covering all the commercial broadcasting stations of the country during a representative week in 1938.

*Shift in program types.* Program structures have changed from time to time as greater or less emphasis has been placed on various types of programs. A survey quoted in the *Variety Radio Directory*,<sup>1</sup> traced the major emphasis from 1929 to 1936. It concluded that, from 1929 to 1932, greatest attention was paid to music hall and minstrelsy programs. Beginning in 1931 and running through 1932, mystery dramas were featured by broadcasters. Following this and until early 1934, the "personality" entertainer was considered the chief drawing card with radio audiences. In 1933, the concert and opera broadcasts began to be prominent, the broadcasters being pleasantly surprised to find an audience for this type of program. The report characterizes the period from January, 1934, through 1936 as the "era of big money"; during the first part there were numerous hour-length programs and a trend toward background productions; this was followed by the amateur hour and continuous musical comedy. In 1936 began a trend toward novelty and the eclectic use of dance music, variety, and similar material. Today the information or quiz type of program appears to be in first place.

<sup>1</sup> *Variety Radio Directory*, Vol. I, 1937-1938, p. 17. New York: Variety, Inc.

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A comparison of the data in Table 19 with the results of the Federal Communications Commission questionnaire on programs

**TABLE 19**  
PROGRAMS BROADCAST OVER KEY STATIONS OF THE NATIONAL NETWORKS THE SECOND WEEK OF NOVEMBER, 1931 AND 1932, AND THE LAST WEEK OF JANUARY, 1934, SHOWING DISTRIBUTION BY TYPES OF PROGRAMS

Type of Program	Per Cent of total time on the air		
	1931	1932	1934
Music.....	60.7	61.4	61.2
Classical.....	7.7	4.9	7.5
Semiclassical.....	12.0	10.6	11.2
Folk music and ballads.....	3.0	1.0	2.2
Variety.....	4.2	2.0	5.9
Popular.....	33.8	42.9	34.4
Children's programs.....	2.7	3.4	3.6
Comedy broadcasts.....	4.7	4.1	2.6
Other dramatic programs.....	5.5	4.9	8.5
Adult education programs.....	5.0	3.6	5.2
Children's education programs.....	.7	.8	.8
Farm broadcasts.....	1.7	1.9	1.7
International rebroadcasts.....	.1	.3	.5
News and market reports.....	1.4	1.5	1.5
Religious programs.....	1.9	.5	1.6
Sports broadcasts.....	2.7	2.6	*
Special features of public interest.....	.8	2.7	1.9
Women's features.....	5.3	2.7	2.5
Variety programs.....	6.8	9.6	8.4
Total.....	100.0	100.0	100.0

\* Not separately reported.

Source: Hettinger, H. "Broadcasting in the United States," *Annals of the American Academy of Political and Social Science*, Vol. 177, January, 1935, p. 13.

broadcast in the week beginning March 6, 1938, summarized in Table 20, is revealing. The classifications vary slightly, but certain broad comparisons can be made. At the same time, it should be recognized that program classification is in part a subjective matter; some programs might be severally classified. The Damosch music appreciation program is both music and a children's educational program; a Shakespearean play is both drama and general culture. This has a bearing upon the problem of program standards. If classification is largely subjective, it becomes extremely important in whose hands lies the administration of any

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standards which may be agreed upon. Subject to these limitations, the data indicate that the proportion of time devoted to music has dropped—although it is still by far the largest single element in the program structure. Time devoted to news broadcasts is increasing, while that given to programs of special interest to women has shown a tendency to decline. There is less comedy now, and more general drama. In part this reflects the discovery that comedy raises difficult problems of adaptation for radio

TABLE 20  
PROGRAMS BROADCAST THE WEEK BEGINNING MARCH 6, 1938  
SHOWING DISTRIBUTION BY TYPES OF PROGRAMS

Types of Program	Per Cent of grand total time on the air		
	Commercial	Sustaining	Total
Music.....	12.42	40.03	52.45
Serious.....	1.00	5.48	6.48
Light.....	2.20	7.75	9.95
Popular.....	8.01	24.26	32.27
Other.....	1.21	2.54	3.75
Dramatic.....	6.05	3.06	9.11
General drama.....	4.54	1.96	6.50
Comedy scripts.....	.61	.34	.98
Children's drama.....	.87	.76	1.63
Variety.....	4.60	4.24	8.84
Talks and Dialogue.....	3.85	7.56	11.41
Social and economic.....	.49	1.84	2.33
Literature, history, general culture.....	.34	2.00	2.34
Household and others of special interest to women.....	1.54	1.14	2.68
Farm management and others of special interest to farmers.....	.23	1.44	1.67
Political.....	.15	.16	.31
Others.....	1.10	.98	2.08
News.....	3.19	5.36	8.55
News reports.....	2.60	3.96	6.56
Sports flashes.....	.37	.59	.96
Market, crop, and weather reports.....	.22	.81	1.03
Religious and Devotional.....	2.00	3.15	5.15
Special Events.....	.77	1.44	2.21
Meetings.....	.08	.69	.77
Sports.....	.61	.60	1.21
Others.....	.08	.15	.23
Miscellaneous.....	1.67	.61	2.28
<b>Total.....</b>	<b>34.55</b>	<b>65.45</b>	
<b>Grand Total.....</b>			<b>100.00</b>

Source: FCC, "Summary of responses by broadcasting stations to program questionnaire," FCC Fourth Annual Report, 1938, pp. 223 ff.

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presentation because of its traditional dependence upon visual factors to create the desired effect. Variation in the basic data precludes a definitive analysis of trends in programs. None the less, there can be little doubt that the type of program fare offered the American listening public has changed.

*What the radio carries currently.* The best over-all picture of current radio program offerings is contained in the summary of responses to the Federal Communications Commission questionnaire, presented in Table 20. These percentages refer to national totals and conceal wide variations between stations. For instance, as the class of station drops from clear channel to local, the quantity of music broadcast increases, and the time devoted to the presentation of drama declines. Among other factors affecting the program structure of a particular station are affiliation or non-affiliation with a network, the amount of time sold for commercial sponsorship, and the volume of net sales of time.

During the week covered by this questionnaire, approximately 62,000 station-hours were devoted to broadcasting. Music alone accounted for 33,000 hours. Next in importance were talks and

TABLE 21  
PROGRAMS BROADCAST THE WEEK BEGINNING  
MARCH 6, 1938  
All Broadcast Stations and Noncommercial Stations  
By Main Categories

Type of Program	Class of Station	
	All Broadcast (per cent of total time)	Noncommercial
Music . . . . .	52.5	37.4
Dramatic . . . . .	9.1	3.0
Variety . . . . .	8.8	3.4
Talks and Dialogue . . . . .	11.4	29.7
News . . . . .	8.6	10.5
Religious and Devotional . . . . .	5.2	12.5
Special Events . . . . .	2.2	2.5
Miscellaneous . . . . .	2.3	1.0
Total . . . . .	100.00	100.0

Source: FCC, "Report on Proposed Rules," Part II, Section III, pp. 25, 43.

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dialogue with 7,000, and dramatics, variety, and news each with approximately 5,000 station-hours. This amounts to nearly three and a quarter million hours of broadcast time a year. The composition of the program service of the noncommercial stations is quite different from that of the commercial stations.

The sources of these programs reveal graphically the extent to which the program structure is integrated by and is under the control of the networks and transcription companies. These two sources account for over half of the total hours, while local originations provide only a little over one-quarter of all programs.

TABLE 22  
SOURCE OF BROADCASTING PROGRAMS  
Station-hours

	Number	Per Cent of Total
Live Talent		
Taken from national networks. . .	18,227	29.2
Taken from regional networks. . .	2,398	3.8
Originated locally. . . . .	19,188	30.8
Electrical Transcriptions. . . . .	12,953	20.8
Records. . . . .	7,246	11.6
Announcements. . . . .	2,341	3.8
<b>Total. . . . .</b>	<b>62,353</b>	<b>100.0</b>

Source: FCC, "Summary of responses by broadcasting stations to program questionnaire," *Fourth Annual Report, 1938*, p. 226.

The importance of transcriptions as a source of programs has been a development of recent years. With the technical improvements which have taken place, it is no longer possible for anyone but an expert to distinguish between a live talent and an electrically transcribed program if he fails to hear the introductory announcement. The effect upon the broadcasting industry has been to make it possible for even the smallest station to present competently produced programs independent of network affiliation. It is claimed that the requirement that transcribed programs be specially announced as such, for which there originally was some justification, not only is no longer necessary but actually is a

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hardship to the small station which must depend upon this source. An unfavorable impression is created in the listener's mind even though better programs are provided than would be possible by other means.

These totals and averages fail to tell the story so far as the individual station is concerned. A network, for instance, may fill every hour of its broadcasting day with worth-while programs, but the affiliate may take only a portion of these because it can sell locally the time which otherwise would be devoted to a network sustaining feature of a high level. The local program may be good but, on the other hand, its quality may suffer owing to lack of adequate local talent. There are indications that areas with a heavy percentage of local sales get little service of a national character except as supplied by distant clear channel stations at night and occasional broadcasts from local stations.<sup>2</sup>

### WHAT IS A BALANCED PROGRAM STRUCTURE?

The requirements of a balanced program structure have been widely discussed. A final answer hardly can be given since radio is so closely interwoven with the social fabric of the nation that it must change and grow with the change and growth of society itself. The ingredients of a good schedule may, none the less, be indicated in general terms.

Broadcasting facilities are in great demand. Since the hours of the day and the number of broadcasting stations are limited, not everyone can be accommodated, nor can those who actually reach the microphone be granted all the time they desire. The broadcasters maintain that they try to strike a balance between the claims of the various groups, both those who wish to be heard and those who wish to hear a particular type of program. All

<sup>2</sup> FCC Docket No. 5072-A, "Transcript of Testimony," Mr. J. O. Maland of the Clear Channel Group, June 17, 1938. Vol. 10, p. 1104.

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broadcasters, however, are not aware either of the significance of the problem or of the fact that a station must be regarded as part of the radio system rather than an independent entity. Recognition of the complementary character of individual broadcasting facilities may eventually eliminate present program duplications and make possible greater variety not only within areas but within the schedule of any one station as well. There is a need for controlled program experimentation to ascertain what types of programs appeal to various types of audiences. Moreover, if greater variety and improved quality are to be introduced into broadcasting, constant experimentation with new forms and methods of production is called for.

*As between different types.* Some allege that too much of the broadcaster's time is spent in transmitting music. But the fact remains that the vast majority of listeners, at least according to the samples surveyed, list music as their first program preference. The explanation probably lies not so much in the fact that America is a nation of music lovers as in the circumstance that music programs require less close attention than other types of broadcasts. People like to do other things—housework, playing cards, reading—while the radio is running. They can do this while music is being played but not if a speech is being delivered or a drama presented.

What besides music goes into the making of a good broadcasting schedule? The Federal Radio Commission expressed itself in an early decision:

. . . in the opinion of the commission, . . . the tastes, needs, and desires of all substantial groups among the listening public should be met, in some fair proportion, by a well-rounded program, in which entertainment, consisting of music of both classical and lighter grades, religion, education and instruction, important public events, discussions of public

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questions, weather, market reports, and news, and matters of interest to all members of the family find a place.<sup>3</sup>

In similar vein the president of the Columbia Broadcasting System asserts that "a broadcasting service must be so balanced that, in its schedule, it offers programs directed to the majority interests, and to those of the worthy minorities alike, in intelligent proportion."<sup>4</sup>

The vagueness of these statements must be disconcerting to any broadcaster seeking guidance in the construction of his program schedule. What are the "worthy minorities" and who is to determine them? What is to be the means of setting an "intelligent proportion"? The problem is thrown back into the lap of the individual station manager, leaving the public dependent on his intelligence and freedom from bias. The Federal Communications Commission, commenting on its analysis of the program questionnaires sent to stations notes:

Factors of proximity to talent centers, degree of earnings and financial strength of the station, dissimilarity of preferences by communities or by geographical regions, interpretations of station management as to what constitutes a balanced program service, effect of sponsors having particular types of programs identified with their names or products, and other influences no doubt contribute in various degrees to causing the trends of emphasis and relative degree of importance given to each type of program.<sup>5</sup>

*As between stations in the same area.* The public is interested in what is available to it at any particular time from all the stations within range. It is of little avail that more than one station can be heard if all are carrying identical or similar programs. This poses a problem which can be solved only by cooperation

<sup>3</sup>"Grounds for decision in the matter of the application of the Great Lakes Broadcasting Company," *FRC Third Annual Report, 1928-1929*, p. 34.

<sup>4</sup>Paley, W. S., *Radio as a Cultural Force*, p. 6.

<sup>5</sup>FCC, "Report on Proposed Rules," Part II, April 7, 1939, Section III, p. 35.

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among the broadcasters. Unfortunately, in the United States there continue to exist, side by side, regions where no radio programs can be heard—or at best poorly—and large areas where duplication of identical programs is frequent. These areas cannot be readily defined. Maps may be drawn showing how the listening areas of given stations on the same network overlap, but this is of little help in analyzing the problem since not all of them may be carrying the network program. In the case of sustaining network programs, the station—except some few chain-owned stations for which sustaining programs are compulsory—may choose not to take it; in the case of commercial programs, the advertiser may decide that he does not need certain stations. The Federal Communications Commission is inclined to rely upon this fact for the prevention of excessive duplication.

Excessive duplication of programs within a given area represents deplorably uneconomic utilization of limited facilities. There are, to be sure, some exceptions. In the case of secondary service for rural areas supplied by distant clear channel stations, a degree of duplication is necessary to assure reception of any desired program, in view of the variations in transmission conditions which might arise from natural phenomena not under the control of the broadcaster. The point at which duplication becomes “excessive” is a complex engineering problem. Here it will suffice to indicate that duplication is not inherently undesirable although the differentiation between necessary and excessive duplication requires a fine judgment.

The broadcasters can reduce avoidable duplication of program types by watching what their competitors are carrying. The program service manager of the Mutual Broadcasting System has stated<sup>6</sup> that, in formulating the network’s sustaining program

<sup>6</sup>“Opfnger Tells About Sustaining Programs,” *Broadcasting*, Vol. 16, No. 4, February 15, 1939, p. 77. (Testimony of Adolph Opfnger, MBS Program Service Manager, FCC Docket No. 5060.)

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schedule, available programs are diversified for program balance according to other features on the network schedule, the programs of originating stations, and the types of programs carried on the other networks. This enlightened view notwithstanding, there is room for improvement. Consider the availability of news broadcasts. All the networks seem to schedule them for the same time instead of scattering them through the day. Other illustrations are not wanting. In the national capital area, for instance, several hours each morning on all four radio stations are devoted to serialized dramas.

There is a question, of course, as to how much variety the radio should be expected to provide. The facilities are too limited to meet the tastes of every group in the listening public at the same time. But, basically, broadcasting should attempt to provide as much diversity as possible. Recognizing the importance of this principle, the National Broadcasting Company declared in its former "Statement of Policies":

Each program should be individual and distinctive and should not resemble too closely an adjoining program on the same network. The entire day's broadcasting must be balanced to furnish variety of entertainment and instruction to listeners.

The revised statement of policy merely notes: "In order that programs may be individual and distinctive and thus maintain the interest of the audience, they should not resemble too closely other programs."

### AVAILABILITY OF MATERIALS

The accumulation of the broadcasters' and the public's experience with radio has brought with it the realization that radio requires a special technique, not only with respect to the method of presentation, but in regard to the choice of materials as well. While some material can be adapted from other media, radio

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can best fulfill its function by pioneering rather than by aping. The problems of radio are enhanced by the time requirements which operate in two directions; every minute of the broadcaster's regular schedule must be filled, and the day has only about 18 hours suitable for broadcasting.

*What is suitable for radio.* The first radio programs were merely repetitions of material presented in other media, cut or pieced to meet time limits or other requirements imposed by the use of an auditory rather than a visual medium. Gradually it came to be realized that radio had possibilities which were not being utilized. In the meantime the technique of program presentation developed into a fine art. The "sound effects man" was accomplishing wonders. In working with the spoken voice, the radio has an advantage over written material; but in being limited to appeals to the auditory sense, it is subject to restrictions as well as opportunities. An illusion of locale can be more readily created through auditory impressions than by stage scenery. A sense of reality also can be conveyed more easily by the radio than by the stage, for each listener creates his own image from the material supplied him without the distractions which visual incongruities may introduce. These facts have been recognized by some of those who have taken to writing especially for the radio. Others, failing to recognize radio's idiosyncrasies, are unable to exploit its full possibilities. Just how real and vital the radio presentation can be was forcefully revealed in the fall of 1938 by the Mercury Theatre's broadcast of the *War of the Worlds*. This emphasized also the necessity for taking into account in writing radio scripts the variations in education and culture among the radio audience.

Some material, however, is not adaptable for radio. This was illustrated by the incident in 1938 which involved Philip Musica (alias F. D. Coster). Radio had just demonstrated its ability to handle history in the making by bringing firsthand accounts of the

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European crisis to the listening public, keeping it informed of new developments practically while they were occurring. In presenting the account of a business scandal of national importance it was conspicuously less successful. Prisoners and law officers are not available for microphone appearances and, since no commentator could be present, the waiting ears of the radio audience were deprived of a shot-by-shot account of the suicide of that particular drama's leading character. Yet this was big news; somewhat different in scope from the Munich pact, but something of intense public interest none the less. The newspapers took full advantage of the story but the best that radio could do was to issue brief news bulletins. The incident illuminates one of radio's problems in adapting materials for broadcasting.

Another factor vital to the selection of broadcast material is the mixed character of the audience, as regards both sexes and ages. This bears directly upon the suitability of materials. The obligation imposed upon radio is more than merely eschewing what the most broadminded would consider obscenity, indecency, or salacity. What may be entirely in place in a written medium or upon a stage may not be at all suitable for injection into a miscellaneous group of people unaware of what it is to hear. In the case of a play, accounts are available through reviews and the audience is forewarned of its character. On the basis of this knowledge individuals are free to attend or stay away from a performance. In the case of radio the audience has no guide and must rely upon the broadcaster's judgment. Since the broadcaster cannot select his audience, the responsibility devolves all the more heavily to respect its taste and standards.

*Heavy demands of 16 hours a day.* A full-time broadcasting station is on the air approximately sixteen hours daily. Most programs are fifteen minutes long, some a half hour, and a very few, one hour. Consider what is involved in filling 64 periods a day, seven days a week, every week of the year; and scheduling these

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so that they make sense, with regard for all the factors involved. The task is forbidding. At the same time, however, it detracts from the merits of the excuse that lack of time necessitates barring an otherwise good program from the air. Not all of these 64 periods are, of course, equally favorable. This is reflected in station rate cards which almost invariably charge more for time after 6 P.M., as well as in the practice of networks of crediting stations for daytime hours at lower rates than for evening hours, and in the eagerness with which a "good" hour on the radio is sought. The apparent inconsistency between complaints of too little and too much material at the same time must be explained on the ground that there is too much for the good hours—and the commercial programs are given preference at that time. Other material must be fitted into the remaining hours.

The Federal Communications Commission data quoted earlier showed that in a typical week there were over 60,000 hours of broadcast time on 629 commercial stations. To fill these hours with appropriate program materials requires alertness and imagination. All stations do not, of course, broadcast on full time. That very fact, however, adds to the difficulty of securing good material for those whose broadcasting is restricted to daylight hours since evening hours are most in demand.

The necessity for precise timing in broadcasts creates another problem in regard to availability of material. Little is suitable for radio that cannot be compressed or extended to fit the traditional periods. Music or drama written for other media where artificial time or space limitations do not exist, suffers in quality when forced into the radio strait-jacket.

## THE EFFECT OF COMPETITION ON PROGRAMS

Competition among the various creators of radio programs is desirable in so far as it leads to variety and fosters experimenta-

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tion in the hope of uncovering something new and suitable for the radio and appealing to the public. It is undesirable and contrary to the public interest to the extent that it is expressed only in the efforts of the competitors to see who can lead in elaboration for its own sake or in outdoing others without adding anything in type of program or quality. This is no less true for competition between different elements in the broadcasting structure than for competition between broadcasting and other media.

*Internetwork competition.* Competition between the various elements in broadcasting is effective only to the extent to which the programs are produced for the same audience. Thus, competition between an independent station in Los Angeles and one in New York would have little significance or, indeed, be likely to occur. Competition between stations in the same locality is limited by the differences in the class of stations. In only a few towns with more than one station do the broadcasters have to face competition from other stations in the same class. To the extent to which the class varies, the competition is unequal and not particularly effective. The local station devotes itself to the immediate vicinity, and in constructing its programs takes into account only the interests of that vicinity. The regional station must consider a wider area, and the clear channel station the widest area of all.

It is for this reason that the chief competition is between the various networks, in so far as they parallel each other and reach the same audience. An experienced member of the radio profession has written that, while competition for quality serves the public interest, competition for "exclusives" ". . . often deteriorates in a ruthless exploitation of advantage" and "at best it results in a duplication of stunts."<sup>7</sup> Impelled by this idea, the Mutual Broadcasting System, during the 1938 European crisis, attempted to do something different and reproduced news broadcasts from foreign

<sup>7</sup> Saerchinger, César, *Hello America!* p. 247. Boston: Houghton Mifflin, 1938.

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radio stations rather than simply adding to the list of commentators. "There are times when co-operation is worth more than competition, and in any case the public is better served when broadcasters get together for the good of the job."<sup>8</sup>

*Intermedia competition.* Competition does not always benefit the public. The motion-picture industry's withdrawal of stars it has under contract might result in depriving the listening audience of talent to which it is entitled if it is to have the best. The public is being similarly deprived when proprietors of baseball teams forbid the broadcast of games in the hope of increasing box-office receipts. The question whether and to what extent other media are aided or harmed by being publicized over the radio cannot readily be resolved. The New York Philharmonic Orchestra, for instance, feeling that attendance in the concert hall was reduced by the broadcasts, solicited contributions from the radio audience. These concerts were heard by many who otherwise would never have done so. Others, on the other hand, may have been induced to go to the hall to hear the concerts personally.

So far as education is concerned, radio should be regarded as a supplementary aid rather than a primary instrument. This reduces the element of competition so far as formal education is concerned, for in this field personal instruction cannot be replaced. In the field of adult education, however, the radio may have supplanted some other forms of teaching. The degree to which it is more effective in attaining desired objectives determines the value to the public of this substitution. The subject of education and the radio is more fully discussed in a subsequent chapter.

Competition between the radio and the press creates special problems which will be discussed at some length in Part V. Here it is merely noted that competition has not always benefited the public. To the extent to which any medium exercises control to

<sup>8</sup> *Ibid.*, p. 263.

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deprive other rightful users the public is harmed. In this connection special reference is had to the former relations with the news services of the newspapers and such wire services as Associated Press and United Press, which forced the radio stations to organize their own news services, do without news broadcasts, or accept brief bulletins written by the newspaper-dominated services which accomplished little besides advertising local papers.

### THE ROLE OF THE ADVERTISING AGENCY

In the early days of radio the broadcaster prepared most, if not all, of the programs transmitted by his station. Now the advertising agencies are in almost exclusive charge of national advertisers' programs, although to some extent the local stations continue to build programs and write commercial continuity for the local advertisers. In the present broadcasting structure the advertising agencies, concentrated mainly in a few hands, have a large share of the responsibility for what the public gets.

*Shift of initiative.* When, at the beginning of radio, the broadcaster created the program purchased by the advertising sponsor, the advertising agency was well established in other fields of advertising. The extension of its function to include developing radio programs was a logical step. In 1929, about a third of the commercial programs were produced by advertising agencies, 28 per cent by networks for the sponsors, 20 per cent by sponsors themselves, and 19 per cent by special program builders. In a few years' time, network production had almost disappeared. Currently there are indications that the broadcaster is once again beginning to take a part, mainly by building sustaining programs which it is hoped will prove so attractive to the public that they will be taken over by sponsors. The advertising agency, however, remains the leading influence in production of commercial programs and this is of significance in connection with the control of programs.

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*Degree of responsibility.* Admittedly, final responsibility for whatever goes out over his station rests with the broadcaster. But this control has chiefly negative value when the initiative comes from the advertising agency. It is for this reason, perhaps, that the national networks have found it necessary to formulate explicit policies which comprise part of the contracts with an advertising agency buying time for clients. These policies cover not only the content and treatment of advertising continuities, but the programs as well. The Columbia Broadcasting System, for instance, requires that "each program shall be rendered and broadcast in a manner satisfactory to the System" and "reserves the right to refuse to broadcast any program which does not in its opinion maintain a quality creditable alike to the System and the Agency." The agency must pledge cooperation in broadcasting programs of the highest possible standard of excellence, and willingness to observe various regulations and restrictions in the preparation, writing, and broadcasting of programs; including "No use of broadcasting time except for direct or indirect advertising of goods or services" and "No advertising matter or announcements, or programs which may in the opinion of the System, be injurious or prejudicial to the interests of the public, the System, and/or its affiliated stations, or honest advertising and reputable business in general." The National Broadcasting Company expresses the view that "the primary responsibility for protecting the public interest rests upon the broadcasters who in turn look to the advertisers for their recognition of this duty and for their cooperation in fulfilling it" and reserves the right to reject any program in whole or in part.

At least so far as the major networks are concerned the broadcaster appears to acknowledge his responsibility and attempts to make it effective. The broadcaster is doubtless on guard for violations of law and Federal Communications Commission regulations, but whether he really uses his influence to raise the level of

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programs and improve their quality is less certain. Responsibility for a large share of radio's offering to the public probably has to be laid squarely at the door of the advertising agency which prepares it.

The advertising agencies gradually have developed departments adept at the job of broadcasting; they know their business as well as any station manager. Their interest, however, is different; it is that of putting across their client's message. They are only indirectly interested in performing a public service, whereas this should be the broadcaster's first consideration. Under this system of delegated initiative it is difficult to fix responsibility for any acts of commission or omission in the public service.

### INFLUENCE OF COPYRIGHT LAWS ON PROGRAMS

The broadcasting industry is inclined to consider copyrights one of its major problems. Substantial expenditures for royalties on copyrighted materials, particularly music, are involved in the preparation of programs.

*Music copyrights.* The holders of a large majority of the music copyrights are associated in the American Society of Composers, Authors, and Publishers (ASCAP), established in 1914 to protect the rights of its members. In 1922, this organization began to realize that the field of radio was one which was increasingly worthy of its attention. Its first attempts to collect fees for the use of copyrighted music by radio were frustrated by a court ruling that broadcasting was not a "public performance for profit." This decision was reversed in 1924, leaving the association free to license stations to use its members' music.

The present contracts of the association with broadcasting stations expire on December 31, 1940. They provide that all "regular" broadcasting stations must pay 5 per cent of their net receipts on all their business and a flat sustaining fee for the use of music

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on the ASCAP list. The major networks pay a substantial flat fee, in addition to royalties for those stations which they own and manage. A source of complaint by the broadcasters is that most newspaper-owned stations have a more favorable contract with ASCAP under which they pay only for the programs using its music. This is claimed to introduce an unfair element into competition between this class of station and all others. In addition to controlling the use of American music, ASCAP collects fees for foreign composers through agreement with their national protective societies. Moreover, through a subsidiary, it issues licenses to stations for the privilege of recording "off-the-air" broadcasts for delayed use or for filing purposes.

It has frequently been alleged that ASCAP constitutes a monopoly. In 1935, the United States Department of Justice filed a suit against it under the antitrust laws. The case has been allowed to lie dormant, partly, it is believed, because broadcasters have not shown greater interest in its prosecution. In recent years, laws have been enacted in various states which provide that ASCAP must register each piece of music the use of which, within the state, it seeks to control, and set a price on it. This would void the existing broadcast station licenses. ASCAP, in fighting these laws, has said that compliance would make continued existence impossible and that the broadcasters would be overwhelmed with suits for infringement of copyright. The penalty provision in the federal copyright law, carrying a fine of \$250 for each infringement, is probably the association's greatest weapon in forcing payment of license fees from broadcasting stations.

The broadcasters have sought to evade the burden imposed by these fees by building up a library of music which is in the public domain. The NAB, through its former independent Bureau of Copyrights, recorded some 20 hours of public domain music. This has now been sold to a private firm under a contract to add tran-

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scriptions until there are 300 hours of this music available to the broadcasters. Since the broadcasters are currently paying the ASCAP an estimated \$5,000,000 annually for the use of music, this is a matter of considerable interest to the industry. The availability of a library of public domain music should place the industry in better bargaining position with ASCAP.<sup>9</sup>

Broadcasters probably are not averse to paying something for the use of music, although there are those who feel that the composer should pay the broadcaster for promoting his song. It is generally recognized that, as the broadcaster must have music for his programs, so, in these days, must the composer have the benefit of the radio for the popularization of his songs. This consideration is confined to current popular music. The copyrights and renewals run for only 56 years, so that much music is outside the jurisdiction of the law—although arrangements of older music may be copyrighted giving the arranger rights equal to that of the composer. Since it is the current popular music that the public wants to hear, the broadcasters are dependent upon the wares of the ASCAP. The broadcasters complain that they should not be charged on the basis of programs which do not use music, and that all stations should be treated alike. It is reported that this view has been accepted by ASCAP in negotiations for new contracts to replace those expiring in 1940.<sup>10</sup>

Before publicly performing a copyrighted musical composition, the obligation, under present arrangements, rests upon the individual broadcasting station to make a reasonable effort to

<sup>9</sup> In 1940, the broadcasters set up Broadcast Music, Inc. to compete with ASCAP and to create an industry-owned reservoir of music.

<sup>10</sup> It was reported in April, 1940 that ASCAP had offered a contract containing provision for clearance at the source for network affiliates, a charge of 7½ per cent on the gross income of the networks, and varying rates for other classifications of stations. The preferential plan previously accorded some newspaper-owned stations would be eliminated. The broadcasting industry was said to be dissatisfied with these terms largely because ASCAP still refuses to agree to payment on the basis of music used rather than on gross income from all programs irrespective of whether they employ ASCAP-controlled music or not.

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ascertain the copyright ownership and see that the station has the right to perform the work. If the broadcasters broke off relations with ASCAP, the public would be deprived of all music controlled by the association—or, if it were played, the broadcasters would be subject to infringement suits. Since such a large proportion of all music is covered by the ASCAP license, the remainder would provide the public with little variety, and possibly inferior quality, as much music otherwise in the public domain is covered by copyrighted arrangements. In so far as the attempt of the broadcasters to build up a library of public domain music of high quality succeeds in uncovering new talent, the public will benefit through richer radio programs.

One influence upon the program structure under the existing system of copyrights is the encouragement of the use of a greater proportion of music. Since it is already being paid for, this entails no additional expense to the broadcaster who may thereby save other program costs. At the same time, the encouragement to use music to the exclusion of other types of programs may result in cutting down the amount of experimentation in new program forms and thus tend to make broadcasting more and more stereotyped.

In part, the significance of the broadcasters' dispute with ASCAP lies within the broadcasting industry itself. Under present network contracts with their affiliates the latter are required to hold licenses when such are necessary to permit the use of copyrighted material. Many affiliates feel that, in view of their inability to check the musical content of network programs in advance of broadcast, the network should take the responsibility for securing clearance of copyrighted numbers. The affiliates would share the cost through some arrangement with the networks but would not have to make a payment to ASCAP unless they used music controlled by it in their own, nonnetwork, programs. So far, the networks have not been willing to agree to "clearance at the source" and this is one of the issues between them and IRNA.

## CHAPTER 11

### SPECIAL INTEREST VS. GENERAL INTEREST STATIONS

Those not satisfied with present broadcasting results frequently propose the licensing of stations designed to serve particular elements in the community, leaving the commercial broadcaster to provide a purely general service. The use of radio in this manner for educational purposes has been urged with particular vigor. The problem of licensing special interests to operate broadcasting stations raises issues which do not arise in the commercial use of radio facilities, and which are particularly troublesome because of the technical limitations of the broadcast band.

#### THE EDUCATIONAL STATION

If, as many claim, all broadcasting is educational—although in varying degree—why should education stations be established as a separate category? The first difficulty arises over the question of what is educational; there is no generally accepted definition. In this connection, C. F. Klinefelter, vice-chairman of the Federal Radio Education Committee, writing in *School Life* for March, 1937, observed:

The fact that a given program emanates from an educational agency is no assurance that the program itself is educational . . . On the other hand, the mere fact that a program is commercially sponsored and broadcast by a commercial station does not destroy whatever intrinsic educational merit it may possess . . .

He proposed a series of tests by which the educational value of programs might be gauged:

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1. Does the program convey to the listeners socially desirable information which they did not possess before hearing the program?

2. Does the program discuss items of knowledge and give clear-cut directions for their practical application so that the listeners not only have a clear understanding of the items of knowledge but can make practical application of them as need or occasion arises?

3. Does the program give a step-by-step explanation of how to do or make a certain thing with clear-cut directions as each step is covered so that the listeners can do or make the thing as need or occasion may arise?

4. Does the program present a problem involving the exercise of judgment or constructive thinking in such a way as to bring out, in an impartial and dispassionate manner, all of the various factors involved in the problem so that the listeners are stimulated to make an intelligent evaluation and arrive at a logical conclusion?

In discussions of educational broadcasting it is necessary to distinguish between the use of the radio as an aid in formal school instruction and as a means of adult education. Such a distinction simplifies the problem and points the way to possible solutions.

*Radio in the schools.* The use of radio in the schools presents some special problems. The commercial broadcaster as a rule is hesitant to devote any considerable part of his time to programs having so limited an audience. Moreover, unless the programs are planned carefully to fit into the curriculum and the school schedule, they may not only fail to make a contribution, but may actually hamper school activity. In some European countries, notably in England, the broadcasting system is used to a considerable extent to transmit programs for use in conjunction with schoolwork. The matter of scheduling is worked out with the school authorities; moreover, the problem of taking time which might have a commercial value does not arise. In addition, the public school system abroad is more coordinated than it is here where curriculum and form of educational methods vary locally. This restricts the value of radio programs to the particular locality for which they are originally intended.

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Some broadcasters have undertaken to transmit programs specifically designed for use in schools. As a general rule, however, the broadcaster has neither the time, the inclination, nor the expert knowledge required to create programs for school use which can be properly integrated with the regular methods and course of instruction.

*Adult education.* In the field of adult education, however, the limitations are less significant. The requirement to coordinate school programs with curricula or time schedules is not present. The appeal of these programs is much greater—although to be truly effective educationally they must be no less skillfully designed. Adult radio education creates problems of its own. The adult audience is available chiefly during the hours most in demand by commercial interests. As a rule, adult education programs must be put on by the broadcaster as sustaining features. To do this and reach a wide audience by scheduling at a time when a large number of people are listening requires a sacrifice of income which not all broadcasters can afford. One commentator was perhaps hypercritical when he observed that “there has been a magnificent failure on the part of the commercial companies to dedicate their facilities to the enlightenment, help, and cultural advancement of the listening public.”

It was previously noted that there were a considerable number of stations operated by educational institutions in the early days of broadcasting, but their number has dwindled. The rate of decrease was particularly marked prior to 1930. In part, this was explained by the growing cost both of physical equipment for broadcasting purposes and of talent for programs. The rising expenses forced conversion of stations to commercial uses since most educational institutions do not have the funds necessary for a complete, high-quality program service. In some instances, licenses were voluntarily abandoned; in others, broadcasting facilities were

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sold to commercial interests. The defense of these college- and university-owned stations became the problem of educators throughout the country. A recommendation was made to the Congress that a fixed number of radio broadcast facilities be allocated by statute to particular types or kinds of nonprofit radio programs or to persons identified with particular types or kinds of nonprofit activities.

To accomplish such a purpose, bills were introduced in the Congress of two general types. One sort proposed to allocate 25 per cent of the existing wave lengths to nonprofit stations. The other would have required all stations to set aside 25 per cent of their time on the air to educational and nonprofit broadcasts. As a consequence, the Congress, in drafting the Communications Act of 1934, specified in section 307(c):

The Commission shall study the proposal that Congress by statute allocate fixed percentages of radio broadcasting facilities to particular types or kinds of non-profit radio programs, and shall report to Congress, not later than February 1, 1935, its recommendations together with the reasons for the same.

Public hearings on this question were held by the Federal Communications Commission which subsequently submitted a report to the Congress stating:

The Federal Communications Commission respectfully recommends that at this time no fixed percentages of radio broadcast facilities be allocated by statute to particular types or kinds of non-profit radio programs or to persons identified with particular types or kinds of non-profit activities.<sup>1</sup>

Among the reasons given for this recommendation were the belief that no change in the law was necessary to accomplish the desired

<sup>1</sup> FCC, "Report of the Federal Communications Commission to Congress Pursuant to Section 307(c) of the Communications Act of 1934," FCC, January 22, 1935, Mimeo., #11861, p. 5.

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purpose, that flexibility in the broadcasting structure must be retained, that no feasible plan for the allocation of facilities to non-profit organizations had been suggested, and that no evidence of a real demand for such an allocation had been presented at the hearings. On this latter point the commission reported:

Representatives of some of the most important institutions of learning were definite in their statements that they had ample opportunity for the development of their radio activities under present arrangements, and they were likewise definite in their opposition to any rearrangement which would place the burden of maintaining broadcast stations upon educational institutions.<sup>2</sup>

In its report, the commission proposed to hold an educational conference at which time plans for mutual cooperation between broadcasters and educational organizations could be made. That conference was held on May 15, 1935. In December of that year, the commission announced the appointment of a committee of forty persons, representing the broadcasting industry, educational, labor, religious, and various semipublic, nonprofit groups and organizations. United States Commissioner of Education J. W. Studebaker, was named chairman of the committee, which was to be known as the Federal Radio Education Committee (FREC). Its purpose was to eliminate controversy between educators and the broadcasting industry and to promote cooperation between the two groups on national, regional, and local bases.

A small planning committee was selected from the membership for the purpose, at the outset, of collecting and correlating data on which the main committee might base its deliberations. The planning committee discovered an almost total lack of factual data on which to make recommendations. In February, 1936, it was agreed that a comprehensive research program would need to be undertaken by the FREC. Funds for supporting the program of

<sup>2</sup> *Ibid.*, p. 3.

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nine studies which eventually was designed were solicited from the broadcasting industry and the educational foundations. The program is directed by an executive committee composed of nine members: four educators, four broadcasters, and one a representative of the Communications Commission. The study program is the development of the combined efforts of men in the field of broadcasting, having practical problems to be solved, and of educators, facing the problem of learning how to make the best use of the medium of radio under the American system of broadcasting.

The studies include: A Survey of Successful Cooperative Efforts, A Survey of Teacher Training and College Courses in Radio, A Study of Listening Groups, A Study of the Problems and Methods of Broadcasting to and by Schools, and A Study of the Essential Value of Radio to All Types of Listeners. In addition to the research program, a Script Exchange has been established in the United States Office of Education to help promote the more effective use of radio for educational purposes by local educational and civic organizations. Late in 1939, a monthly bulletin containing information in respect to educational broadcasting was first established.

The work of the FREC is designed to answer the question whether adult education by radio is best carried on by established educational institutions or whether it should be led by persons specializing in adult education. The United States Office of Education has done much in the way of building up adult education over the radio by the preparation of programs, the development of study materials, and the stimulation of the formation of study groups. For such a program, the use of a special station is not desirable; it is better to make use of the established audiences of existing stations. The difficulty which there arises is in securing good time from commercial stations. It should not be overlooked

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that, in recent years, the broadcasting industry itself has produced a number of worth-while educational programs.

*Ultrahigh frequencies for educational use.* In January, 1938, the Federal Communications Commission set aside a band of ultrahigh frequencies for the use of nonprofit educational stations. This may ultimately be the solution to the problem of the use of radio in the schools. It is estimated that as many as 1,500 such stations may be established under this allotment. These special stations are not to be considered as part of the general public broadcasting structure and are not required to show evidence of a general public service which the educational stations in the regular broadcast band have found so expensive. They may be operated by the local school authorities and their programs may be designed as an integral part of the school curriculum. If the education authorities make use of this facility, it should be of considerable value in vitalizing teaching in the schools, as well as assisting in the processes of administration and supervision of the school system.<sup>3</sup>

The use of radio in the schools is, of course, subject to limitations. It does not eliminate, for instance, the need for the presence of teachers. It can amplify and dramatize classroom instruction but not supplant it. This means that, to derive the greatest benefit from radio as an educational aid, teachers must be specially trained in its use. Wide application of this technique may greatly modify teaching methods.

The general public at present cannot receive these broadcasts since the ordinary radio is incapable of receiving these high frequencies. Special equipment must be bought for the schools. Because of this limitation, these ultrahigh frequency stations are not, under present conditions, adaptable for adult educational purposes. Work in this field for the time being must continue to be carried on over facilities in the standard broadcast band.

<sup>3</sup> Cf. *Ultra-High Frequency Educational Broadcasting Stations*, pp. 2-3. Washington, D.C.: U.S. Department of the Interior, Office of Education, March, 1939. Mimeo.

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### PROPRIETY OF DEVOTING PART OF A LIMITED RESOURCE TO PARTICULAR PURPOSES

A serious question of public policy arises in connection with the licensing of broadcasting stations to religious or other groups having a special point of view. Since broadcasting stations are obligated to serve the general public, the social value of special interest stations with a restricted audience may be challenged. The technical limitation upon the number of broadcasting channels available for use in the public interest suggests that the principle of granting all viewpoints an opportunity to present their cases might better be achieved in some other fashion than by turning over a broadcasting channel. The government regulatory body has adopted the attitude that the system must operate for the greatest good to the greatest number and this does not include operation of stations by "propaganda" groups. On the other hand, the organizations concerned claim that this is the only way in which they can get a hearing.

*Social value of special interest stations.* In a democracy all elements in the community have the right to be heard. Since radio is the means by which the largest number can be reached, this basic principle is sacrificed if the opportunity to broadcast is absent. But the question remains whether this opportunity can best be created by permitting special groups to operate radio stations.

There is not room in the broadcast band for every school of thought, religious, political, social, and economic, each to have its separate broadcasting station, its mouthpiece in the ether. If franchises are extended to some it gives them an unfair advantage over others, and results in a corresponding cutting down of general public-service stations.<sup>4</sup>

<sup>4</sup>"Grounds for decision in the matter of the application of the Great Lakes Broadcasting Company," *FRC Third Annual Report, 1928-1929*, p. 34.

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Even though the station owned by special interests conforms to the standards of a general service station in respect to presenting a well-rounded program, it is still true that the station is used for what is fundamentally a private purpose for a large part of the time. At the same time, the financial burdens imposed by the necessity of carrying on a general service are disproportionate to the amount of aid received by the cause which the station wishes to promote. Uneconomic use of resources follows.

Moreover, some doubt attaches to the public value of allowing particular ideas to be slipped to the public in the sugar coating of a general program service. In addition, if all groups are not to be on equal terms, consideration of factors other than the public interest decides what group is and what group is not to be favored. Priority, finances, and other variables all bear on this. Broadcasting by special interest stations may rouse controversies in which a fair representation of all points of view may not be possible because of differences in facilities.

A plea for the religious station is made on behalf of those isolated or handicapped people to whom the radio can bring the consolation of devotional exercise and spiritual guidance they would otherwise be denied. But the fact remains that the commercial system does devote a good deal of time to religious broadcasts. However, instead of having these relate to only one creed, an effort is made for all beliefs to share equitably in the available time. Thus, one of the major networks, which accepts no paid religious programs, has a system of rotating church leaders of the different faiths, while another has an advisory council on which all are represented to direct religious policy. These procedures would seem to point the way to a solution.

*Attitude of the commission.* The Federal Radio Commission early took the stand that special interests had no proper claim to general broadcasting facilities. This position, however, could not

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warrant summary cancellation of licenses of existing special interest stations which had good records of operation, frequently covering a considerable period of time. Consequently, the principle was adopted of giving preferential treatment to general service broadcasting stations and making less desirable assignments to special interest stations—sharing of time and poorer frequencies. The successor Communications Commission has reaffirmed this stand:

Before undertaking to provide special services through the addition of new stations, it would seem a fundamental requirement that the general public throughout the whole country be provided with at least one radio service of general interest and dependable signal quality.<sup>5</sup>

Carried to its logical conclusion, this attitude would mean refusal of license renewals in the case of religious or similar organizations in order to make room for more general service stations. It is certainly inconsistent to grant additional facilities to those it holds to have secondary claim to consideration.

*Attitude of the interests.* The various private groups operating broadcasting stations believe themselves to be performing a valuable service in the public interest, which would be impaired if they were dependent for radio time upon commercial broadcasters. They allege that the opportunity to run a radio station is essential to permit competition in the market place of ideas. At present the broadcasters are under no compulsion to grant them a hearing. It is charged that the attitude of the commission has resulted in turning over a valuable public resource for commercial exploitation; that the commercial broadcaster is no more free from bias than the nonprofit special purpose organization.

On the other hand, there are those who hold the opinion that the best results can be brought about by cooperation between the

<sup>5</sup> FCC, "Report of the Federal Communications Commission to Congress Pursuant to Section 307(c) of the Communications Act of 1934," FCC, January 22, 1935, p. 4.

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broadcasters and the special interest organizations under the direction and supervision of the commission and not by any allocation of a fixed percentage either of time on established stations or of available broadcasting facilities.

This is one aspect of the general problem of assuring freedom of the air, considered in the next section. Here it need only be indicated that greater fairness and more economic use of limited resources might be brought about by refusing broadcasting licenses to any group organized for purposes other than the business of broadcasting. All views then would be more nearly on a par than under the present arrangement where some possess while others lack broadcasting facilities.

## CHAPTER 12

### PROGRAM PROBLEMS CREATED BY ADVERTISING

As has been pointed out, the interests of the advertiser have a definite effect upon the programs the public receives over the air. In his concern with a particular segment of the public, the advertiser tends to disregard the remainder—those who have insufficient money to buy his goods or those to whom his goods do not appeal.

Under the commercial system, the advertiser, who in the first instance finances broadcasting, must get his money's worth somehow and he does this by injecting a sales message into the programs he supplies the broadcaster. This necessity for "commercials" must be accepted so long as there is a commercial system in this country. Public interest, however, may rightly require the broadcaster to limit his sales talk and handle it tastefully. The broadcasters realize that there are limitations to public endurance. Because of public criticism, the leaders of the broadcasting industry have found it necessary to set some definite standards to which advertising writers must conform. There must be some check, too, upon the kinds of products to be advertised over the radio, since the danger of broadcasting false or misleading advertising is as great or even greater than in any other advertising medium.

#### INFLUENCE OF THE ADVERTISER

Since it is the advertiser rather than the broadcaster who determines the distribution of any particular commercial program,

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his is the responsibility for shaping its appeal. He also sets the pace for the industry in the sums which must be expended to keep up with the more elaborate programs.

*The effect on types and distribution of programs.* A leading figure in the advertising world advises that the advertiser "should realize that while a cheap or over-commercialized program may pay today, a better balance of restraint will, in the end, build a larger audience and insure a continuance of the present American system."<sup>1</sup> Even though the law may hold the broadcaster accountable and relieve the advertiser of any obligations, the leaders of the industry realize that the ultimate responsibility does, in fact, rest with the advertiser. It is he who decides where a program shall go. If two advertisers are trying to buy the same hour over a network, it may be assumed that the advertiser who is willing to buy the greater number of stations will be the one who will secure the time, other things being equal. Other things rarely are equal—and it may be imagined that inferior program quality would not be a bar to the acceptance of a commercially satisfactory account. Again, the practice of requiring the advertiser to buy time on blocks of stations means that his selection determines what goes to a particular area. The effect of this is to deprive areas such as the Southeastern and South Central sections of the country which are outside the basic networks, of many worth-while sponsored programs.

The motives of the advertiser control the actions of the broadcaster even during the hours which have not been sold. Appeals to special groups are inconsistent with the program motives of commercial broadcasting. If such programs are to have a hearing, they must be carried as sustaining features which are designed to sustain interest in the station between the commercial programs

<sup>1</sup> Durstine, Roy J., "The Future of Advertising Over the Air," *Broadcasting*, Vol. 8, No. 2, January 15, 1935, p. 52.

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so that the advertiser will find an audience waiting when he comes on the air. The trend toward variety programs for which desire to attract the widest possible audience has been responsible is further evidence of the advertiser's influence. The whole program may not appeal to the whole family—and the advertiser thinks in terms of family appeal—but some part of it may please each member and this is enough to keep the radio tuned in.

Another influence of the advertiser is that exerted in the role of censor. This is analogous to the part played by him in coloring or suppressing matter in newspapers. Material which might antagonize the goose which lays the golden egg is tacitly avoided by most broadcasters as it is by most editors—although both groups are loath to acknowledge this subservience.

*Effect on elaboration and hence expense of program.* In defense of the American commercial system of broadcasting it is frequently alleged that only a commercial sponsor would have been willing to pay the high prices necessary to bring leading talent into private homes via the air. This contention overlooks the fact that commercial factors may be partly responsible for the high price which this talent commands. The supply of first-class singers, musicians, and actors is not unlimited. Each advertiser wants the best he can afford for his own program depending upon its type. He is willing and able to pay heavily for what he wants, competition forcing prices sometimes to exceptional heights. If the broadcaster wants to sustain interest, his program cannot fall short of the advertiser's in that elaboration which is often mistaken for quality.

The broadcaster points to his contribution in uncovering new talents. He builds newcomers up, gives them a chance, and puts them across. Without his assistance they could not obtain a hearing. This is true, in part, but ignores the fact that until these people become famous the broadcaster exploits them—takes their

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time free if he can get it, and at any rate pays as little as possible to anyone without a "name." These conditions are reflected in the contracts which the AFRA has concluded with the advertising agencies, securing minimum protection to run-of-the-mill performers. Unfortunately, under a system which puts a premium on names, there is no mid-ground between the top which commands high fees for relatively little expenditure of effort and the many who work for modest wages.

### TREATMENT OF COMMERCIAL COPY

Probably no complaint against the radio is voiced more frequently than objections to the commercial copy which sponsored programs carry. Other defects of the broadcasting system may be hidden, but this reaches the public if it listens at all. Objections range from the amount of time devoted to commercials to the way in which they are written, and the kinds of products that they advertise. The leading broadcasters are aware that the audience may be alienated if the tone is allowed to become too inferior, and have attempted to set up some sort of standards which will go beyond the requirement for obvious decency and the injunction against false or misleading advertising. During 1939, these industry standards were crystallized in the NAB code which is discussed in greater detail elsewhere.

*Taste, length, and frequency.* Opinion within the broadcasting industry on the proper method of handling commercial copy varies widely. The National Broadcasting Company itself has had no written policies covering the length of commercial announcements, believing that they are as long as they are interesting. It considers a definite limitation on length to be an invitation to use the maximum time. Nevertheless, in its most recent statement of policy it has indicated the distribution of time on a program of a given length which is most likely to maintain a good balance

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between the program content and commercial copy. Moreover, it adheres to the NAB Code which sets limits. Support for the anti-limitation view comes from others who believe that the problems of commercial program content cannot be solved for either the listener or the sponsor by limiting commercials to a definite percentage of the program time. Some commercials are merely a reminder of a familiar article; others must do a real selling job and should be accorded different treatment if they are to succeed in their purpose. The objections of a bored public might be met by setting some flexible limit so that commercials do not run to undue lengths. Rigid regulations will penalize the advertiser of a new product. At the same time, to avoid overcommercialization, it is suggested that a station should set aside a specific amount of time for noncommercial programs. This would permit the advertiser to deliver his message and at the same time protect the listener.

Others in the advertising field consider that there are problems which might be solved by having the stations pursue a policy of giving preference to those who keep their commercials brief, interesting, and nonrepetitive. This might work well during a period when advertisers are clamoring for the air and the stations can select from numerous applicants. But during depression periods stations are under pressure to accept all available business. Depressions have another effect upon the commercial announcements. As the task of selling becomes more difficult, the advertiser tends to lengthen his announcements and make them less subtle.

One practice to which frequent objection is registered is that of injecting spot announcements so that the mood of the program is broken or placing them so that they follow one another too closely creating the effect of a series of uninterrupted advertisements. This situation arises in part because local spot announce-

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ments are inserted between two network commercial announcements. The Independent Radio Network Affiliates has recognized this problem and has held conferences with the networks in an effort to work out some solution.

It is of interest that the Federal Communications Commission found it necessary in 1939 to remind broadcasters of the legal requirement of announcing the name of the commercial sponsor and identifying advertising matter as such. The development of spot announcements and efforts to present advertising in an unobtrusive manner sometimes causes the—probably inadvertent—concealment of the fact that programs or announcements are sponsored.

The chief supporter of definite limitations upon the length of commercials has been the Columbia Broadcasting System, which includes as part of its contract with advertising agencies the stipulation that advertising continuities shall be limited to 10 per cent of the program time for evening programs and 15 per cent of total broadcasting time on daytime programs, except that 40 seconds additional may be devoted to commercial announcements on quarter-hour programs, whether evening or daytime. They further provide that there must be no programs or announcements that are “slanderous, obscene, or profane, vulgar, repulsive or offensive, either in theme or in treatment.”

The Columbia Broadcasting System revealed to the Federal Communications Commission that commercial announcements actually take less time than permitted under the 10 per cent clause. For instance, daytime hour programs average 5 minutes and 18 seconds of commercials as against a 9-minute allowance; evening programs average 3 minutes and 12 seconds as against a possible maximum of 6 minutes. The experience with half- and quarter-hour programs is similar.

The recently adopted code of the NAB stipulates that “Brief

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handling of commercial copy is recommended procedure at all times." Members are expected to hold the length of commercial copy to the following number of minutes and seconds:

	Daytime	Nighttime
Fifteen-minute programs . . .	3:15	2:30
Thirty-minute programs . . .	4:30	3:00
Sixty-minute programs . . . . .	9:00	6:00

Despite the networks' leadership in limiting the length and improving the tone of commercial announcements, the industry as a whole has lagged. It appears to have been more concerned with eliminating unfair trade practices than in protecting the public interest. This emphasis may be due partly to the possibility that civil damage suits may be brought by aggrieved parties if trade methods are allegedly unfair. Disregard of the public interest, however, except in flagrant or persistent cases, can be overbalanced in the minds of the Federal Communications Commission, which is charged with the duty of protecting it, by evidence showing that on the whole the station is rendering a meritorious public service.

*Restrictions on certain types of merchandise.* Several years ago both CBS and NBC discontinued accepting advertising accounts for certain types of products. Columbia states that it will broadcast "No continuity which describes repellantly any internal bodily functions or symptomatic results of internal disturbances, and no reference to matters which are not considered acceptable topics in social groups." In consequence of this policy neither network accepts accounts advertising depilatories, cathartics, and similar remedies. This lead has been followed by the NAB, which included a similar ban in its recently adopted code.

Liquor advertising is a peculiarly vital social issue. The temperance adherents urge that all advertising of alcoholic beverages be kept off the air. In line with this the director of the Federal Alcohol Administration has asked the Congress for legislation ban-

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ning all liquor advertising from the air. The broadcasting industry considers that this would set an undesirable precedent and opposes such legislation, claiming that the problem can be handled by the broadcasters themselves. For years the national networks and virtually all stations voluntarily have refused to accept hard liquor advertising. NBC has announced that it will reject liquor advertising of any sort—even wines and beers—as not being in the public interest.

## HANDLING OF FRAUD IN ADVERTISING

Until the last few years the public control of false or misleading advertising over the air was anything but strict. The Federal Communications Commission was not equipped to investigate except in the most flagrant cases. Action was limited to seeing that the cease and desist orders of the Federal Trade Commission were respected when the matter was called to its attention. The Federal Trade Commission did not have the staff to pay special attention to radio. In consequence, much that could not be advertised elsewhere was broadcast over the air—partly as a result of ignorance on the part of broadcasters and partly as the result of cupidity.

*By the government.* It was not until 1934 that the Federal Trade Commission began to scrutinize radio continuities for evidence of false and misleading advertising. Prior to that time advertising excluded from other media might employ the radio, since cease and desist orders are not widely publicized. When such orders are disregarded the Federal Trade Commission must go into court and the period before definite action may be taken is long. The public is unprotected in the meantime. The Federal Communications Commission does take into account the type of advertising carried by a station in considering license renewals and has refused renewals on this ground in several instances, although

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such action generally has been based on the charge that advertising carried was to the personal advantage of the station owner rather than that the public was defrauded. The machinery for handling allegations of false and misleading advertising has been most cumbersome and inadequate.

The Federal Trade Commission reports that in the fiscal year ended June 30, 1938, it read a huge volume of radio advertising continuity, cutting therefrom 22,959 pages of material, which resulted in the selection of 1,544 possible cases for further investigation. The broadcasting industry now cooperates with the commission to the extent that about four times a year individual stations respond to calls for advertising continuities, the networks file continuities weekly, and the transcription companies supply a typewritten record monthly. In addition to the content of the advertising and the products covered, the Federal Trade Commission is on the alert to see that a wrong impression is not gained by the listener who tunes in after the broadcast has begun.

It should be obvious that the burden of protecting the public really rests with the industry because the government has neither the time nor the personnel to go over all scripts thoroughly. In addition, the laws under which government regulatory activity is carried on are comparatively restricted in application.

*By the industry.* The more enlightened broadcasters, not wishing to see their medium discredited, exercise strict supervision over the claims of their advertisers. In addition to prescribing that no false claims may be made and no fake testimonials given, their boards of review scrutinize certain types of products such as proprietary medicines, in addition to relying on the advice of qualified experts.

But unfortunately the leaders alone cannot protect the public. This can be done only by united industry action. There will always be some who think that they can "get by," and if there is a

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pecuniary consideration attached to greater latitude principles will not be regarded too strictly. The stations that are making money can afford to be selective. Those on the verge of failure take what they can get. This tendency seems inevitable under a system of radio which requires that a man must make money to continue to broadcast.

Unhappily for the profit seeker, such practices may have unpleasant repercussions. The farsighted broadcaster realizes that something must be done to keep the careless among them in line or the public will become so aroused that restrictive legislation will take the matter out of their hands. The public can be reached through its pocketbooks where offenses to the intelligence go largely unremarked. Money spent on useless or harmful remedies as a result of advertising carried by the radio can do much to discredit the whole broadcasting business.

## CHAPTER 13

### PROGRAM STANDARDS VS. POST FACTO REGULATION

There are two broad methods of handling the problems which arise in connection with the content of broadcasting programs. One is to set up definite standards accompanied by adequate machinery to assure their effectiveness; the other is to have few guiding principles but to censure or otherwise punish broadcasters for acts of omission and commission as need arises. The present system is a mixture of both and is generally regarded as unsatisfactory. The broadcaster can claim that he has only vague guides to the requirements of the public interest. At the same time, he opposes suggestions that stricter governmental control be applied or that the law be made more definitive. The public—or those sections of it which are vocal—complain that undesirable programs are provided and desirable ones kept off the air as a consequence of the failure to establish standards. The agencies to which protection of the public interest has been delegated profess inability to go further in the absence of adequate authority.

#### PROVISIONS OF THE COMMUNICATIONS ACT

The Communications Act of 1934 contains few definite statements in respect to program content, and leaves the problem of program balance entirely untouched. The general, over-all requirement of "operation in the public interest, convenience, or necessity" has not been illuminated by clear indication of Congressional intent. The interpretation of the provision has been left entirely

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to the discretion of the regulatory body which has had considerable difficulty in formulating and applying a consistent policy.

*Minimum standards of decency.* Section 326 of the act stipulates that "No person within the jurisdiction of the United States shall utter any obscene, indecent, or profane language by means of radio communication." Another prohibits the "broadcasting of any advertisement of or information concerning any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or scheme." These two sections, together with two others which require the announcement of sponsors' names in the case of commercial programs, and prohibit the unauthorized rebroadcasting of programs, contain the only statutory restrictions upon the program content of broadcasting stations. The only positive provision is that requiring equal treatment for legally qualified candidates for public office. Under the impression that freedom of the press and freedom of the air are analogous, the national legislators hesitated to impose any more definite restrictions upon radio.

It would seem that these provisions were easily enforceable. But even here there is considerable scope for honest difference of opinion. When, for instance, is the use of the Deity's name profanity within the meaning of the law? Does not this depend upon the surrounding circumstances and, so far as the radio is concerned, upon the intonation with which a word is spoken? (This is an example of the difference between radio and a written medium.) An incident in recent radio history illuminates this point. A letter of complaint was received by the Federal Communications Commission in regard to a broadcast from a mid-western station charging use of profanity. Investigation disclosed that the alleged profanity had occurred during a network broadcast of a play by Eugene O'Neill, carried by nearly 30 other

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stations. Complaints were received from no other section. Is the radio to be deprived of the right to broadcast some of the world's accepted literature because of what is considered an improper use of words by a limited section of the population? Or must it emasculate and perhaps entirely change the character of material which it adapts from other media? These questions indicate some of the problems of interpretation which may arise even under simple statutory provisions regarding program standards.

*Prohibition of censorship.* The Communications Act, in Section 326, specifies that "Nothing in this Act shall be understood or construed to give the Commission the power of censorship over the radio communications or signals transmitted by any radio station, and no regulation or condition shall be promulgated or fixed by the Commission which shall interfere with the right of free speech by means of radio communication."

Here, again, is evidence that the distinction between freedom of speech and of the press, as they are traditionally understood, and freedom of the air has not been thoroughly perceived. The principle of freedom from censorship is heartily to be endorsed, but in this instance its expression does much to enhance the difficulties involved in the administration of the act.

### ATTITUDE OF THE REGULATORY BODY

As a result of the prohibition against censorship, the regulatory bodies established by the Congress to supervise broadcasting have adopted the attitude that they are restrained from giving any prior indication of what they consider "operation in the public interest." Since, however, they must take the past actions of broadcasters into account in passing on renewal applications, they do in effect pass judgment on this question. The result from the point of view of the broadcasting industry is constant uncertainty of how its actions are going to be received.

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*Inability to set standards.* The provisions quoted above from the Communications Act of 1934 were also contained in the earlier Radio Act of 1927 which established the Federal Radio Commission. That body early recognized the conflict created by the requirement that it insist upon operation of broadcasting stations in the public interest without imposing censorship upon programs. This conflict has never been satisfactorily resolved. The Radio Commission and its successor the Communications Commission have refrained from drawing up a definite code of what constitutes operation in the public interest. At the same time, they have left little doubt of what this opinion is in regard to certain aspects. This they have done by designating the renewal applications of station licensees for hearing, or in rare instances, refusing to renew licenses, or even more rarely, revoking them. As a result of such experience over a period of years, the broadcasting industry has been able to accumulate knowledge of what may or may not be done with impunity—to the extent to which specific instances have arisen. In the minds of many, however, this is insufficient to secure broadcasting of a high order.

The situation is further confused by the widely held view that the commission should not be empowered to set any standards. Commissioner T. A. M. Craven represented this school of thought when he said:

I am certain that most people will agree that a critical audience is the best assurance of continuously improving radio programs. Broadcasters and sponsors will not, and under a competitive system they can not, long tolerate a type of program that does not win public acceptance. And for my part, I would prefer to entrust this progressive improvement to the collective judgment of the great mass of radio listeners rather than undertake to authorize any governmental agency to lay down fixed and rigid requirements of program content.<sup>1</sup>

<sup>1</sup> "Daily Use of Sets Growing Steadily," *Broadcasting*, Vol. 14, No. 4, February 15, 1938, p. 56.

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Such a statement really beclouds the issue. It should be possible to find ground between "fixed and rigid requirements" and the very general guideposts now set up which leave the broadcaster at the mercy of post facto regulation.

*Post facto regulation.* Since in determining the fitness of the applicant to continue operation, the commission must take into account the service rendered in the past, its decisions in this respect give some indication of what it considers the necessary ingredients for operation in the public interest. This indication is negative rather than positive. That is, disapproval of certain acts can be clearly expressed, but dissatisfaction with the failure of the applicant to provide enough of certain types of services, or with the quality of those services which are provided, stops short of disclosing just what would be considered satisfactory.

The courts have held that the commission is entitled to this procedure and that it cannot be considered censorship. It so held in the case of *KFKB Broadcasting Association Incorporated v. the FRC*, in which Dr. Brinkley, the station owner, appealed from a decision of the commission denying an application for license renewal. Among other things, the court stated that the refusal of the commission to renew a broadcasting license on the ground that public interest, convenience, or necessity would not be served thereby does not constitute censorship within the meaning of the act since "There has been no attempt on the part of the commission to subject any part of appellant's broadcasting matter to scrutiny prior to its release. In considering the question whether the public interest, convenience or necessity will be served by a renewal of appellant's license, the commission has merely exercised its undoubted right to take note of appellant's past conduct, which is not censorship."<sup>2</sup>

<sup>2</sup> Decision of the U.S. Court of Appeals of the District of Columbia, quoted in the *FRC Fifth Annual Report, 1931*, p. 68.

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To the broadcaster who is attempting to steer a careful course guided by what he can learn of the mind of the commission, this appears to be a legalistic distinction except in so far as it restrains the commission from giving him any positive help in laying out his path.

*Effect on the industry.* The result of this policy so far as the broadcaster has been concerned is to establish a procedure of testing commission opinion through trial and error. Unfortunately, mistakes may be costly to the broadcaster even though the error may not have been of sufficient magnitude to bring about the loss of his license. This circumstance has arisen from the practice of the commission of designating for hearing the renewal of those licenses which it suspects to have been held by operators who have in some respect violated the law or not lived up to the concepts of standards which the commission must hold but which it seeks to keep from becoming public. This procedure subjects the licensee to considerable expense and unfavorable advertising. The commission has announced its intention of discontinuing this practice, but the industry is aware that at any moment it may change its mind.

The result of trying to lean backwards to avoid commission censure is to make the broadcasting industry timid, to discourage a liberal policy toward innovations, and to encourage adherence to accepted practices even though they may not be the best that could be devised. The broadcasting industry's fear of commission action is in part genuine and in part may serve as an alibi for conservatism while appearing to favor a liberal policy.

### EFFORTS OF THE INDUSTRY TO SET STANDARDS

As the listening audience has grown more discriminating, the industry is devoting more attention to improving standards of program content. While parts of the industry are completely aware

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of the issues involved, there are other segments that do not seem to have such an understanding. The immediate concern of the broadcaster is to protect his right to continued operation by good behavior. Actually, however, what is needed would appear to be not so much stricter controls as a policy of progressive improvement in the quality of the service with some motivation other than profitability.

*Network action.* Previous references have indicated that the leading networks have established certain standards in regard to program content. In general, these cover the points to which the greatest objection has been raised in the past—poor handling of commercial announcements, false and misleading advertisements, repetition of musical numbers, children's programs which have a disturbing influence upon the nerves or morals of the young, and the sale of time for controversial or religious broadcasts. This is a beginning but it hardly goes far enough.

The networks may be the leaders of the broadcasting industry but they cannot speak for the industry as a whole. And despite the increasingly enlightened policy of the national networks, there remains much that is dull, much that is in poor taste, and much that is a waste of a valuable resource in the programs which are broadcast by the radio industry today. The industry resents imputations of poor quality in its programs, but it is undoubtedly true that the complaints of the past have been powerful factors in bringing about improvements.

Moreover, policies may be set by the heads of organizations but administration left to others. Individuals charged with the execution may not understand precisely what it is intended to achieve or they may grow careless. In other words, no policy can be more effective than its administration.

*Efforts by the National Association of Broadcasters.* As the result of expressions of public opinion and the more concrete intimations

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of the Federal Communications Commission, the National Association of Broadcasters, in 1939, adopted a code to guide the performance of its members. This enlarges the Code of Ethics adopted in 1935, formerly confined to unfair trade practices and designed to protect the broadcasting station rather than the public. The preamble to the new code explains that it has been adopted as the result of the recognition of the importance of radio broadcasting in the national life and the belief that broadcasters "have sufficient experience with the social side of the industry to formulate basic standards for the guidance of all." The code covers children's programs, controversial public issues, educational broadcasting, news, religious broadcasts, and commercial programs and length of commercial copy. As adopted, it was condensed from the draft proposed by the special NAB committee set up to study the problem; an interpretation of some of the very general language which the code contains was originally appended, but later dropped as being too restrictive. While some advance was made, therefore, in acknowledging the responsibility of the broadcasters to the public, it may remain only a gesture, unless interpretation in specific instances and active enforcement put flesh on the bare bones of the code and make it a vital part of the American system of broadcasting.

Such a code is a faulty instrument for the protection of the public unless it is implemented by some sort of machinery which will give it effectiveness. It must be recognized that standards alone will not accomplish much unless their application receives the wholehearted cooperation of the industry and the Federal Communications Commission. It is possible that the industry has gone as far as it can without obtaining some support and leadership from the commission in regard to improvement of program content. Be this as it may, if the industry fails in this attempt, the public will have a right to demand positive action from the guardians

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of its interests. Judgment should be reserved, however, until there has been sufficient opportunity to observe the code in action.

It should be remembered that the NAB does not cover the entire broadcasting industry. In point of numbers it includes about half of the broadcasting stations now in operation; these, however, do by far the greater part of the commercial business. It is not even certain that the membership of the NAB stands unanimously behind the code. The number present and able to vote, and the number who may have abstained from voting at the meeting at which the code was adopted, has not been made public. It is stated that the recorded vote showed a plurality of six to one in favor. There is the view held by some within the industry that any regulation of program content or commercial restrictions will be healthier if promulgated by government than by the industry itself. This view rests on the belief that if the government writes standards the democratic processes have a chance to operate. It is contended that when the industry undertakes the task, dictation from the stronger elements occurs which may have the effect of putting particular classes of stations at a disadvantage. A code set up under such circumstances would be greatly handicapped in achieving its purposes.

### INHERENT DIFFICULTIES OF SETTING STANDARDS

The difficulties of setting program standards are great but all of these obstacles are not insuperable. Discouraged by the difficulties, everyone concerned has shown a tendency to avoid meeting the issue. In part, this grows out of a genuine fear of rigidity; in part, it is mental laziness. As a matter of administrative necessity, however, certain standards have grown up. These should be scrutinized to determine their desirability. And it must not be forgotten that because of the natural limitation upon radio facilities and the hours of the day there must be some selection of what the radio is to carry and what it is not, inevitably requiring

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the exercise of judgment. The real question is whose judgment is to control.

*Dangers of rigidity.* The task of striking a balance between inflexibility and laxity is considerable. Attempts to undertake it have been discouraged by fear that any regulation of the broadcasting industry might become so rigid as to impede progress. This popular idea has been fostered by the many broadcasters who adopt the attitude that government regulation should be confined to the duties of the traffic cop and the vice squad operative—in other words, to handling allocation of facilities and controlling blatant indecency.

The Canadian Broadcasting Corporation, which both operates stations itself and licenses and regulates private stations, has adopted a series of regulations concerned with content. Some of these deal with problems peculiar to Canada, others follow closely the provisions of the United States law. The corporation makes plain that it is not its intention to restrict freedom of speech but to encourage the fair presentation of controversial questions and protect the public interest. Flexibility is provided for by facilitating the process of changing the regulations. Here is an example in a country where conditions probably are closer to those in the United States than in any other, the effect of which it might be well to observe closely.

Regulatory standards to be administratively practicable cannot be worked out in a vacuum. They must be set up according to the conditions which exist at the time. But great care must be exercised that they are not fixed to that particular time and set of circumstances; allowance must be made for change. Any set of standards worthy of consideration must be so designed as to further desired objectives as well as to eliminate objectionable features.

In this connection the suggestions of a committee of the Com-

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munications Commission are worth considering if only because this is the first concrete expression of the official point of view:

Based upon the experience of broadcasting in this country since its inception it would appear that some "standards of public service" might not be unreasonable.

For example—subject to exceptions to the rule—a station licensee might be considered to have earned the right of expectancy of renewal of license if he had adhered to the following practices in the operation of a broadcasting station:

1. At all times maintains a liberal reaction to public opinion and demands with respect to the service rendered by the broadcasting station.
2. Is fair and equitable when making its broadcasting facilities available to citizens and organizations of the community in which the station is located, regardless of race, creed, or social and economic status.
3. Assists in the development and use of talent living in the community and also brings to the community in so far as is practicable talent resources of the nation.
4. When practicable encourages the employment and training of residents of the community for service in the various departments of the station
5. Renders a balanced program service of diversified interest to all the public and includes in such service during periods which may be practicable from the standpoint of general public interest, sufficient time for education, cultural subjects, religion, entertainment, news events (both local and general) and the activities of local civic enterprises.
6. Avoids programs in which there is obscenity, profanity, salaciousness, immorality, vulgarity, viciousness, malicious libel, maligning of character, sedition, and malicious incitement to riot or to racial or religious animosities so as to contrive the ruin and destruction of the peace, safety, and the order of the public.
7. Avoids the broadcasting of lottery information, false, fraudulent, or misleading advertising, and programs containing uninteresting and lengthy advertising continuity.
8. With regard to the advertising of medical services or products, requires that the representations made be strictly truthful and decorous, and uses as a basis for determining the truth of such advertising the

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findings of the United States Food and Drug Administration, the Post Office Department, the Federal Trade Commission, the local medical authorities and the expression of the Federal Communications Commission as found in its decisions.

9. Exercises care in making its facilities available on an equitable basis to all if to any advertisers in the community.

10. If the station's facilities are made available as a forum for discussion of public social and economic problems, exercises care to insure that the listening public has an opportunity to hear opposing schools of thought on controversial subjects of public interest.

11. Avoids making the station's facilities available for editorial utterances which reflect solely the opinion of the licensee or the management of the station. If editorial utterances are permitted, exercises care not to deny the use of the station's facilities to those having contradictory opinions. In other words, the station's facilities should be available for the presentation of other sides of controversial subjects on a fair and equitable basis.

12. Requires that all programs should be formulated for broadcasting to the home, so that no listener would be compelled to tune out the station because of doubtful effect on youth.

13. Maintains station equipment and operating methods in all departments abreast of progress from the standpoint of efficiency, signal intensity and reduction of interference to other stations.<sup>3</sup>

*Whose judgment is to prevail?* In the final analysis, the issue centers on whose judgment is to prevail in the application of such standards as are prescribed. The Communications Commission now exercises a limited and indefinite degree of control, and in the field which it has taken over its judgment is final except for judicial review. Should this field be extended further? A member of the commission, in a recent report, stated his belief that "the Commission should refrain from any attempt, direct or indirect, to force stations to broadcast programs which the Commission thinks best for the public; in other words, to attempt to substitute its

<sup>3</sup> FCC, "Report on Proposed Rules," Part I, January 18, 1939, Section II, pp. 21 ff.

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judgment as to the needs and desires of the listening public for that of the broadcaster."<sup>4</sup>

The broadcaster says that he merely translates expressions of public opinion into action. He holds that the power of censorship, lying in the listener's thumb and forefinger which may shut off any offending or boring program by a twist of the dial, is the most effective control possible and the only form that cannot be criticized as the imposition of censorship from above. Unfortunately, however, a censorship which means doing without is not satisfactory. Moreover, it is not a positive force since the public may be entirely unaware of what it is missing as only those programs which are being carried locally are listed in the published program schedules. The most serious criticism of this method of control is that it is the broadcaster's judgment which does the real choosing. Since unanimity of public opinion is impossible, he must decide to what public he is going to listen, how to balance the various expressions that reach him, how to discount for factors which may distort the picture of the public mind which he receives. Moreover, it should be clear that the broadcaster is not unbiased nor free from outside influences. He is no impartial judge, but a human being with a definite stake in the results of his decisions.

The broadcaster's point of view has been expressed by Neville Miller, president of the NAB:

The responsibility for the content of programs rests upon the broadcaster; to determine what is in the public interest requires the exercise of an informed and mature judgment . . . The responsibility to accept or to reject broadcast material is one placed squarely on the shoulders of the American broadcaster. It is up to him to evaluate what is and

<sup>4</sup> FCC, "Minority Report of Complaint Committee," Memorandum to the Commission from Commissioner T. A. M. Craven, December 14, 1938. Mimeo., #32589, p. 6.

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what is not in the public interest. This responsibility the American people have delegated to him in his license to operate a radio station.<sup>5</sup>

The great mistake made in discussions of the regulation of program content is to assume that committing anything to writing means the imposition of a rigid and inflexible code and the silencing of any expressions of public opinion. Good standards will be adaptable to changing conditions and may be revised in the light of experience. The public will continue to express itself, the broadcaster will continue to hear the voice of the public as before, but some of the loose thinking will have been eliminated. After all, "So long as there is broadcasting someone is going to have to decide what should be broadcast and what should not. These decisions are always going to be made by fallible human beings."<sup>6</sup> The least that a public policy for broadcasting can do is to indicate ways in which different tastes and different points of view may be represented through the medium of this valuable resource. The latter consideration is a somewhat specialized aspect of the general problem of program content. The issues surrounding freedom of the air are of sufficient importance to warrant separate discussion.

<sup>5</sup> Miller, Neville, President NAB, *Religious and Racial Prejudice—Unworthy of American Radio*. Washington: The National Association of Broadcasters, December 21, 1938. (Press Release.)

<sup>6</sup> Paley, William S., *The American System of Broadcasting*, p. 10. Reprinted from address delivered by President of CBS before the Second National Conference on Educational Broadcasting, Chicago, Ill., November 29, 1937.

## PART V

### PROBLEMS REGARDING FREEDOM OF THE AIR

FREEDOM of speech has come to be regarded as an inherent characteristic of democracy. In practice, however, it is not a basic principle so much as a policy which is accorded more or less weight depending upon circumstances. Liberty to say what one thinks is not license for anyone to say whatever he thinks. Hence the perplexity of achieving a proper balance between the prevention of abuses of freedom and the imposition of censorship! The line cannot be drawn hard and fast; indeed, it becomes apparent only in the light of more flagrant departures in either direction. It is important to examine what restrictions there are upon the freedom of the air and what safeguards exist to protect it. The fact that unfairness in the radio presentation of public issues has not yet become notorious should not prevent a realistic recognition of the need for preventive action.

Traditions have accumulated with the years to aid in the formulation and application of a policy of freedom of speech as it affects the press. The development of radio, however, has raised a new complement of problems to the solution of which few guides exist. Because of certain superficial similarities attempts have been made to draw an analogy between radio broadcasting and newspaper publishing. Such a comparison has little basis in fact. Most obviously, a distinction must be drawn because of the physical limitations upon the facilities for the one which do not apply in the case of the other. Furthermore, whereas a newspaper generally circulates amongst a particular segment of the public, a radio broadcast may reach any and all of the people. This heterogeneity in circulation creates problems for the broadcaster

in relation to expressions of opinion, just as it does in other program aspects, which the newspaper editor is largely spared.

Quite aside from physical and statutory limitations, there exist certain instrumentalities which operate to define the limits to which freedom of the air may go. Basically, the public is the controlling force although much responsibility is delegated to the government. The industry, too, places limitations upon the freedom of the air. In reality, when the broadcaster pleads for freedom of the air, he means freedom to determine for himself what shall and what shall not be broadcast.

Broadcasters hold that competition within the industry and with other industries can be relied upon to secure adequate representation of divergent points of view. This claim must be seriously and continuously examined lest the statement be accepted at face value and the public, growing complacent, find that whatever competition exists operates in the interest of special minorities rather than in the interest of society as a whole. This question of competition assumes great significance in consideration of the relation between broadcasters and newspaper publishers, with particular reference to newspaper ownership of radio stations. Is such ownership in or against the public interest? Or does it touch it at all?

In connection with the problem of whether the broadcasters truly represent the public, the matter of international broadcasts must be considered. Do these private companies have the capacity and willingness to represent the United States as a nation in broadcasts to other countries? The answer to this question depends upon the objectives which international broadcasting seeks to achieve. In much the same way, the formulation of objectives must determine what system of radio is best suited to assure the greatest possible degree of freedom for domestic broadcasts, compatible with the technical limitations of radio, good taste, and public policy.

## CHAPTER 14

### REGULATORY INFLUENCES

Freedom of the air can no more be absolute than the other civil liberties. If it were not limited by natural factors any more than is freedom of the press<sup>1</sup> it would still be hedged about by social conventions. These develop from current public opinion in regard to what is decent, or appropriate, or desirable.

The controls which limit the freedom of the air are exercised by various elements in the social organization. The public, first and foremost, indicates the degree of freedom which it will tolerate. In addition to these rather vague restrictions, governmental agencies impose more definite requirements. Delegation of authority, however, opens an avenue of abuse, for the delegatee may assume power for his own selfish ends. The safety of such delegation requires at the very least strict adherence to democratic forms and principles. Most directly, however, it is the broadcaster who limits the freedom of the air in his determination of what shall and what shall not be transmitted, while competition, or lack of it, also bears upon the extent to which the radio is free to fulfill the function of carrying discussions of controversial issues.

#### LIMITS SET BY COMMUNITY MORES UPON DEGREE OF FREEDOM

The limitations which the law imposes upon the freedom of the air reflect past and present attitudes of the public in regard to the necessity of preventing abuses. The legal process is relatively

<sup>1</sup> Cf. Johnson, Gerald W., "Freedom of the Newspaper Press," *Annals of American Academy of Social and Political Science*, Vol. 200, November, 1938, p. 60.

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slow, and changes in public opinion may find inadequate reflection in statutory law. For this reason, those in quest of popular approval must not only comply with the law but be ever sensitive to shifts in public opinion. The extralegal limitations upon freedom may be less definite than those contained in statutes, but their disregard may be attended by no less disastrous consequences.

*Freedom as a policy.* Americans are prone to characterize this as a free country. The "patriot" takes immediate umbrage at the suggestion that personal liberty in the United States is in any way circumscribed. This attitude overlooks the many restrictions on personal liberty without which orderly society could not exist. However far these basic social limitations are extended, freedom of speech remains an ideal. Despite this popular faith, constant encroachments of necessity occur. The extent, however, to which the cherished right to express one's beliefs may be nullified depends upon public acquiescence. In time of war, for instance, freedom of speech, in so far as it relates to criticism of national policy or governmental acts, is nonexistent.

Similarly, freedom is limited variously by different social groups. What may be said or written without protest in one section of the public may be considered breach of license in another. This bears upon freedom of speech as applied to the radio. Since standards of taste, no less than opinions, differ from group to group, who is to prescribe them in respect to such an important medium as broadcasting? Radio broadcasts reach a far-flung audience, composed of representatives of many schools of thought, and from many social elements. It follows that broadcasting must be subjected to greater restriction than direct conversation within an intimate circle or even speeches made to select audiences in public meetings.

The reaction of the public reaches the broadcaster through its

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vocal members. This means that to exert a powerful influence upon the extent of freedom of the air a group does not have to be large; it need merely have the gift of making itself heard and felt. Since opposition is usually more vociferous than support, the broadcaster is made more conscious of his acts of commission than those of omission. Nearly everyone if asked simply whether the air should be free, would probably reply in the affirmative. But protests would arise if this policy were to be applied without modification.

*In relation to controversial topics.* Proverbially, those who congratulate themselves on being most broad-minded are usually highly intolerant of intolerance. People like to hear others say what they themselves believe. It is for this reason that newspaper readers tend to confine themselves to papers with whose viewpoint they are in sympathy. A problem is thus created for the broadcaster who would permit all viewpoints to be heard over his facilities. So long as he accords this privilege to those having a substantial public following, even though they represent opposing points of view, his conduct is regarded as praiseworthy. Not so, however, when he accords that same privilege to minorities; the listeners will be few, the outraged many.

Broadcasters are by law required to grant equal facilities to all legally qualified candidates for public office. So long as these candidates are confined to the major parties, little criticism is likely to be aroused. But when minority groups are represented the choice lies between offending large numbers or keeping all candidates off the air altogether.

In the case of political controversies, there are organized groups with community standing who can see that radio facilities are granted. But in the case of economic or social issues, no less important in any consideration of the freedom of the air, points of view may go wholly unvoiced because the majority of the

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public is not aware of their existence or does not wish to hear them and the broadcaster is under no compulsion to present them. The precise issues neglected vary from region to region. A discussion of discrimination against Negroes, for instance, would be accepted by a northern community, whereas it is unlikely that a broadcaster would undertake to present such a topic in the South. Similarly, labor unions asking for time on the air might meet with a cold reception from a broadcaster in a town in which the common sentiment was antiunion. Such may, in fact, be their reception in a prounion town, so long as an economically and politically influential minority had antilabor leanings.

While the concept of freedom of expression is everywhere espoused, local beliefs and prejudices frequently conspire to emasculate it.

### REGULATION BY THE PUBLIC

Spokesmen for the broadcasting industry are fond of declaring that the only censorship needed is that which is the result of expressions of public opinion. They claim that reliance on the thumb and forefinger of the listener is adequate, for the broadcaster is immediately responsive to the ebbs and flows of program popularity. This claim rests on two assumptions: that the broadcaster does get a true picture of public feeling and that the public is in a position to know what it wants. The validity of both these assumptions may be questioned.

*"Thumb and forefinger."* The listener who tunes in something which bores him or is antipathetic to him may tune it out and select a program he cares to hear—provided it is there to be had. If the basic principle of a good national broadcasting policy is the provision of service to all of the people, this form of censorship is not satisfactory because too often the listener may not

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find anything to which he wishes to listen, under our system of broadcasting.

For information on what is being tuned out, the broadcaster relies on the various tests discussed previously. But all of these are taken on a sampling basis. The results may be unknowingly biased and continue uncorrected. A survey based on whether a certain program was heard or not might reveal a goodly number of listeners, a fact which the broadcaster would then interpret as complete approval of the entire program. In point of fact, however, only certain elements in the program might have been of interest to a large part of those who indicated that they had heard the program. Complete reliance upon these tests as a guide to programing is, therefore, impossible. Moreover, while well suited to determine popular preferences as between actual program offerings, they do not reveal what the public thinks the broadcaster should provide.

*Difficulty of expression.* The listener may be quite unaware of the possibilities of what he could get over the air if he could express himself. He chooses between the various offerings of the broadcasting stations; he is handicapped in indicating what should be there. Since the surveys upon which the broadcaster relies to guide him to public preferences are based on past performances, they tend to promote the status quo.

Furthermore, if public opinion is to serve as a guide to program content, the public must know what it is getting without the injection of hidden special purpose material. However, awareness of the true source and intention of broadcast material is not enough to assure protection to freedom of expression. The subjects upon which public opinion is active cannot be many at any one time; only the striking divergence from publicly accepted procedures is accorded notice. Therefore, unless the censorship

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imposed by the broadcaster or the degree of license allowed by him is extremely blatant, public reaction is unlikely.

For these reasons, the chief effect of listeners' regulation of broadcasting content or practices is negative. Positive expression of what is demanded from the broadcasters is lacking. Since other instruments of control of the freedom of the air are largely restrictive, the public should be a more positive force, but there is at present virtually no machinery through which the public can make itself felt. A few groups—each with its individual slant—attempt to represent the interests of the people at large. Aside from such groups, the public is inarticulate and its opinions inchoate. The air is free, says the broadcaster; but just as free as he wants it to be and no freer.

Current fear of reliance upon governmental controls as implying the spread of totalitarianism has caused much emphasis to be placed upon the guidance which may be had from the good sense of the American public. If, however, the public neither knows what it wants nor could make its wants known if it did, the effect is to leave the broadcaster in general control of what goes out over the air.

### CENSORSHIP BY THE BROADCASTER

Since the number of applicants for time on the air is far greater than can be accommodated, the necessity for making a selection implies the application of some censorship. The broadcaster's power to determine what shall be kept off the air, what shall be admitted, and how it shall be presented makes him chiefly responsible for the practical extent of freedom of the air. Previous discussion has covered some of the influences which determine the broadcaster's choice of speakers and his control of speech content. It is true that no instrumentality for the operation of a broadcasting system would be wholly impartial. But the public

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should be aware of what influences are at work and judge the results accordingly.

*Self-imposed restrictions.* The broadcaster imposes upon himself certain restrictions which conform to his interpretation of law, governmental regulations, and the demands of public opinion. These guide the selection and rejection of materials and speakers. The broadcaster's decision in regard to purely entertainment features, while of public interest, is not vital. But the importance of radio as a medium of information and instruction gives the broadcaster a peculiarly significant role in the maintenance of a desirable social organization. It makes a good deal of difference if a news item is slipped into a 5-minute review of events or if it is given a 15-minute exposition with discussion from various points of view. In the determination of the manner of treatment, the broadcaster's responsibility is analogous to that of the newspaper editor with the distinction that the personal views of the radio station owner should not be allowed to color the news, while editorializing the news columns of a paper is now tolerated. (Undoubtedly the public would benefit by a return to the previous journalistic procedure in which news was presented unadulterated and opinion was confined to the editorial page.) Because of the physical limitations of radio it is believed there is no place in broadcasting for an editorial page.

The Columbia Broadcasting System insists that its policy is not to sell time for controversial subjects. If time is desired, it will be given, assuring that the other side has a fair chance to express itself. This is covered by the stipulation in its contract that there shall be "No use of broadcasting time except for direct or indirect advertising of goods and services." Adherence to this policy is not complete. News commentators may color the news they give—if not in the manner of presentation, then in the selection of items. Time is sold for sponsored news commentation. If

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the desire is to accord equable treatment to all viewpoints, this should not be permitted. This has been recognized by the new code of self-regulation adopted by the members of the NAB. This code attempts to erect safeguards to assure impartial newscasting and balanced discussions of controversial topics for which time will no longer be sold.

In the opinion of some, the adoption of the code is an unfortunate step which will result in governmental regulation and curtailment of the freedom of speech privilege over the air. This view was expressed by David Lawrence in a broadcast<sup>2</sup> in the course of which he stated that "Radio is under no legal or moral obligation whatsoever to hold the scales even between those who can or cannot afford to buy time for any lawful purpose."

The National Broadcasting Company's former statement of policies asserted: "Controversial subjects are not good material for commercial programs and their introduction must be avoided." Likewise, "statements which are derogatory to an individual, an institution, a group or an industry must be avoided." This is in deference to the libel laws. Both provisions overlook many of the ways in which controversial subjects may be introduced or derogation short of libel be implied. The new statement of policies of the National Broadcasting Company goes much further. It is declared that the company attempts to give equal representation to all sides in a discussion of controversial questions on sustaining programs and on sponsored programs as well. Furthermore, it is decreed that, "All news shall be reported from an unbiased, non-partisan viewpoint."<sup>3</sup> Even these more definite prohibitions are still dependent upon the judgment of those who write or review the scripts for interpretation, allowing considerable latitude for the introduction of bias.

<sup>2</sup> The Columbia Broadcasting System, October 29, 1939.

<sup>3</sup> *Broadcasting in the Public Interest*, p. 50. New York: The National Broadcasting Company, Inc., 1939.

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*Influence of class bias.* The great controversial subjects today deal not with religion, not with politics, but with economics. The traditional safeguards of freedom of speech and of the press and of the air are not adapted to protecting the right to freedom of expression in regard to economic or social conditions, where these are not directly related to politics. For instance, discussion of working conditions, inadequate housing, or the poor health of a section of the population in a particular area may be considered undesirable by dominant economic interests which exert pressure to see that such topics are not made the subject of broadcasts. The would-be speaker on such subjects may be kept off the air unless he is a legally qualified candidate for public office whose opponent also has been granted the opportunity to speak. Under such circumstances, matters of great social significance may not be presented to the public unless they are issues in a political campaign.

The opportunity to present repeatedly a point of view on the radio has depended to a large extent upon the ability to buy time. Hence the groups with most financial resources are the ones whose views have been heard; the others have remained silent. This might still be true even if no time at all were sold for controversial subjects and economic issues were recognized as falling under this head. The major networks and the members of the NAB may state their unwillingness to sell time for the discussion of controversies, but some economic interests can find ways of circumventing these restrictions. An example of this is the series of transcriptions prepared and distributed by a national manufacturers' association.<sup>4</sup> Ostensibly a dramatic series, they definitely propagandized big industry. These were offered free to the

<sup>4</sup> Cf. Senate Report No. 6, Part 6, 76th Congress, 1st Session, "Labor Policies and Employers Associations, Part III, the National Association of Manufacturers," August 14, 1939, pp. 293-295: list of stations carrying American Family Robinson series; p. 160: types of programs created or sponsored by the NAM.

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radio stations, not a few of which carried them as sustaining features, in many instances making no announcement of their origin. Within the letter of the policy the broadcaster did not sell time for the discussion of controversial subjects, but he allowed his facilities to be used as an instrument of propaganda none the less.

According to the view of the Federal Radio Commission, "broadcasting stations are licensed to serve the public and not for the purpose of furthering the private or selfish interests of individuals or groups of individuals."<sup>5</sup> Nevertheless, the broadcaster is a member of the owning class, a part of private industry with a definite stake in the existing social order. He is unlikely to allow the use of his facilities for an attack on this order. He may allow time on the air to the group with whose views he is not in sympathy; it is, however, not likely to be a good time. Should a program broadcast over his facilities turn out to be injurious to his economic interests or those of his class, a rebuttal program—bigger and better—may not be long in forthcoming. "The extent to which the broadcasting companies would allow the expression of views which they thought directly opposed to their interests as capitalistic organizations or to capitalism as a plan of society has not yet been seriously tested, and it might not stand the strain."<sup>6</sup>

In so far as political controversies are concerned, the law protects the candidate for office during the immediate preelection period. But it does nothing to equalize the fight between political parties between elections. The party in power, by virtue of holding office, receives more time than the opposition. That is, the public is eager to hear what a cabinet officer or other government official has to say but cares less about his defeated opponent's opinion.

<sup>5</sup> "Grounds for decision in the matter of the application of the Great Lakes Broadcasting Co.," quoted in FRC, *Third Annual Report, 1928-1929*, p. 32.

<sup>6</sup> Cheyney, Edward P., "Observations and Generalizations," *Annals of the American Academy of Political and Social Science*, Vol. 200, November, 1938, p. 286.

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The fear persists in the broadcaster's heart that antiadministration activity over his station may adversely affect his chances of having his license renewed, although no concrete evidence has been presented to indicate that such retaliatory tactics ever have been indulged in. White House Secretary Stephen Early, speaking before a convention of broadcasters in July, 1939, stressed the lack of desire on the part of government to dominate radio broadcasting and branded as a myth the picture of the government as standing with hand outstretched to snatch away the broadcaster's license.

A further bias to broadcast programs is injected by the acceptance of government-planned and -prepared material. Since the broadcaster's license depends upon the actions of one governmental agency, he is disposed to placate all of them. With increasing government use of radio as a means of "educating" the public, the number of government-sponsored broadcasts has grown to a considerable volume. This development has been criticized as the admission of too much government propaganda to the air. The party in power thereby obtains a preferred lien on one of the most important means of influencing the formation of public opinion.

## INFLUENCE OF INTRAINDUSTRY COMPETITION

Under the commercial system of radio, if there is to be freedom for the presentation of controversial issues, it is essential that there be effective competition. Some question the validity of the concept of competition outside of the economic field. However, commercial influence may extend beyond the sphere of the market so that there is competition for audience approval rather than just for the advertiser's dollar. To be sure, there is a point beyond which the broadcaster might fear to go because of the danger of antagonizing that element in the audience which the advertiser

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wishes to reach. If the conviction prevails that controversy does not foster advertising, the broadcaster may be expected to endeavor to keep controversy off the air. Actually, if radio is to fulfill its function properly in a democracy it must be increasingly the means of bringing discussions of public affairs into the popular consciousness. It is for this reason that public policy demands that radio be free from unified control so that alternative outlets may exist whereby the public may hear all points of view. Barring minor considerations, monopoly in radio is significant only so far as it affects the ability of minorities to get a hearing.

Can there be effective competition between various elements in the broadcasting industry which will keep the air channels open for the expression of all shades of opinion? Or is rivalry confined solely to the financial field? The desire of the stations within each community to win public approval determines their actions in respect to the discussion of controversial issues. On the national scale, the chains and networks are the active forces upon which freedom of expression depends.

*Between individual stations.* Today, freedom of the air depends upon the policy of the individual station manager although this may be subject to directive forces through network connections. In a community with two or more independently owned stations, there is an opportunity for competition to give a fair representation to minority viewpoints, unless both broadcast operators are sufficiently imbued with class bias to exercise an identical censorship. The force of community mores hits both equally and may be responsible for preventing a fair hearing for a minority group. The prospects, none the less, are more promising than if there is just one station upon which a large audience must depend for all its radio news and views. If one of the principles of national policy in regard to the radio is to attempt to give full expression to all views, this must be considered a factor in the alloca-

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tion of broadcasting facilities of equal weight with the desirability of assuring a variety of programs for listener choice, and adequate financial support. A conflict arises here; it might be preferable in the interest of freedom of the air to have more radio stations than can be well supported under the commercial system. So far national policy has been administered with chief emphasis on the economic element, depending upon other factors to keep the air free.

If, under the allocation system in force, program variety is to be introduced by a distant high-power station, the opportunities for local expression are lessened. The local station acquainted with the needs of the community can adapt its program better in matters of local public interest than can the distant station. The latter is not under the same disadvantage when it comes to general program variety or quality since the greater financial resources or availability of talent make it superior in the entertainment field. But in the discussion of controversial issues, the local station has a function for which the superior service of the distant station is no substitute.

*Between the networks.* In regard to the discussion of affairs of national importance, the local stations cannot compete with the networks. Indeed, a primary justification for the latter is their usefulness in bringing such matters into communities far distant from the best qualified speakers. To see that all shades of opinion on both local and national issues are fully represented—a prerequisite of a good system of broadcasting—both local stations and network connections are necessary.

For the same reason it is important that there be more than one network. If time is denied or unavailable over one, a second choice should always be available. This is not an effective means of securing parity of opportunity unless the various networks are on equal footing in all important areas. The limitation upon

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the number of stations may be such that only one network is represented in a particular region. The form of contract between networks and affiliates which provides for "exclusive" association with one network further restricts the availability of alternative outlets. Under such circumstances competition cannot act as a safeguard to freedom of expression. The number of individual stations, because so many are affiliated with networks, likewise is no guarantee that competition will be effective. As a result of the influence exerted directly and indirectly over the policies of affiliates, the ultimate control, so far as network members are concerned, rests in the hands of the network managers. There are those who consider it highly negligent to entrust the protection of so precious a right as the freedom of expression to present and future network directors.

### REGULATION BY THE GOVERNMENT

Specific prohibitions in the Communications Act of 1934 and in its predecessor, the Radio Act of 1927, notwithstanding, the Communications Commission exercises a considerable degree of control over the freedom of the air. In part, this is in execution of directions contained in the radio law itself, designed to protect the public from annoyance or assure equal treatment to all shades of political opinion. In addition some control is exercised informally and indirectly by virtue of the place which the government occupies in the social structure. If a democratic system of government is to be preserved, the latter form of control should be kept at a minimum lest it become government domination of radio. The existence of democracy is not assured simply by keeping radio free. Great care must be taken to keep radio from becoming a means by which democracy is undermined. This can be done only if it is open to all groups and viewpoints on equal

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terms. Controversial questions must be competently discussed in a well-rounded presentation of all aspects.

This was recognized by the Federal Radio Commission which stated that "In so far as a program consists of discussion of public questions, public interest requires ample play for the free and fair competition of opposing views, and the commission believes that the principle applies not only to addresses by political candidates but to all discussions of issues of importance to the public."<sup>7</sup> If industry fails to meet its obligations as the trustee of the public interest, can the government be relied upon to enforce the broadcaster's responsibility?

*Limitations of the law.* In addition to the provisions of the federal law previously discussed, which restrict the absolute freedom of the air, there are other obligations imposed on the broadcaster. The very requirement that operation must be in the public interest and convenience, vague though this prescription is, eliminates certain material. At the same time it creates a problem for the governmental regulatory agency which is at once forbidden to censor program content yet forced by the physical facts of radio transmission to exercise what is in effect censorship by passing upon the right of the broadcaster to operate.

The law is little more helpful even when Congressional intention is most positively expressed. Thus, Section 315 provides:

If any licensee shall permit any person who is a legally qualified candidate for any public office to use a broadcasting station, he shall afford equal opportunities to all other such candidates for that office in the use of such broadcasting station, and the Commission shall make rules and regulations to carry this provision into effect: *Provided*, That such licensee shall have no power of censorship over the material broadcast under the provisions of this section. No obligation is hereby imposed upon any licensee to allow the use of its station by any such candidate.

<sup>7</sup> "Grounds for decision in the matter of the application of the Great Lakes Broadcasting Co.," quoted in FRC, *Third Annual Report, 1928-1929*, p. 33.

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This approaches very delicately the subject of equality for all points of view in connection with political controversies. It does little to assure that political discussions will be carried on over the radio. The broadcaster may consider the task of preparing a schedule during which all will have equal opportunities not worth the effort and refuse time altogether. It is difficult to arrange for equal opportunities. The last speaker before an election has an advantage over every other speaker. The speaker at the best hours may have only as much time as a speaker at poor hours, but he reaches a far greater audience. Who is to settle the issue of equality? If a political party feels that it has been discriminated against it may lodge a complaint with the Federal Communications Commission, thereby exposing the station to inconvenience and expense. The result may be so to discourage the broadcaster that he will eliminate all political discussion. This would be a great disservice to the community.

Another factor which tends to discourage the broadcaster is the prohibition against censoring the material of a political speaker. His obligation under this clause comes in conflict with his responsibility under the various state libel laws. Under these laws, the courts have held the broadcaster liable for libel uttered over his facilities, even though the federal law restrains him from censoring the material of this class of speaker. In consequence, the broadcaster is wary of opening the use of his facilities to candidates for public office. If he does, the broadcaster may in fact wield the editorial blue pencil over the material which the speaker uses, pleading necessity for enforcing standards of good taste or good English. If the speaker departs from the script the broadcaster has little recourse since the uproar that would be caused were a political speaker to be cut off the air might be more damaging than a libel suit.

The effect of state libel laws on the presentation of views of other

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than organized political parties in election campaigns is decidedly hampering. In this instance there is no injunction laid upon the broadcaster by the law to avoid censoring material. Indeed the Federal Radio Commission, early in its history, announced that under existing law it could not and would not interfere with the broadcaster's right to censor his own program.<sup>8</sup> The strict supervision of scripts which results can be used by the broadcaster to eliminate anything which is personally distasteful to him or which in his opinion is detrimental to the public interest or in contravention of the libel laws. These laws were enacted to protect the public from attacks in newspapers and other organs. The construction placed upon them by the courts, which extends their action to the field of radio, results in a negation of that freedom of expression over the air to which a democracy is entitled. There is a difference between a libel printed in a newspaper with the knowledge and consent of the editor and one uttered over the radio by a speaker over whose views the broadcaster should have no control—and in certain instances is forbidden by law to have any.

It has been suggested that federal legislation be enacted to relieve the broadcaster of responsibility under state libel laws. It is a question whether such procedure is possible. None of the cases involving the responsibility of the broadcaster have been tried in the federal courts. Can the federal legislature relieve the broadcaster of responsibility under state laws? This is a question of constitutional law which cannot be settled outside of the courts. The only alternative is to enact state legislation which will exclude the broadcasters from the action of the libel laws so that this excuse for censorship will no longer exist. Only then can any real freedom of expression be expected by a speaker on the air.

*Advisability of dependence upon government regulation. A dem-*

<sup>8</sup> Speech on April 29, 1927, by Commissioner Bellows, quoted in FRC *First Annual Report, 1927*, p. 7.

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ocratic government might be expected to represent the popular voice. Unfortunately, under a party system, it is almost impossible to divorce politics from administration. There is always the fear and frequently the practice that the governmental authority will be used to further the interests of the party in power. In part, this is inevitable. By virtue of office, for instance, a President of the United States, who is also the head of a political party, has greater opportunity to speak over the radio and his voice carries greater weight than that of a proponent of an opposing point of view. Too often it is possible to make attacks on administration policy appear to be attacks on the form of government, subversive or treasonable. If sole reliance were to be placed upon the government to keep the air waves free for the expression of opinion and to assure a fair presentation of all shades, the results probably would be far from satisfactory. Moreover, much of the legal protection of civil liberties rests upon the Bill of Rights. Too often it is forgotten that these are restrictions placed upon the government itself. Even were the government's powers far greater than they are, "No government, however strong, can guarantee complete observance of the spirit of the Bill of Rights . . . The great protection of civil liberty, the final source of its enforcement, now and always, is the invincible power of public opinion."<sup>9</sup>

As government becomes more and more involved in the economic field, the same objections may be registered in regard to discussion of economic topics. Those who feel that freedom of the air is amply protected once machinery has been set up to assure equal discussion of political views overlook the importance of non-political topics. For instance, the advisability of public versus private operation of a power plant may arise with no definite cleavage of opinion along political lines. Can a government which is party to a discussion be relied upon to see that all sides are

<sup>9</sup> Former Attorney General Frank Murphy, in a broadcast speech, March 27, 1939.

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fairly treated? After all, a government is composed of individuals who are tempted to use their power to secure advantages not open to others. This is likely to be all the more true when those in charge of administration are consumed with the righteousness of their cause.

Developments in totalitarian countries have followed this pattern. The insidious influence is the most to be feared. At present the President has statutory authority to take over the radio stations of the country, close them, or use them for any purpose he sees fit, not only in the event of war, but in the event of any national emergency. Unless the law is changed, there is no protection against government seizure of the broadcasting facilities by an administration seeking to entrench itself in totalitarian power. But unless majority public opinion supported such a move it would be extremely difficult. Under existing conditions, however, the ear of the people is at the disposal of the government for publicizing its doctrines and preparing the way for such a step—if it wishes to. It is not so much the actuality of this occurrence that must be guarded against as the potentialities that exist. Democracy's only protection is an awakened and informed public opinion. This sort of public opinion can be achieved only when no one agency is allowed to dictate what the radio shall or shall not carry or is permitted to present its point of view without adequate rebuttal by the opposition. So long as complaints can be freely registered, freedom of the air has an opportunity to prevail. Reliance upon governmental regulations and the law to protect the public interest in this connection is not enough. It must be checked by all those concerned.

## CHAPTER 15

### RADIO AND THE PRESS

The radio and the press have much in common. Both are media for advertising and both are vital instruments for the dissemination of news, information, and education. Frequently common ownership adds to the intimate relationship between the two. Great as these similarities are, they should not be permitted to eclipse the equally great differences. Because the relations between radio and the press touch upon national policy at several points, they assume major significance.

The question of newspaper ownership of or affiliation with broadcasting stations is of prime importance. Such interrelationship may jeopardize the public interest, for it tends to concentrate the instruments for the formation of opinion and the dissemination of news and information in too few hands. Radio comes into conflict with the newspapers commercially,<sup>1</sup> since both depend upon advertising revenue. How far should this fact be taken into account in the allocation of broadcasting facilities? Would the public interest be better served by competition than by cooperation between the two media?

#### CHARACTERISTICS WHICH DISTINGUISH FREEDOM OF THE AIR FROM FREEDOM OF THE PRESS

Community limitations on freedom of expression over the air operate also with regard to other media of expression. None the

<sup>1</sup>For a thorough discussion of the relations between newspapers and the radio cf. the forthcoming study prepared by the Princeton Radio Project and entitled *Radio and Print*.

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less, the idiosyncrasies of freedom of the air distinguish it from the freedom of the press or of speech. For one thing, there is the question of the extent of influence exerted by the radio. When the spoken word carried no farther than it traveled unaided, the number of people who could be reached at any one time was definitely limited. This is no longer true. Just how influential the radio is considered may be gauged from a dubious tribute by the victorious General Franco who established the death penalty for unauthorized ownership of a receiving set or the reception of broadcasts unfavorable to the Nationalist regime in Spain.

When speeches are made before a public assembly, the audience is always at liberty to register disagreement with the speaker. The radio audience has no such opportunity for rebuttal. This limits the use of radio as a vehicle for discussion. Radio can best be used to raise topics and stimulate discussion by a fair presentation of issues.

Essentially, freedom of the press is only freedom for the editor to express his own views and state his own opinions in regard to all subjects, while freedom of the air, if it is to mean anything at all, means freedom for the listener to hear opposing views through this medium.

*Limitation of the resource.* The fact that broadcasting facilities are physically limited at once sets the radio apart from the press. The air waves are public property, the use of a small portion of which is licensed by government to a station owner. To qualify for and continue to hold this license, the broadcaster must exhibit ability and desire to comply with the prerequisites of operation in the public interest. Newspaper ownership and publication, on the other hand, is not conditional upon such licensing and the facilities it employs are not part of the public domain.

The doctrines of a free press cannot be applied to radio since the fundamental conditions upon which they rest are absent.

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Where there is a large number of independent and competing publishers, one or more can usually be persuaded to champion any cause; failing that, private printing and circularization generally can be had at moderate expense. Not so, however, with broadcasting. Time on the air can be had only from station managers and the total amount of time is limited by nature, whereas additional pages can be added to a newspaper. Competition between existing stations is no positive safeguard to freedom of the air because the number reaching any one area is relatively small. In consequence of the limitations of the radio spectrum, and of the hours of the day, tremendous power is put in the hands of those who are allowed to control broadcasting facilities.

*Diversity of audience.* Because radio signals are available to all within the signal's range, broadcasters are expected to have no editorial points of view. If they express one view, they must express all views. The radio audience, particularly that large section of it dependent upon one station for service, has rightful claims to unbiased programs. In addition, radio reaches a certain audience—the illiterates and semi-illiterates—which never checks what it hears by reference to newspaper accounts. The radio listener is distinguished from the newspaper reader who approaches the purchase of a paper knowing more or less the point of view it represents.

Here, then, is one important distinction between a newspaper and a radio station. While the editor of the former is expected to represent a particular point of view and appeal to a particular group, the broadcast manager, because of the heterogeneity of his audience, must be expected to observe complete impartiality. Unfortunately, public policy has not found a way to enforce this obligation and the fear that regulation may become censorship stands in the way of the search.

*Characteristics of the medium.* Radio, a singularly vital me-

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dium, is highly susceptible to subtle abuse. The intonation of the voice can carry an implication that is missing from the printed word. It is both a virtue and a defect of radio, for instance, that it catches statements as they are expressed—a virtue lies in the timeliness of the medium, a defect in the crystallizing and wide dissemination of unconsidered statements as carefully thought-out conclusions. Where the newspaper depends upon headlines to create an effect, the radio hammers at the eardrums to stress points or create a sense of urgency which becomes highly vivid to the listener. Faced with a printed message, the reader has time to consider before reaching a judgment or taking action. Drowned with sound, the listener is stirred to immediate response. The opportunity to repeat, weigh, and compare previous statements is absent. The words of a broadcast are evanescent; most recent impressions are final and determining. It is this characteristic which makes radio so admirably adapted to the purposes of the propagandist.

There are those who believe that the radio microphone will reveal any insincerity on the part of the speaker. This may be so, but it is also true that the one who has mastered the art of the microphone can carry the listeners even though the opposition may have the weight of logic on its side. The old-fashioned rabble-rousing oratory may be outmoded, but the expert radio speaker has new tools at his disposal which may be equally effective, and considering the wider audience which may be reached over the air, more cogent.

Recognizing the potency of radio and its susceptibility to abuse, are certain elements of the public to be denied the air? There must be an unequivocal acceptance of the fact that to do so would be a negation of the concept of democracy, which cannot exist in the absence of civil liberties of which the free advocacy of all views is a vital part. The danger inherent in effectuating this policy is that the propagandist may take advantage of the privileges ac-

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corded him in a way that is detrimental to the public interest. This possibility must be combated actively and not by the prohibition of fundamental rights. It must be recognized, however, that indirect and obscure censorships of various kinds do exist to limit the freedom of the air. All possible precautions must be taken to prevent these from going too far, the best of which is "the insistent will of a tolerant and informed people . . . [to] insure freedom at all times to the voice that utters an unpopular view"<sup>2</sup> whether in the press or over the air.

### NEWSPAPER-OWNED RADIO STATIONS

The issues surrounding the newspaper ownership of radio stations have been discussed from time to time, but no national policy has ever been formulated. The problem never has been thoroughly examined in order to determine what, if anything, distinguishes newspaper ownership of broadcasting facilities from ownership of these facilities by any other industry not exclusively devoted to broadcasting. If there is a difference, is it of such a nature as to affect the public interest?

*Variations in intimacy of relation.* On the first of January, 1939, newspapers owned or were in some way affiliated with 232 of the 763 broadcasting stations in the United States.<sup>3</sup> Most of the newspaper-associated stations were either in the local (104) or in the regional class (100). Of the remainder, 25 were clear channel, 2 high-power regional, and one station on a "special" frequency. Only 8 of the clear channel stations had unlimited time allotments, the remaining 17 being restricted in their hours of operation. The unlimited clear channel stations, however, included some of the

<sup>2</sup> Former Attorney General Frank Murphy, in a broadcast speech, March 27, 1939.

<sup>3</sup> The number of radio stations associated with newspapers increased during 1939 owing to transfers of ownership and grants of construction permits and licenses for new stations. According to the *Broadcasting Yearbook 1940* on January 15, 1940 there were 269 broadcasting stations with which newspaper interests were identified.

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most powerful in the country. More than half of the newspaper-owned stations have network affiliations, some being associated with both a national and a regional network.

The degree of affiliation between newspapers and broadcasting stations varies widely. In some instances, the station is licensed to the newspaper outright; in others, it is licensed to a corporation which is wholly controlled either by the newspaper or by the interests owning and publishing the paper. In still other instances, the connection is less direct. A newspaper may be the majority stockholder in the corporation which is licensed to operate the station; it may be the minority stockholder, but some official on the paper may own enough additional shares to give the newspaper interests virtual control. Or it may be that a stockholder in a corporation which publishes a newspaper also holds stock in a broadcasting company, but is a controlling factor in neither. In some cases a station may be owned partly by two or more wholly independent papers, neither having control. These variations enhance the difficulties of framing regulations or laws to deal with newspaper ownership of radio stations. In fact, the regulatory body, instead of attempting to solve the problems presented, has preferred to overlook the possibility that a question of public interest might be involved.

The complexities of the situation do not end with variations in the ownership relation. In a great many cases the only local newspaper is affiliated with the only local radio station. Frequently, too, the only local station is affiliated with one of the several local newspapers. Precise tabulations of the extent of such situations where press-radio competition is minimized are difficult since newspaper circulation areas may overlap and a newspaper which is the only one published in a town may be in competition with a newspaper in a near-by city. On January 15, 1939, however, so far as can be determined, there were 97 instances in which the only

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radio station in the town was affiliated with the only daily English-language newspaper in that town, and 52 additional cases where the only radio station was affiliated with one of several newspapers in the town. In 14 more cases the only newspaper was associated with one of several radio stations.<sup>4</sup>

The same interest may control newspaper and radio in different degrees, but may have interests in a series of newspapers or in other radio stations. To the extent to which there is single ownership of a number of broadcasting stations, the problem is the same whether the interests are newspaper affiliated or not. Of course, the number of newspapers controlled by the same interests is outside the province of those seeking to regulate communications as relating to the air, but it is a factor which should be considered in connection with this problem.

There is a question whether newspaper-owned radio stations are operated any differently from others. The answer is probably negative, although some believe that technical operation tends to be superior in the case of the former. It is true that many of the techniques used in running a broadcasting station are similar to those used in publishing a newspaper. To the extent that the management has acquired experience in the older medium, the new one may benefit. Frequently, however, the staffs of the two enterprises are entirely separate and distinct and there is no interchange of experience.

*Objectives sought by newspaper ownership of radio station.* The motives impelling a newspaper to operate or become associated with a radio station vary nearly as greatly as the character of relationship between the two enterprises. None the less, certain general statements can be made which may throw some light upon the desirability of this association.

<sup>4</sup> Data from N. W. Ayres *Newspaper Directory, 1939*, and *Broadcasting Yearbook, 1939*. Actual location was the only factor considered in this tabulation, proximity to other towns providing radio or newspaper service not being taken into account.

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Some of the reasons are clearly economic and arise from the competition which broadcasting gives to newspapers. For instance, a newspaper might apply for permission to construct and operate a broadcasting station fearing that some other interest might do so and deprive it of advertising accounts. If the advertising expenditures within a given community are limited, the establishment of a radio station would take advertising away from the newspaper. The latter would increase its expenditures, by taking on the operation of the radio station, to retain the same amount of revenue, unless the existence of the station attracted advertising that had previously not been available to the newspaper.

Or, again, a newspaper might set up a radio station in order to increase its advertising revenue, since some advertising which does not use newspapers does use the air. In some cases, of course, newspaper operation of a radio station is motivated by the common objective—the desire for broadcasting profits. This is particularly true in those instances where newspapers own radio stations located outside their circulation areas. Others, including newspapers, are impelled to manage radio stations by the desire for additional prestige. A radio station also may be useful in promoting the circulation of the paper. Since advertising rates in newspapers depend upon the volume of circulation, it might even be advantageous to operate a radio station at a loss if it increased the circulation of the paper.

Since the operation of a radio station is, in many ways, complementary to the activities of a newspaper, it is not unnatural that they should be extended to this field. In a small community a newspaper would be the logical agency to operate the local radio station. To do so in many instances would mean only the fuller utilization of its staff with but limited additional capital outlay and overhead. It is possible that because of the limitations upon the financial support which a community may provide, and because of

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the reduction in cost of operation resulting from newspaper ownership, a newspaper-owned station might be a financial success in some small communities where a separately owned station would fail.

Newspapers are occasionally prompted to enter the field of broadcasting in order to control a competitive news medium. Since the radio can give quicker dissemination of spot news than can a newspaper, ownership of a possible competitor in this field is one way in which the newspaper can control the situation. For the same reason, it may desire to retain control of possible future agencies of news distribution such as facsimile reproduction. It is interesting to note that most of the experimental facsimile stations are operated in conjunction with newspaper-owned radio stations.

The fact that this consideration would influence the actions of a newspaper brings in the question of whether it is in the public interest that the sources of news should be so closely controlled.

*Considerations of public interest.* It is likely that in all instances where another business is operated in conjunction with a broadcasting station, the interests of this other business are at times allowed to supersede those of the public. In the case of newspaper-owned radio stations there is probably a tendency for the editorial policy of the newspaper to be carried over into the operation of the radio station. Whereas other businesses are not so likely to have an editorial policy in regard to questions of public interest or of a controversial nature, a newspaper acquires profits and attracts its following by this very means. No thorough study has ever been made of this interrelationship, and whether in fact there are unfavorable repercussions upon the public. Pending such analysis, too harsh a judgment should not be made. But whatever newspapers do or do not do in connection with the operation of the radio stations with which they are associated, it is the poten-

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tialities in the situation which are disturbing. This lends support to the opposition to the concentration of power resulting from joint control of newspapers and radio stations.

There are those who believe, however, that much of the agitation in respect to newspaper ownership of radio stations has an origin which is solely political. These claim that interest in this question is confined to members of the Congress whose concern arises from a desire to have an available outlet for the expression of both sides of political questions. If radio stations were adequately regulated, the character of ownership would lose its significance, according to this view.

The government regulatory body has adopted no policy which would place stations owned by newspapers in any different category from those owned by any other interest. It is probable that under the law there is no authority to do so, except in so far as it is determined that operation of a radio station by a newspaper would not be in the public interest. If such a stand were taken, it is likely that the decision of the commission would be fought in the courts and no action could be effective for a prolonged period. At the present moment, commission opinion is in a state of flux. Not long ago, an application for transfer of a radio station was denied on the ground that since the transferee was a newspaper publisher it represented too great concentration of power in one hand. Then a situation which appeared on the face of it to be exactly similar arose, and the commission decided the other way.

A committee of the commission has expressed the view that to adopt any rule-of-thumb on a subject such as this would run the hazard of working an injury to the service received or entitled to be received by the public . . . No adequate study has been made to show whether as a class they [newspaper-owned stations] have furnished average, superior, or inferior service; whether they or any group of them have acquired or exercised any undue power, social or economic; whether

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they, or any group of them, have been guilty of any unfair practices, either editorially or with respect to advertisers, due to the combination of ownership; whether there is any tangible evidence of a tendency among them to combine and whether and to what extent they contribute toward keeping broadcasting on a competitive basis . . .

Among the dangers of a course which withholds broadcasting licenses from any industry or representation thereof may be mentioned the possible discrimination involved against any class or group, without any reasonable basis therefor, the possible interference with freedom of speech and press, possible turning aside of what may be a natural course of progress by which older established media bring their experience and their equipment to the gradual utilization of the new methods which science makes possible, and the possible establishment of an undesirable precedent.<sup>5</sup>

So far as the public interest is concerned, the question is whether it is preferable to allow a newspaper to extend its activities to the operation of a radio station, bringing with experience an editorial policy which has no place there, or if the operation of these two media of information and formation of opinion are to be strictly separated, even though that may involve a restriction of the freedom of the press. Can the concept of freedom of the press be stretched to include the continuation of any and all activities which the publisher wishes to pursue?

It must be recognized that metropolitan newspapers are closely connected with big business since, indeed, they are big businesses themselves and hence naturally reflect sympathy toward a particular point of view. If, as some assert, the dominant forces in the community are reflected in the policy of the local radio station whether that station is controlled by a newspaper or by some other type of organization, it may be doubted if anything is to be gained in the public interest by denying ownership to a particular group. Under such circumstances the problems of newspaper ownership of radio stations are only another aspect of the whole problem of

<sup>5</sup> FCC, "Report on Proposed Rules," Part I, January 18, 1939, Section II, pp. 14, 15.

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giving unequal representation to the views of a dominant economic interest, to the exclusion of a fair chance for other and different views.

### THE TREATMENT OF NEWS

While it is probably true that the functions of the press and the radio are the same—namely, the provision of entertainment, education, and information—the emphasis placed by each on the various components varies. Thus, the newspaper is primarily a purveyor of news, and to this all other functions are subordinated. If the editor must choose between space for the daily short story and a news item, the latter will be included and the former dropped. The reverse generally would be true on the radio except in cases of great importance. Nevertheless, there is a definite element of competition between radio and the press in the matter of spot news. The old cry of “extra” is now rarely heard—largely as a result of the prevalence of radio; anyone who has heard a boxing match over the air is not likely to rush into the street to learn of the decision. The newspapers early recognized this and forced radio into an agreement on the handling of news. Radio had to choose between the agreement, discontinuing the presentation of news, or gathering its own news.

*The Press-Radio Agreement.* In the early days of radio, stations frequently read off verbatim accounts from local newspapers. Sources were not always acknowledged. The newspapers naturally considered this an unfair practice. They objected, also, to having radio stations get out spot news before the papers had a chance to get on the street. As this began to cut into the number of newspaper extras, the Press-Radio Agreement was negotiated. This provided that the radio stations should use only news items supplied by the Press-Radio Bureau, supported by the stations but operated by a staff selected by the newspapers. The latter would

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collect the news as it came over the wires and prepare bulletins which the stations could use but which could not be sold for commercial sponsorship. No newscasts were to be longer than five minutes nor more frequent than four times daily except in the case of events of great importance when additional brief announcements might be made. The stories as prepared under this agreement were of the briefest variety and were calculated to promote newspaper demand "for further details." The Press-Radio Agreement has been allowed to lapse and the Press-Radio Bureau discontinued. The large press associations now serve radio stations directly just as they do newspapers, although in some instances there are special radio wires providing a much more limited service.

One alternative to the Press-Radio Agreement was for the radio to do without news altogether. As the polls on program preferences revealed an increasing public demand for radio news, it was actually no choice at all. In the absence of adherence to the Press-Radio Agreement, the stations could enter the business of gathering news for themselves.

*Radio as a newsgatherer.* The direct gathering of news by broadcasting organizations involves either a duplication of existing news services or less complete coverage. The large networks naturally had the financial resources and the personnel necessary to gather news at first hand. For national events which could be carried across the country, they were well equipped to meet the demand for news. But they realized that this would be entering a field for which they lacked experience, and that it would be duplicating to a large extent the activities of the news agencies.

A special classification of news is the coverage of events abroad, which has assumed particular importance since the outbreak of war in Europe. The national networks maintain representatives in the leading European capitals who arrange for transatlantic broad-

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casts of special interest to Americans, and who also report such news as the censorship permits at regular intervals. A feature developed by radio during the 1939 crisis was the three- or four-way transatlantic talk during which several of these representatives abroad were interviewed simultaneously from America. This procedure not only guided those abroad as to the particular points of special interest to Americans but sometimes provided the speaker in one country with the only direct information on events or opinions in each of the others.

At least one of the regional networks—the Yankee Network—has set up its own news service for the member stations. It was able to subscribe to the International News Service and so made no attempt to duplicate in the field of national or international news; but it edits the news which it receives over the wires for local use. It also maintains a staff of reporters to cover events of local and regional interest and recently has sent a man to Washington to cover political news. The Transradio News service was established as the cooperative effort of a number of stations and operates as any other newspaper news service. To the extent to which radio stations are not on an equal basis with newspapers in collecting news they are handicapped in their efforts to give the public the news to which it is entitled.

The truth is that radio probably performs a somewhat different function in respect to news than does a newspaper. It finds its place in reporting news-in-the-making rather than recounting events after they have occurred. Thus, radio is giving the news when it broadcasts a speech by a public personage or describes a local large-scale fire as it burns. The newspaper reports these events and gives background information concerning them; the radio has neither the time nor the facilities for filling in the details. A survey undertaken by *Fortune* in 1939 revealed that, while 70 per cent of the people get most of their news from newspapers, they de-

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pend heavily upon radio for getting news speedily and accurately. The public really needs both types of news coverage. This points to the need for cooperation rather than competition between the two major sources of news and information.

### COMPETITION OR COOPERATION?

Despite dissimilarities, radio and the press are sufficiently alike to raise the question of whether they shall operate in competition or, recognizing their dissimilarities, cooperate. The public interest would be better served by the latter procedure unless it resulted in a monopolistic control over avenues of communicating intelligence. Since newspapers and the radio supplement far more than they compete with each other, cooperation and not competition is indicated except in the capacity of advertising media.

*Effects on the two industries.* Radio-newspaper competition takes two major forms: in selling advertising and in disseminating news. Competition for the advertiser's dollar is likely to continue so long as radio is on a commercial basis. It has been noted already that radio has encroached on newspaper revenues and may continue to do so increasingly unless the total volume of advertising rises. Certain types of advertising and certain products or services can, of course, be more effectively handled through the newspapers than over the air. While the national advertiser may abandon the newspaper, the local outlet or dealer will continue to use it. What the ultimate division of the field will be cannot be predicted at this stage.

Much of the animosity of the newspapers toward the radio no doubt arises from their competition in the economic field. For to some extent the newspapers depend on radio as a source of news. For instance, during the September, 1938, European crisis, the newspapers received short-wave radio accounts of the latest developments, including important speeches. At the same time their gen-

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erally unsympathetic attitude tempts newspapers to seize any opportunity to discredit the newer medium. Thus, it has been charged that the furor caused by the Mercury Theatre's *War of the Worlds* broadcast would not have been so great if it had not occurred on a Sunday evening when the papers were shy of news for the Monday morning edition and were able to play up the story. Certainly the volume of protest received by the Federal Communications Commission failed to support the accounts of the extent or degree of panic engendered by the broadcast.

One of the functions of radio is to provide spot news. It cannot do this job properly without the cooperation of the newspapers and the press associations. The newspapers are following a short-sighted policy in attempting to block radio in this field.<sup>6</sup> If the recalcitrant attitude of the newspapers persists, the radio may be forced, as the result of public demand, to spread out to the extent of seriously overlapping the newspapers in collecting news.

*Effects on the public.* The newspaper and the radio complement one another; the public interest requires that each make the fullest use of its potentialities. This, however, is conditional upon cooperation.

This cooperation should not be carried to the point where there is monopolistic control. When the newspapers were alone in the field, the public was forced to depend upon them for advertising information and for news. Even before the present tendency to editorialize news stories became so pronounced, there was a certain amount of color introduced by the process of selection and the method of presentation. The radio provided an alternative avenue for information, and often—as in the case of speeches—gave the whole of the news rather than a selected part. In some

<sup>6</sup> There is an interesting discussion of this point in an article describing coverage by one national network of the 1939 European crisis preliminary to war. Cf. Davis, Elmer, "Broadcasting the Outbreak of War," *Harper's Magazine*, No. 1074, November, 1939, p. 579.

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cases, perhaps, it has actually displaced the newspaper for those who prefer to listen to a speech rather than read it. The broadcaster does provide a balance for the press. What is excluded from one may find room on the other. If the voice seeking to be heard is loud enough—has enough public backing so that in the public interest that view should be expressed—its absence from both the pages of the newspaper and from the air will attract attention. The check which the newspapers and the radio stations exercise upon one another fails to work if they are controlled by identical interests, or in a more remote way, if the points of view of the interests controlling both are the same.

The importance of the relationship between radio and the press is summarized by Irvin Stewart:

To some extent the broadcast stations have relieved the citizen of his dependence upon the newspaper . . . . When the newspaper and the station are separately controlled, one can be checked against the other. When they are under the same ownership, how long will this be true? To my mind there is an important public interest involved in that question.<sup>7</sup>

If this view is correct, and it is urged with increasing persistence, the government regulatory body may not be able much longer to evade a thorough study of radio-press relations and the formulation of a definite policy in respect to this issue.

In the field of news commentaries, there should be no possibility of competition between radio and the press. The newspaper has an editorial page; radio has none except when it employs commentators who interpret the news. That the propriety of this procedure is questionable has been recognized in the new NAB code which prohibits the sale of time for sponsored news commentation—but not for the broadcasting of news. The listener has no way of checking what he hears; he does not allow for bias be-

<sup>7</sup> Stewart, Irvin, "The Public Control of Radio," *Air Law Review*, Vol. VIII, No. 2, April, 1937, p. 144.

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cause newscasting is supposed to be wholly impartial. He is likely to forget that the commentator may be sponsored by a commercial organization with its own point of view. The *Fortune* survey referred to earlier disclosed that there are more people who place greater faith in the accuracy of radio spot news and radio commentators and believe these sources of information to be freer from bias than newspaper news accounts or editorials.

The regular news commentator has an advantage over the one-time speaker in that over a period he can build up an impression, and through a stereotype approach insinuate an idea. Sober second thought such as is possible to the reader of a newspaper often is a valuable check on unwarranted influence. The listener is too busy listening to be very critical. Somehow, too, he tends to accept what he hears more easily than what he reads, particularly if it is said persuasively. The dangers of this fact are recognized by a writer for the *Annals of the American Academy of Political and Social Science*, who says:

If news given over the radio is selective for the advantage of one party or class, if information is inadequate to form the basis of a judgment, if the statements are false or their implications unjustifiable, the effect on opinion may be worse than if they were not informed at all.<sup>8</sup>

<sup>8</sup> Cheyney, Edward P., "Observations and Generalizations," *Annals of the American Academy of Political and Social Science*, Vol. 200, November, 1938, p. 288.

## CHAPTER 16

### FOREIGN PROPAGANDA AND INTERNATIONAL BROADCASTING

Competition within the domestic framework, bulwarked by informed public opinion, may assure the adequate protection of freedom of speech and of the air. But these safeguards are inoperative so far as international broadcasting is concerned. There is a twofold problem here: the distribution throughout the United States of programs originating outside its borders and the transmission of domestic programs to foreign countries. While each has an international aspect, the issues involved in the formulation of public policy are quite dissimilar. In regard to the first type, controls can be exercised in so far as the foreign programs are sought by domestic sponsors. But the physical property of radio, which permits it to cross national boundaries, makes futile efforts to regulate broadcasts the purpose of which is to circumvent restrictions placed on domestic programs.

On the other hand, the question of broadcasts to other countries is one to which insufficient thought has been given despite its importance. Should governmental control be exercised over these to a greater extent than over domestic programs? If deemed desirable, to what ends should such control be directed, and can it be achieved without threatening freedom of speech within the United States? Since competition in the international field involves governmental prerogatives, there is, perhaps, a better basis for public regulation in this field than in domestic broadcasting.

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### POLICY TOWARD BROADCASTS RECEIVED IN THE UNITED STATES

To be consistent, all broadcasts transmitted by stations within the United States, whatever their point of origin, should conform to the same standards. Thus, if any restrictions are to be imposed, they should be applied equally. The fact that domestic rebroadcasts of foreign programs may be more easily controlled by the simple expedient of requiring prior approval for their introduction should not be made an excuse for more stringent requirements. Only the most extreme measures, such as the creation of interference, can cope with broadcasts transmitted directly to the United States without the participation of domestic stations.

*Sought by domestic industry.* The number of broadcasts from foreign countries which are retransmitted here has increased greatly since the first experimental efforts made only ten years ago. Technical improvements have made it a commonplace for the radio audience to hear music and talks from all over the world. In bringing these to the public, the broadcasting industry has performed an important service. These efforts to extend the horizons of the general public should be encouraged.

To the same degree that competition is effective in creating variety in domestic programs, it can be expected to stimulate the broadcaster in the international field. The danger that he may bring in material which is harmful to the public interest is not great, although again the power of selection which he enjoys may enable him to impart a biased view in the presentation of public affairs of international importance. The conditions under which international broadcasting takes place affect this possibility. Little quarrel would arise with the straight rebroadcasting of foreign domestic programs. But these are not adapted to the American audience. The special arrangement and interpretation of material brought here gives opportunity for the insertion of bias. The pos-

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sible distortion is not likely to be so great as in the case of domestic programs since the broadcaster's interests are less directly involved.

Early in the European war the national networks cooperated in formulating policies for handling war news which would be consistent with the neutrality proclamation of the President of the United States. Among the points included were the avoidance of undue suspense or horror, the labeling of sources of information, and the maintenance of balance between the opposing sides. Interpreting these general policies, the National Broadcasting Company declared, in part:

Speeches by foreigners from abroad, the reading of public proclamations and statements, and like matter are to be handled in each individual case as seems to best serve our audience, but it is essential that fairness to all belligerents be maintained and that this phase of our operations be carried out in such a way that the American audience shall be as completely and fully informed as possible . . .

Whether to broadcast propaganda disseminated by radio stations, or the press of European countries, or distributed by those countries in any other manner, will be determined individually in each case with full consideration for the news value of the statement. If such material is broadcast we will endeavor in each case to label it by giving the precise source of the material and will do this sufficiently often so that no reasonably careful listener is likely to be misled. We will also be governed by our usual rules of fairness in presenting all sides of controversial questions, though not necessarily in the same broadcast nor necessarily with actual quantitative equality. In this connection it is recognized that there are certain hazards in bringing broadcasts of this type direct to this country and extreme care will be exercised in so doing.<sup>1</sup>

So long as we pretend to keep domestic radio free from governmental domination, the international broadcast offers no excuse for particular stringency. In other words, no attempt should

<sup>1</sup> "Interpretation of NBC Policies as applied to Broadcasts during the Current European War," National Broadcasting Company, New York, September 7, 1939.

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be made to require prior approval by the government of particular programs which are to be rebroadcast here. At the same time, it should be recognized that American diplomatic relations with other countries may require the exercise of greater caution. Such a case might arise when the government took some sort of action which was resented by a foreign country and domestic broadcasters arranged for a program in which the foreign point of view was expressed, undermining popular support of the government's position. To this it can only be said that too often the alleged necessity for maintaining silence in relation to events or actions of international importance is used to cloak matters which the public is entitled to know but which, for some reason or another, the authorities wish to suppress.

International broadcasting allows an outlet for those who are denied access to the air in their own country. This is of no great importance here so long as a policy of relatively great freedom of expression is observed in the United States. But just what it can mean can be realized through a comparison with the totalitarian countries, where the domestic radio performer must carry only information and views accepted by the governments. Contrary expressions are forced to seek outlets beyond the national boundaries if they are to reach the people of the country at all.

*Directed broadcasts.* A wholly different situation arises in the case of broadcasts which are transmitted directly to this country from another without the intervention of a domestic broadcasting company. Because of transmission conditions this presents less of a problem here than in either Europe or South America. But what has been done on the latter continent indicates what could be done here if antagonistic governments considered it worth while. Should the government have the right to "protect" the people from unsolicited broadcasts of an unsympathetic nature? Fruitful discussion must be confined to peacetime conditions since if this country

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were in a state of war the whole situation would be altered. At the present stage of development in broadcast engineering, consideration need be given only to broadcasts in this hemisphere directed to the United States. Means have not yet been found satisfactorily to overcome the natural difficulties to which direct broadcasts for general reception from Europe or Asia are subject. Although since the outbreak of war abroad, there has been increased activity on the part of European governments in directing "news" broadcasts to short-wave listeners in the United States.

In one respect the Communications Act does give the government the power to control international programs. Section 325(b) provides:

No person shall be permitted to locate, use, or maintain a radio broadcast studio or other place or apparatus from which or whereby sound waves are converted into electrical energy, or mechanical or physical reproduction of sound waves produced, and caused to be transmitted or delivered to a radio station in a foreign country for the purpose of being broadcast from any radio station there having a power of output of sufficient intensity and/or being so located geographically that its emissions may be received consistently in the United States, without first obtaining a permit from the Commission upon proper application therefor.

This provision was specifically designed to take care of instances in which individuals, denied licenses in the United States, moved across the border into a neighboring country to carry on broadcasting. The case of Dr. Brinkley, who was denied a license renewal for Station KFKB is illustrative. With facilities located in Mexico, Brinkley has sent out programs intended for consumption in this country. The United States cannot control such transmitting apparatus, but it can at least place difficulties in the way of securing American talent. The reception of signals from such a source in this country cannot be controlled except by the creation of co-

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channel interference or international agreement. It is of interest that ratification by Mexico of the North American Radio Agreement, negotiated at Havana in 1937, was greatly delayed partly, it was suspected, as the result of efforts of Dr. Brinkley.<sup>3</sup> This convention might make it impossible for those stations in other countries intended primarily for broadcasting in the United States to operate, since it specifies that allocations must be predicated upon domestic needs. Furthermore, the allotments of channels and classes to Mexico place all high-powered stations in the interior of the country.

### BROADCASTS TO FOREIGN COUNTRIES

A wholly different series of problems arise in the case of broadcasts from the United States to other countries. Here there must be consideration of the relation with foreign governments which makes it a matter of definite concern to our government. If broadcasts from the United States are to be anything other than haphazard rebroadcasts of domestic programs, the objectives which international broadcasting seeks to achieve must be defined. Once this has been done, the question of whether a governmental or private agency is best equipped to handle them must be given attention.

*Definition of purpose.* The motives behind the broadcast of programs from one country to another may be various. Accustomed to a commercial system of radio, the average American might suppose that the primary purpose was to advertise, directly or indirectly, American goods in foreign countries. Under regulations which have been in force until recently, direct advertising of American products has been precluded by the terms of the licenses under which the broadcasters operate in the international field. These

<sup>3</sup>"Border Station Status Delays Action on Allocation Changes," *Broadcasting*, Vol. 16, No. 9, May 1, 1939, p. 14.

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have been amended to permit a limited form of advertising. A certain amount of indirect advertising also may result as the mention of American products familiarizes the foreign audience with them, thus creating a demand. Specialists in advertising claim, however, that a more effective method is to handle advertising in foreign countries through local agencies familiar with the special requirements of each different market.

Is the main purpose to acquaint foreign people with particular political ideologies for purposes of indoctrination? Or is it intended merely to build cultural relations and thus strengthen international ties? In either event, radio is simply supplementary to other methods and to do a good job must be recognized as such. Another motive might be simply to counteract the unfavorable activities of other countries. It was stated that this was the main incentive for the proposed establishment of a government-operated station authorization for which was refused by the Congress when it could not be shown that the United States has suffered as the result of unfriendly propaganda.

Informed observers believe that the reasons impelling the United States to give consideration to the task of international broadcasting is not concern as to the possible damage inflicted upon our South American trade by the activities of other countries so much as the penetration of political ideologies with which this country is not in sympathy. On the other hand, Great Britain is genuinely worried by her declining prestige in Latin America which has had unfortunate repercussions upon the volume of trade. One of the principal motives causing Great Britain to undertake broadcasting to South America, however, it has been stated, is to keep that continent friendly during wartime.

If it be assumed that, whatever the purpose, the United States is going seriously into the business of international broadcasting, the question arises as to who is to do it. No definite answer can

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be given in the absence of a clear understanding of the objectives which it is hoped to gain, but the possible alternatives may be reviewed.

*Sponsorship by private industry.* Since the American system of broadcasting is based on profit, it might logically be assumed that private industry would not be attracted to international broadcasting unless it also could be expected to yield a profit. There is a difference of opinion as to whether it will be possible to conduct international broadcasting on a commercial scale which would repay the considerable expense involved.

Direct international broadcasting by means of short waves implies the existence of sets capable of receiving the broadcasts. Only a small proportion of the sets in other countries is equipped for this purpose. To be effective under these circumstances, international broadcasting must be largely conducted by means of re-broadcasts from domestic stations—the more so since in the present state of knowledge short-wave broadcasting is not reliable.

A second problem arises in regard to program content. Most programs built for the United States are not suitable for international purposes because of either language difficulties or difference in tastes. Effective international broadcasting cannot be attained by treating it simply as a by-product of the domestic industry. On the contrary, it entails considerable extra expense. It has been estimated that a well-balanced program for international broadcasting for at least eight hours a day in several languages would cost in the neighborhood of \$12 million annually. Some of the most expensive domestic programs—such purely musical ones as the opera or a large symphony orchestra—could be used for international purposes, but all others—drama, variety events, speeches—would necessitate at least the services of a translator and in many instances considerable adaptation. Even then it might be better to have entirely separate programs. If attention were

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concentrated on the most expensive programs, they would still not constitute a large part of a well-balanced program of a sustained international broadcasting service designed to achieve a broad purpose.

The unsuitability of most domestic programs for use in international broadcasting has been recognized by the Federal Communications Commission which stipulated in its new rules:

A licensee of an international broadcast station shall render only an international broadcast service which will reflect the culture of this country and which will promote international goodwill, understanding and cooperation. Any program solely intended for, and directed to an audience in the continental United States does not meet the requirements for this service.

The first part of this rule has met with the united opposition of the industry and has been attacked in Congress as being an entering wedge for censorship of domestic programs. Before jumping to the conclusion that domestic and international broadcasting are identical, it might be well to probe seriously the implications of the question. Could it not be true that the government has a greater interest in what goes over the air to Europe or Latin America than to the people of Kansas or New Jersey? Exception to the rule also has been taken on the ground that it would create the impression abroad that whatever was broadcast had the approval of this government and hence would assume the status of an official utterance. As a result of this criticism its operation has been temporarily suspended.

If international broadcasting is to involve additional financial outlays, will they be justified by the return to commercial sponsors? It is possible that they would in the case of certain products such as automobiles which have an established foreign market. However, the range of goods to which this would apply is definitely limited. Of course, private industry might enter the field of inter-

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national broadcasting considering the expenses incurred simply as a cost of promotion. The number of those in a position to do this would never be large.

Even were it legally and economically possible to send commercial programs abroad, there is a question as to how desirable it would be. There are those who hold the view that there is a diplomatic advantage to be gained if international programs are not commercial—that is, designed to advertise the products of a particular firm. The commercial advantage to be derived might better accrue to all national business. There is the further consideration that, if the international programs are commercial, the sponsor would control the tenor of the broadcast and this might detract from its effectiveness for general public purposes.

If international broadcasts are not to be sponsored, can they be left to the initiative of the broadcasting companies themselves? Some of these are now active but the expenses are so great that it is to be doubted that they will continue to be energetic if it becomes apparent that commercial sponsorship can never be attracted. Although limited commercial sponsorship is now possible under Federal Communication Commission rules, it remains to be seen to what extent this permission is utilized by commercial interests. It might be possible to pool the resources of all companies engaged in international broadcasting, confining competition to the domestic field. The government might contribute to this mutual organization. In this way the expenditures of each company would be reduced and a more effective job done because the resources at the command of the mutual organization would be greater than those of any one company and because the audience reached would be larger than if it were divided among several competing broadcasts. However, objection would be raised to a government subsidy since to the extent of this support it would expect to have control of policies and this would not be welcome to private industry.

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Under present circumstances, the broadcasting companies now go into international broadcasting fearing that, if they do not, the government will. Once in the business of broadcasting, it would be a simple matter and a logical development for the government to spread into the domestic field. This the broadcasters wish to avoid at all costs.

*Government sponsorship.* In view of the uncertainties surrounding the profitableness of international broadcasting, and hence some doubt as to how far private industry can be expected to go in developing this field, should the government assume the task? It may be urged that international broadcasting partakes so strongly of the nature of diplomacy that it should be left entirely to the appropriate government agencies. At the same time it can be maintained that under the American system, broadcasting is not a proper governmental function. If the latter view is accepted, the role of the government should be confined to encouraging private industry to undertake international broadcasting under proper regulatory policies. The broadcasting industry, however, probably would be averse, seeing such regulation as an opening wedge into control of domestic broadcasts. This, indeed, was the basis for much of the objection registered to the rules which would require international broadcasts to "reflect the culture" of the United States and "promote international goodwill."

If the purpose of the international broadcasts is to inculcate democratic ideals, government direction might defeat the intention. This view was expressed by Mark Ethridge, president pro tem of the NAB:

Any proposal to put the United States government in control of media for the dissemination of news or information is utterly at variance with democratic principles and follows the pattern of authoritarian states where government control and operation of radio, newspapers and

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other instruments of communicating information already is an accomplished fact . . . Is it desirable or feasible for the government of the United States to copy the technique of totalitarian states in their efforts to win commercial and political preferment from our neighbors to the South? Would not such a procedure be inconsistent with our traditional democratic processes and give rise to ill-founded suspicion and distrust among those countries whose respect and good will we as a Nation so greatly desire?<sup>3</sup>

Government direction would be further handicapped by diplomatic considerations, which would hamper the vitality of the programs. If the susceptibilities of foreign countries were hurt by private broadcasters—or government officials speaking over private facilities—no diplomatic incident would result such as might easily occur if the government itself were known to be responsible. A situation might arise, for instance, where a government official might make some pronouncement on the air with which a member of the opposition party wished to disagree. If permission is granted over a government operated broadcasting station, the force of American policy might be weakened since its lack of unanimity was exposed. On the other hand, if permission were to be refused, how good an example in freedom of expression would be set for those it is desired to entice into following democratic precepts?

The problem varies slightly if it is assumed that the government is not going to operate its own station but is to supply programs for broadcasting over established stations. This might be preferable since propaganda can achieve its purposes only if it reaches an audience. And in this case, presumably, the audience would already have been found by the private broadcasters. The expense to the government also would be less, and the opposition

<sup>3</sup> Ethridge, Mark, "Propaganda and Democracy," a statement before the Naval Affairs Committee of the House of Representatives, and the Interstate Commerce Committee of the Senate, May 16, 1938, and May 18, 1938, on H.R. 4281 and S. 3343, reprint, pp. 2-3.

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from private industry not so great since the dangers which it fears would not threaten. But if it were forced to depend upon the whims of private industry, the government might not be able to do a good job. This would be particularly true if international broadcasting ever became commercially profitable.

## PART VI

### TOWARD A NATIONAL POLICY FOR RADIO BROADCASTING

IN THE preceding sections of this report, an endeavor has been made to examine some of the problems confronting radio broadcasting in the United States. Not all of these are of equal magnitude; most, however, share the characteristic of being of a social rather than an economic or technical nature. The stage has now been reached where it is possible to summarize briefly the impressions gained and to discuss alternatives to the present broadcasting system. Even severe critics of the present system of broadcasting in the United States admit that it is probably the best system in operation in the world today. Even if this is so, it is still possible to introduce refinements which will make it a better system.

The elements of a national policy for radio broadcasting cannot be covered here in detail. Conclusions, however, can be reached as to some of the necessary ingredients.

## CHAPTER 17

### THE PROBLEMS OF RADIO ARE PRINCIPALLY SOCIAL IN CHARACTER

Few would deny that as an industry radio broadcasting is highly organized, well equipped, progressive, and as compared with many others, efficient and profitable. It provides exceptionally steady service year in and year out, and for the most part offers better than average working conditions to a substantial number of skilled and professional workers. A number of industries or services, such as equipment manufacturing and radio repairing, are associated with or dependent upon radio broadcasting. They, too, represent substantial investments and provide large numbers with employment. Radio, therefore, occupies no insignificant place in the economic structure of the country.

Radio broadcasting, however, is more than an industry. It is a channel of communication and opinion—an outstanding social institution. Because of the important place which it has come to occupy in the nation's social fabric, the major issues in radio today are matters of social responsibility and program content. This contrasts with the situation little more than ten years ago, when the immediate need was for technical reform, for the creation of order on the air waves. There are those who contend that the problems of radio are still technical; these represent a school of thought which believes that governmental controls should be confined to the technical field and that problems of program content or the economic organization of the industry must be solved without gov-

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ernmental participation. The history of radio has been marked by rapid technical progress and it may be assumed that this will continue. In contrast, understanding of and the development of techniques for dealing with the social aspects of radio have been relatively backward. So long as this condition exists, the technical progress of radio broadcasting is not the primary matter of concern for the public.

Although awareness of the social problems created by broadcasting has been growing, it has remained for the recent unhappy trend of world events to focus attention sharply on them. With the spread of totalitarianism and armed aggression throughout the world, freedom of the individual has been increasingly restricted. Liberty to communicate dissentient opinions has vanished in many nations. In consequence, questions of free speech and adequate representation of divergent points of view become of vital significance to the United States.

There is no doubt that radio vitally influences and reflects the society of our time. The interplay is mutual: the system of broadcasting which prevails in any country tends to be that which is best suited to the social-political organization of that country even though there may be wide diversity of opinion as to what is the best social-political system; in turn, radio helps to mold the social structure.

### SOCIAL PROBLEMS ARE DIFFICULT TO ANALYZE

The normal tools of the scientist are both inadequate and unavailable for the analysis of radio's social problems. Established facts are few, and opinions many. Because of the magnitude of the ground covered by radio, investigations must proceed on a limited and sampling basis. Such procedure is invariably deficient no matter how refined it may be. Where known bias in results exists it may be discounted; some, however, is unknown and un-

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detected. Moreover, the results of the sampling surveys must be interpreted by investigators whose subjective outlook cannot fail to color the conclusions despite efforts to remain impartial.

For these reasons the effects of radio on the public and the public on radio remain much a matter of opinion. Few are likely to agree in detail on the social significance and influence of radio. This is inevitable in view of the intimate relation of radio with the social organization. The interaction of forces is so intricate that isolation of the role of radio broadcasting is next to impossible. Even the terms of analysis are merely convenient abstractions, such as "radio" or the "public," which may often prove misleading. Generalizations cannot be based on "the American listening public" because no such entity exists. If it is to be served at all, it must be in terms of its component parts rather than as an average of "all sorts and conditions of men."

The difficulties of analyzing the social influences of radio cannot, however, justify leaving the task undone. In any dynamic sphere, judgments must be made and policies formulated in the light of the best available knowledge at the same time that recognition is given to the large element of opinion which must enter into any decision. Of paramount importance, under these circumstances, is the exercise of care in avoiding rigidity. The way for revision of policies must always be left open. This is particularly true in radio where technical innovations may shift the fundamental basis upon which policies have been built. This possibility, however, should not be used as an excuse to avoid the formulation of policies altogether.

### WHAT SHOULD A GOOD SYSTEM OF RADIO BROADCASTING FOR THE UNITED STATES PROVIDE?

In this study of the problems of radio broadcasting it frequently has been stressed that the requirement of operation in the "public

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interest, convenience, or necessity" is an insufficient guide for public policy. Without becoming enmeshed in legal logic or court debate, it should be apparent that content must be given to the concept of public interest. This in turn calls for a definition of what the people of the United States want from radio broadcasting and what, under the circumstances, the public has a right to expect. Clarification of these points is prerequisite both to an evaluation of the degree to which these wants and expectations are being fulfilled and to a consideration of the remedial measures necessary for rectifying the deficiencies.

Basically the American public is entitled to expect radio broadcasting to satisfy five minimum wants: if any one of these conditions is unsatisfied, efforts to correct the deficiency are warranted.

*Availability of service to all the people.* No matter how good radio programs may be, they are of little benefit to those who cannot hear them. It follows that the broadcasting service must be such as to provide to all areas of the country a reliable signal the year round, without regard to weather, time of day, or season of the year. Such a signal is useless, of course, without the availability of radio receivers, but the problems associated with the wider distribution of receiving apparatus—such as distribution of the national income—lie outside the scope of this report.

Not only should people throughout the country be able to listen to a radio station, but they should be able to receive the programs designed for a national audience. Much of the value of radio broadcasting lies in its ability to widen horizons.

*Variety.* Broadcasting as a medium covers almost the full range of human interests, from sports to the fine arts, from vaudeville to classical drama, from news to household hints. The American public wants a full complement of these rather than a plethora of any one of them. The listener must be accorded the opportunity to exercise a free choice of programs. One station in the course

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of the day may provide all the ingredients of a varied and balanced program, but not everyone within range may wish to hear the same thing at the same time. Thus, the alternative of a different type of program from another station is requisite. Some sections of the listening public, on the other hand, may have no interest at all in several of the subjects carried. Satisfactory broadcasting service should provide what the listener wants at some time when he can hear it. Regimentation of taste must be avoided. At the same time, what is presented should be the best of its kind. Range of program material does not justify inferior quality.

In considering the social influences which radio exerts, there is danger of misinterpreting radio trends. The triviality of many programs is so conspicuous that a critic may unconsciously assume that they are degrading a once-higher level of public taste. It is frequently overlooked that radio brings much information and many programs of taste to listeners who have been uninformed. Also, radio is beginning to reflect the increasing public willingness to discuss subjects which were previously taboo, and appears to be attempting to do so in a manner to reduce bias, or at least balance opinion against opinion. It must not be forgotten that the critics of radio as a rule have more specialized social training and so are unrepresentative of the American public as a whole.

*Leadership.* Program variety is something more than simply giving the public what it wants. The progressive institution which values its place in the community must keep just ahead of the main body of its followers, and constantly explore how much and how fast they can assimilate new experiences. If a broadcasting station forges ahead too fast, it runs the danger of losing its listeners and hence its opportunity for service; if it clings to fixed ideas, eventually it will lose first in grip and then in actual listeners as opinion changes. On the other hand, if a station deliberately attempts to attract listeners by exploiting the less reasonable and

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reputable tastes of the public, it may succeed in its aim in the short run, but inevitably will lose its position as an instrument for the development of the community.

The broadcasting industry rejects the idea that it is a common carrier; the Communications Act specifically declares that it is not considered as such under the law. The corollary to this exemption should be the acceptance of responsibilities beyond those expected of a common carrier. Among these are a willingness to lead.

*Public-service point of view.* The American public can rightly expect radio broadcasting to be motivated by a desire for public service. The attainment of this point of view is difficult for those broadcasters who operate their stations partly or largely as an adjunct of some other activity. The business of broadcasting is surely of sufficient importance and heavy enough in its demands upon energy and time for those engaged in it to make it their exclusive undertaking. The public cannot get the service it has a right to expect if broadcasting is merely a by-product of, or a side line for, other commercial or professional activities. Only by complete separation can the impartiality of the broadcaster be assured, for even though the broadcaster engaged in other business may attempt to separate his various activities, bias is likely to be present. Where broadcasting is but incidental to other activity, the opinions of the broadcaster may be reflected in the program of his station. The public has a right to expect broadcasting to be something more than the mouthpiece for special interests. Those who are entrusted with the privilege of operating a broadcasting station are under compulsion to fulfill that trust.

*Access to the air.* In addition to receiving a varied and public-spirited service, the people of the United States want radio to operate as a medium through which the various segments of the community may make themselves heard. If not every individual

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can expect to have time on the air to voice his views, he certainly wants the opportunity afforded those who speak for him. Thus, while radio is an important avenue of communication of ideas on a national scale, it is also a vital part of local community development. It has a function to perform in that connection which would be negated were radio to be organized solely on a national basis.

### DOES THE EXISTING SYSTEM SATISFY THE REQUIREMENTS?

The discussion in this report of some of the major problems which arise in connection with radio broadcasting discloses a mixed picture. In the United States greater progress has been made in satisfying some of the requirements of a good broadcasting system than in others. An effort has been made to bring out some of the reasons for the variation.

One of the primary facts about radio broadcasting in this country is that it is a commercially competitive industry; even the most public-spirited station may rest on a commercial basis while some stations are run almost entirely with a view to profit—rewarded in some cases by high rates of return on investment. Such a station, therefore, has a strong temptation to appeal to the middle ranges of public taste rather than to take any risk of outstripping it. At many points the commercial nature of radio broadcasting conflicts with its function as an agency for social leadership.

A second important factor is the rise of the national networks, although the theory that the radio station exists primarily to serve its local community remains substantially unmodified—at least so far as the regulatory body is concerned. It is generally being recognized that many stations now exist mainly as units for the provision of a national service, but the theory of local service

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continues to prevail in present public policy. This helps to prevent organization for a truly national service.

The commercial nature of radio taken together with the failure to incorporate in public policy a definite recognition of the trend toward service on a national basis tends to prevent all the people of the country from receiving national service. The networks are inclined to concentrate on the thickly populated regions where buying power is sufficient to attract advertisers. As a result, there are large areas which lie outside the range of any network affiliate, and even larger ones where network service is incomplete. The networks argue that in many areas local financial support is insufficient to permit the establishment of stations which could be affiliated with the network. This contention serves merely to sharpen appreciation of the difficulties of a system of radio broadcasting which rests upon a commercial basis.

It has been accepted as a part of present public policy that stations should be required to serve the general interest rather than the special interest of any group. None the less, not a few stations of the latter classification remain, although as has been discussed earlier, various factors are tending to eliminate them as substitutes are found.

One problem which arises has not been tackled by any of the groups whose responsibility it is to deal with radio. Reference is had to the marked tendency toward concentration of ownership of stations in a relatively few hands. The ramifications of this problem are so extensive that definite conclusions cannot be reached, pending the availability of more information. One conclusion, however, stands out clearly. It is contrary to the public interest to permit the same interest to own or control all the stations—or all those of major importance—in the same locality.

Allied with this problem is that of newspaper ownership of radio stations. Because of the importance of preserving the in-

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dependence of radio and newspapers in order that they may operate as mutual checks, there are those who contend that control of one medium of disseminating news and information by the other should be prevented. The evidence on this question is not sufficiently clear-cut to indicate that newspapers should be flatly prohibited from owning radio stations. It would seem in the public interest, however, that precautions should be taken to avoid a monopoly in any one community of control over both radio and newspaper.

Evidence at hand indicates that the broadcasting industry is groping toward a solution of some of its problems. The stimulus is partly the desire to avoid greater government participation in the regulation of the industry, and partly the wide variety of interests represented in the industry itself. Internal conflicts and general hesitation notwithstanding, the broadcasters as a group are not only aware of their problems, but are attempting to solve them. This contrasts with the confused state of public policy as expressed in the acts of the regulatory agency.

Despite the gains in making the industry conscious of its problems and willing to approach them in a public-spirited fashion, it may be seriously questioned whether the rate of progress is adequate to a time when censorship frequently is imposed overnight. The confusion within both the industry and the government as to their respective responsibilities and relationships represents a situation which may lead to further restrictions rather than to the development of a stable but vigorous public service. The necessity for clarification of national policy as regards radio broadcasting existed even when the world was at peace, but has been greatly intensified by the commencement of hostilities.

## CHAPTER 18

### POSSIBLE ALTERNATIVES TO OR MODIFICATIONS OF THE PRESENT SYSTEM

Numerous possibilities for improving radio broadcasting in the United States have been suggested from time to time. Some of these appear to be feasible while others contain disadvantages as great as those encountered in the present system. While it is not intended here to recommend any one of these, their examination is not without profit. An appreciation of their defects and virtues may throw some light on the most desirable course for this country to pursue.

#### PUBLIC BROADCASTING STATIONS

It is frequently urged that a series of public broadcasting stations be established. Some deem this to be the obvious solution. Such a system, it is claimed, would provide freedom from the bias of commercialism. At the same time, however, it would be open to the equally great danger of political domination. This threat might be made more remote if broadcasting were entrusted to a body representative of the public created especially for the purpose, instead of placed at the direct disposal of governmental units themselves.

*Operated by the federal government.* The federal government now operates numerous radio stations in conjunction with army and navy activities, and in connection with other governmental functions. It is therefore contended that it would be a simple

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matter for the government to enter the broadcasting field. None of the existing government stations, however, are designed for general broadcasting purposes. Such stations are specifically exempt from control by the Federal Communications Commission.

The extension of the government's activities into the broadcasting field, through station operation, would meet with great objection from the private broadcasting companies. Moreover, one federally operated station would not suffice. It would be necessary to scatter a series of governmental broadcasting stations throughout the country. Needless to say, any such proposal would be fought not only by those who fear the spread of governmental activities, but also by the established stations on the basis that it would offer too great competition to the private system, making its continued profitable operation impossible. This would be true even if the government stations did not accept advertising because the radio audience would be divided too greatly.

Problems would arise also in connection with the willingness of the Congress to appropriate adequate funds to permit independent programing for a sustained broadcasting service. The government system would not be able to fill all its time with discussions of public affairs—despite the clamor for time on the air. France's experience with its dual system of government-operated and privately operated commercial broadcasting stations illustrates the point that government stations desirous of audience must compete with the program offerings of the private system. If sufficient funds were spent to permit competition with the private system for audience, the value of the government system would be lost.

If the government system is to be regarded primarily as a means of assuring adequate representation of divergent views on the air—compensating for a deficiency of the private system in this respect—a considerable difficulty is still present. What is

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to prevent the political party in power from employing the radio to entrench itself, or at the very least from not treating its opponents fairly? It should be remembered that the people who set up such a system today will not be those who will be running it five years from now. Can these future unknowns be trusted? Or would it be better to leave this Trojan horse outside the gates of democracy?

*Operated by local governments.* Decentralization of control for a public broadcasting system theoretically might be secured by entrusting its operation to local governmental units. To the degree to which the listening areas of such stations overlapped, they would provide a check against one another, since it is unlikely that any one element would be in control of all such units at any one time. One political party, however, frequently dominates large areas in the United States and it must also be borne in mind that it is not infrequent for local political power to be abused.

At present, however, a local government-operated broadcasting system appears to be precluded by existing technical conditions and limited facilities. The standard broadcast band, or the channels reserved for government use, are inadequate to accommodate the minimum number of such stations without crowding the ether unbearably. If only some municipalities are to have broadcasting facilities, how are they to be selected? These problems have bulked so large that it has never been seriously suggested that such a system be adopted, but the possibility of changed technical conditions and of an expansion in the number of simultaneously operated broadcasting stations keeps it an alternative not to be entirely discarded.

The inadequacy of facilities, however, is not the sole obstacle to the establishment of a municipally operated broadcasting system. The ordinary criteria of the provision of a balanced program service as constituting operation in the public interest could not

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apply since the object of the system would be avowedly the concentration on interest in public affairs. Moreover, few local governmental units command the financial resources to do an adequate job of general programing. It may be argued that even if the local, publicly operated stations did not spend so much money on programs they could still provide valuable outlets for the expression of opinion. Since most local stations now devote a considerable time to civic programs, however, it is to be expected that they would object to any such system of publicly operated stations. To be sure, if public policy does demand such a system—a conclusion still to be established—private opposition should not be allowed to stand in the way of its creation. So long, however, as other alternatives hold better prospects of serving the public interest, little would be gained by attempting to impose such a system.

*Operated by nongovernmental, public agency.* If the disadvantages of government ownership and operation of broadcasting facilities are as great or even greater than those of private ownership and operation, it has been suggested that the solution may lie in a more or less disinterested control outside the profit system. Such control might be achieved by means of some type of organization on guild lines, although it should be recognized that the term "nongovernmental, public agency" is self-contradictory. The government represents the public and any public representative agency must partake of the nature of government. Nevertheless, it might be possible to establish an organization, representative of the public, and yet divorced from the normal political controls and associations. Groups with definite and ascertainable interests, with a stake in the dissemination of education and information and in creative programs, might make nominations from which a government body could select members to work as an executive and administrative council, assisted by a technical and engineer-

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ing staff. This would not be just a program service, but complete operation of the radio broadcasting system, and as such would supplant the present structure. Funds might be derived either from a national subsidy or, as at present, from the sale of time to advertisers, with the program policies passed upon by the executive council.

For any representative body to assume the responsibility for providing all the broadcasting service of the country would entail great difficulties. At present the prospects for such a plan are extremely remote; there is no great body of public sentiment to enforce such a change. However, in the event of a great national emergency such as the entrance of this country into a war, bringing with it the danger of the broadcasting system being taken over by the federal government, both the public and the broadcasters might find such a system preferable to outright governmental operation.

Granted that such a group could be organized and would operate smoothly, the question might be asked whether to accomplish its purpose it must of necessity itself operate broadcasting facilities. The operation of stations could conceivably be left in present hands and other means devised for the protection of minority expressions and the assurance of progress in program development.

## ALLOTMENT OF TIME TO VARIOUS GROUPS

If it could be argued that the use of broadcasting facilities can be divorced from their ownership, the public interest might be protected by the creation of machinery to assure the availability of time on the air to all groups. Under such conditions, the present ownership need not necessarily be disturbed.

Obstacles would be encountered in the determination of what groups are sufficiently important to be represented in any device

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for public control of program content. Nor is it clear how this could be accomplished with sufficient flexibility to allow for the inevitable changes in thought. Under any scheme of allotting time there would be considerable difficulty in scheduling so that equal opportunities were assured each interest and segment of the public to receive the service to which it would feel itself entitled.

*Arbitrary allotment by law.* A solution to this problem might be approached by statutory prescription of groups entitled to a hearing, in order to assure adequate representation of divergent views on public affairs, leaving entertainment programs to broadcasters as at present. Assuming that legislators could ever agree upon such a statutory formula, it would be too rigid to permit easy application under the limitations of the broadcasting medium. Moreover, as conditions changed, it would prove a handicap rather than an asset in giving all a chance to be heard. The groups which are important in the social, economic, and political life of the country today may not be those sufficiently vital and representative to be entitled to an allotment tomorrow or the next day.

One of the proposals advanced contemplates the statutory determination of the period of time the broadcasters would be forced to turn over to the discussion of political issues, and would provide machinery whereby all politically organized groups could have an opportunity to speak during this time. Such a plan would tend to prevent a one-sided presentation of issues. It would ensure with rough justice that all important sides of a political controversy have a hearing; yet it would give neither government nor business the easily abused power of deciding what the public should or should not hear in respect to such matters. It would make it possible for local interests and speakers, as well as national ones, to get a hearing. At the same time, by confining it to political parties it would eliminate all groups which were not so organized. Granted that the attainment of freedom

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of speech and a fair opportunity for the expression of all views is a matter of fundamental importance and the first task with which national policy should deal, it is not the whole subject of national policy. Thus, under any scheme based upon political party organization, a political tinge would be given to all discussions of social and economic problems which might not be altogether desirable. And at best the problem would be only partly met.

*Community council.* Still concentrating on the problem of free and equal opportunities for expressions of views, it is contended that some of these objections might be eliminated if, instead of providing that specific amounts of time be granted to certain groups by legal prescription, it were merely provided that time for the discussion of public questions must be accorded by broadcasters, the details to be worked out by a group of representatives of various community interests. The ownership and control of the industry would remain as at present. Such a group would have a purely informal standing unless legal sanction were given it.

A procedure of this general sort is deemed by the Federal Council of Churches in their report on *Broadcasting and the Public* to be the best plan to assure the representation of all groups over the air. Under this plan, they believe it to be the function of the government to see that the groups cooperate. It would seem that, unless there were some outside directing force, it would be difficult to make it work smoothly. Lack of cooperation of some important element or opposition from the broadcasters would impair its effectiveness. And since it depends essentially upon the goodwill of the broadcaster, it is comparable to the situation existing today, and would share its defects.

## ALLOTMENT OF STATIONS

It can hardly be seriously proposed that every group in the social organization be allotted a radio station for its own express

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use. Today some special interest stations exist as part of the general broadcasting system. If the present scheme of allocation were discarded, and one which was organized on lines especially designed to favor the granting of stations to special groups adopted, would the public interest be better served than it is now?

If present technical conditions continue to prevail, the answer must be in the negative. Even if all possible radio broadcasting facilities were devoted to special purpose broadcasting, there would not be enough to go around. Greater inequality than at present would result. This would certainly be true unless all service were organized on a national scale and local service eliminated entirely. For not all groups could be represented in all localities.

The solution to the problem of social control of radio broadcasting must be found, not by granting the valuable right to operate a radio station to any group whose abuse of that privilege might be detrimental to the public interest, but by devising machinery whereby a fully informed and aware public may express its opinion and bring its influence to bear.

## CHAPTER 19

### TOWARD POLICY

What changes should the United States now seek as regards both the structure and operation of radio broadcasting? This study of the problems and functions of radio points to the conclusion that there are several desirable lines of action which are preferable for meeting the requirements of the American people to any of the alternatives considered in the preceding chapter.

#### I

*Network systems should be the basis of American radio.* To date, the American theory of radio broadcasting, especially as it is held by the federal government, assumes that a station exists primarily to serve the local interests of its community. The system of broadcasting regulation has been built around the individual station rather than the network or the chain. Actual practice today, and anticipated national requirements tomorrow, make it appear that this theory is obsolescent, if not already obsolete.

The dominant position of the networks in the radio broadcasting system of the United States is eminently clear. The development is logical. It still remains, however, for the reality of network domination to be recognized in public policy. The quality and variety of broadcasting service which the people of the United States have a right to expect can be provided in no other way than through the networks. Stations not affiliated with networks are penalized by the lack of that association; stations af-

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filiated with networks are in a position to render superior service. It is fallacious to assume that the materials available in the United States are sufficient for competent and adequate programs by a multitude of independent stations. The heavy demands of night and day schedules, day in and day out, would prevent the development of high program quality, if local broadcasting stations are to be considered as the sole objectives of policy.

Recognition of networks as the basis of the American structure of broadcasting requires also acceptance of the corollary that unaffiliated stations must occupy a secondary position. This is not to say that the independent, unaffiliated station ceases to have a function, but simply that the focus of policy would be shifted away from it. There is, as has been noted, no basis for direct comparison between the local, unaffiliated station and the network as a composite—the two are on entirely different levels. At the same time, the concentration of service into four or more national networks should not be confused with monopolistic control.

To advocate the building of public policy around the networks as the basis of the American system of broadcasting is not necessarily to recommend regulation through licensing. It is contended by some that networks merely furnish a program service and that no criteria could be developed to guide a licensing policy. However, it would appear feasible to regulate the actions of networks through their relations with their affiliates. Recognition that such regulation is a proper sphere for governmental action is an essential element of the proposition that networks be recognized as the basis of the broadcasting system.

Allied with this consideration is the question of the number of stations which may be grouped in common control. It may be seriously questioned, for instance, whether a network should own any broadcasting stations. If the networks continue to expand their ownership of stations they will subject themselves

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increasingly to charges of monopoly. A consequence would be to stimulate those forces now working for their eventual licensing. It is contended that the networks can be reached through the stations which they own. Since these are only a few while the number of affiliates is many, it would appear that effective regulation could be achieved only through control over the contracts between the network and the affiliated station. It was pointed out that many of the undesirable features of our present system exist as a result of the terms of these contracts.

### II

*The networks should become fully national* in the service they render if the network system is to be recognized as the basis of broadcasting. At the same time, it should not be overlooked that there is a function which regional networks can perform during at least a part of the broadcasting day.

It is a prerequisite that the networks, whether by means of owned stations or affiliates, provide broadcasting facilities in commercially unprofitable areas. If local commercial support is insufficient to permit the establishment of a station, it might be desirable that the networks be required to subsidize one in some way. The population, wherever located, is entitled to share in the national service. At present, the networks tend to avoid such regions and concentrate their interest in areas where population densities and purchasing power levels are attractive to advertisers. In future they must be willing to average the good market with the bad. Of course, to the extent to which the advertiser determines the distribution of programs, the situation is beyond the control of either the broadcasting industry or the government.

In bringing about a condition of truly national service, the policy of the affiliates also will require modification. Affiliates tend to take the national commercial programs when these are available

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and fill in the time when the network has sustaining programs on the air with local commercials. Some means must be devised whereby the local advertiser is not discriminated against but at the same time network sustaining programs of public interest are carried by affiliates. This should be one of the functions of network regulation. If a system of unaffiliated, local stations is to exist subsidiary to the national network systems, local advertising might well be placed with these in preference to the affiliated stations.

### III

*Both network and unaffiliated stations should be general interest stations.* A policy of gradually eliminating the special interest stations should be adopted. So far as standard broadcasting is concerned, the rule of general interest stations should stand without exception, although the applicant for a broadcasting license may appear to be a most public-spirited organization. Whether a station represents a religious or labor or educational or agrarian group, the fact remains that it is operated for the benefit of the particular interest rather than for the purpose of supplying a broad public service. The problem of these interests would be handled by a combination of seeing that time for the discussion of various topics is provided over the regular stations together with the allocation of frequencies outside the standard broadcast band for those of greatest public importance. The latter has already been done in the case of the educational stations whose programs are part of the school system of their respective communities. It may well be that the problem of newspaper ownership of broadcasting stations should be considered a part of the general problem of special interest stations and handled in a similar manner.

Inasmuch as at any one time there can be no sustained public

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opinion upon more than a small range of subjects, most topics, in practice, remain on the margin of public awareness with more or less frequent excursions into the spotlight. The strategic position of radio is largely due to the limited capacity of the public for concentration, which makes it necessary for someone to choose which subjects have the spotlight and when. Dependence on special interest stations means that the capacity for choice is fixed, and does not accommodate itself to the shifting currents of public affairs.

### IV

*Responsibility for what goes on the air should be made to rest with the broadcasters.* This is a corollary of the policy of permitting only general interest stations to operate in the standard broadcast band. In theory, this is now the case; in practice, there is a failure to realize that the power and right of deciding what goes on the air cannot be passed on or given to advertisers or manufacturers. The public must depend on the judgment of the broadcaster for the selection of materials which go on the air day after day. The obligation which rests upon the broadcaster to be aware of public judgment in respect to program content is great; for, although he occupies a position of public trust, he is not within the reach of the public as he would be were he a statutory officer subject to check by popular action at the polls.

It is obvious that the character and outlook of the broadcaster is an important factor. In a democracy it is sound public policy to get wide discussion of controversial issues, with the fairest possible treatment accorded all sides. Anything which prevents such a condition is not in the public interest. If a broadcaster is content to follow the line of least resistance, give prominence to trivialities, and evade or ignore important subjects and points of

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view which happen to be unpopular in some quarters, other safeguards must be sought in the industry and elsewhere.

It still remains that the broadcaster controls three important powers—the power of initiative, putting subjects on the air at his option; the power of exclusion from the air of subjects which he may choose to omit; and the power of presentation so that in extreme cases the same program, differently treated, may lead either to amusement or to panic. This would be true under any system of broadcasting whether public or private.

### V

*The role of government should be positive.* Even though broadcasters be charged with the duty of controlling their great powers in the public interest, are there no limits to the exercise of these powers? It is doubtful if competition on a commercial basis can be relied upon by itself to maintain initiative in the development of programs or in satisfying the wants of the public as regards both variety and balance in the scheduling of programs. It must be remembered that competition in radio works primarily to secure advertisers and only indirectly to improve quality of program.

Competition fails to satisfy the requirements of a safeguard of the public interest in radio because it is principally an economic concept of organization which assumes that the price to the consumer will be a determining factor. Radio represents a new service which is not organized on a basis of direct sales to the consumer. Moreover, to function properly it requires definite elements of cooperation in planning and scheduling programs. Furthermore, the characteristics of this service which it is desired to preserve are those allied with civil rights and civil liberties, which are a responsibility of government. Competition is a definite element in the maintenance of these rights and liberties, but it

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cannot be relied upon as the sole safeguard. This is not to imply that government should operate wholly unchecked.

Radio broadcasting is a public utility of a new sort! Officially the view continues to prevail that broadcasting is not a public utility because as a new institution it does not fit the old formulas. Moreover, as a new and dynamic social institution, it is not to be expected that traditional concepts of natural monopoly and inherent public necessity could be applied to it by anything short of a process of legal rationalization.

The observable fact in the world today is that radio broadcasting influences the actions of individuals. In consequence, radio broadcasting is a matter of public concern. This much can be acknowledged without attempting to force theories about radio broadcasting into the straitjacket of any system of formalized logic. To give vitality to the concept of radio broadcasting as a public utility will require, of course, joint legislative and executive action.

The present law gives only the broadest indication of public policy in the words "public interest, convenience, and necessity." It has been left for the Communications Commission to fill in this outline. In this connection, the organization of the commission has been brought into question. There are many who feel that the merger of legislative, executive, and judicial functions in the commission handicaps the development of public policy for radio. There should be thorough consideration of the advisability of returning to the original design for the commission: an administrative body to devise regulations and check their performance, and a separate body which could act as a board of appeals from the actions of the administrative agency.

It is now a part of declared public policy that no private interest should have proprietary rights in the air. This doctrine should be carried to its logical conclusion: these rights are the

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property of the public. Whether it is possible to go further and state that the interest thus resides in the federal government as the representative of the people is an issue which has never come to a head. Before it is decided it is probable that there would have to be legislation and even a challenge in the courts because of the constitutional issues involved. The principle that the proprietary interest in the air rests with the people remains, however, although no occasion has arisen to force a definition of the issue which will make that interest effective.

If it be acknowledged that radio broadcasting is a public service, it follows that the public, through its government, should seek to participate not only in designing the technical structure of the industry but also in formulating the objectives of the service. This does not necessarily imply public operation of the broadcasting system. The attitude of the regulatory body to date—principally negative—has been reflected in both the tone and the character of the controls—largely of a post facto nature—which have been applied. Despite this prevailing view, both the public and the industry frequently look to government for decisions on matters of policy affecting the purpose of the program structure as well as its balance. It is for this reason that dissatisfaction with the broadcasting system so often finds expression in complaints to the government regulatory agency.

The responsibility for developing and placing programs on the air, it has been said, rests solely with the broadcasters. The responsibility of formulating the framework of standards and objectives rests not only with the industry but also with the government; a responsibility which, up to now, it has not assumed. Regulation is frequently considered to imply merely a process of the correction of evils and it is argued that in the absence of a demonstration of the existence of evils, regulation is not called for. This is a negative approach. Positive action from the gov-

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ernment need not be just prohibition or the elimination of evils; indeed, it should be rather the encouragement of improvement. It must be recognized that such regulation is the exercise of a creative governmental function. In addition to serving as a traffic policeman to keep the physical machinery of broadcasting moving, the government has definite responsibilities of a social nature:

1. It devolves upon government to ensure that standards are formulated, adopted, and enforced. At present the industry has taken the initiative in the formulation of broadcasting standards. But the industry cannot make its code fully effective without government support. Violations of the code should be taken into account in determining the advisability of renewing the license of such stations as have infringed its provisions. By a positive approach, the government should give assistance and encouragement to the development of better program standards, to experimentation and innovation, and to the further utilization of time for programs now generally acknowledged to be good but which occupy only a limited portion of the broadcasting schedule.

2. As part of its work in establishing objectives, the government should encourage internetwork coordination in regard to the scheduling of both domestic and international programs. Competition, instead of producing variety on the air, tends to produce the same type of program for all stations within a given area at the same time. Competition cannot, therefore, be relied upon to change this situation. The better scheduling of programs must come through cooperation between networks. If network operation is accepted as the basis of the broadcasting system, this task would not prove exceptionally difficult. It may be noted that, while such coordination is practicable for national networks, it would prove impossible if the focal point for policy is to remain the individual station. The objective here is the coordination of the types of programs offered by all stations to bring about a

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better variety and balance, rather than an alteration of the offerings of any one station or network. If radio broadcasting is to fulfill its function, it should avoid monotony.

3. The government should always maintain channels and avenues through which the public may express itself; it should offer criticism; it should be a sounding board. In furtherance of this objective, the organization of a listeners' council along the lines of a consumers' council might be undertaken. This would perform the function both of educating the public as to the types of programs available, and of coordinating and clarifying public opinion for the guidance of broadcasters. In matters of program content, the public is largely incoherent. The importance of radio broadcasting as an instrument for communication of ideas is largely negated by a passive reception on the part of the public. It is the responsibility of the government to assist it in becoming articulate.

4. The government should continue to be concerned in giving publicity to the economic position of radio stations and the broadcasters. If private ownership of broadcasting stations is to be maintained, the right of the station owners to purchase and sell their property, and to make a profit, cannot be destroyed. This is not to say, however, that the purchases and sales should be made without the light of full information brought to bear on the transactions or that the businessmen who pay directly for station service should not be aware of the financial position of the stations which render the service.

In the present state of knowledge a system of regulation predicated on the determination of the "fair value" of a radio station does not appear to be administratively feasible. Barring this procedure, the American people have the option either of accepting the profits and losses which go with private ownership or of depending upon the centralized service of a publicly owned sys-

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tem. The adoption of policy involving the compulsion of national networks to render service to all sections of the country, irrespective of the commercial advantages which may be derived, would seem to diminish the opportunities for winning extraordinarily large profits. Few critics seem to object to moderate broadcasters' profits; it is only when the rate of return is supposed to be "unduly" high that complaints are heard. Any fair-minded person, however, must grant that the ability of broadcasting to be self-supporting has made it possible to free the industry from financial dependence upon outside interests. In view of the belief that public policy requires broadcasting to be operated as an independent business, such freedom is highly desirable.

There are no short cuts to the creation of a policy which will bring about a broadcasting service adequate for the needs of a twentieth century democracy. The conduct of the business of radio broadcasting requires a fine judgment and sensitive perceptions. Those who direct and control the stations, and those who are responsible for the execution of government policy, cannot operate within the happy confines of a vacuum. They must keep attuned to the society they serve. The claims of many varied interests must be treated against a background of the whole. If radio broadcasting is to remain a private industry, it must be operated as a public trust.

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## GLOSSARY

*Broadcast Band*—the portion of the radio spectrum to which standard broadcasting is assigned by regulation; it reaches from 550 to 1,600 kc.

*Channel*—the band of frequencies of a width sufficient to permit their use for radio communication; the width of a channel depends on the type of transmission and the tolerance for the frequency of emission. In sound broadcasting the band centers on the assigned carrier frequency.

### *Classes of Stations*

*Old Classifications: Clear Channel*—those stations operating on channels upon which no duplication was permitted at night without the consent of the dominant station; designed to operate at high powers to cover large metropolitan areas and provide nighttime service to distant rural areas through sky waves. *Regional Stations*—stations operating at somewhat lower powers on duplicated channels which limited their service areas to large cities and the surrounding suburban and rural area. *Local Stations*—stations operating at low powers on a small number of channels duplicated at fairly frequent intervals, designed to serve sections of metropolitan areas or small cities and towns.

*New Classifications: Class I*—dominant stations operating at high powers on clear channels on some of which nighttime duplication is permitted. *Class II*—stations operating limited or unlimited time on a clear channel designed to render service over a primary service area limited by such interference as may be received from the Class I station on that channel. *Class III*—two grades, *A* and *B*, are protected to different contours, but in general both correspond to the old regional classification. *Class IV*—corresponds to the old local class station.

*Cycle*—involves a complete change in the direction of flow and a return to the original direction in an alternating current.

## GLOSSARY

- Directional Antenna*—a radiating system designed primarily to restrict the signal of a station in one or more directions, altering the normally expected circular distribution of the signal around an antenna either for the purpose of protecting some station in a particular direction from interference or to increase the efficiency of a station's coverage of a service area.
- Frequency*—the number of cycles of current flowing past a given point per second.
- Interference*
- Radio Interference: Heterodyne*—the interaction between two carrier frequencies producing an objectionable beat in the receiver. *Crosstalk*—the program of one station appearing in the background of the program from another.
- Electrical Interference*: interference from radio waves set up by electrical devices such as motors, trolley cars, dynamos, automobile ignitions, or oil burners.
- Atmospheric Interference*: interference set up by naturally generated electricity such as is present in thunderstorms or snowstorms even at considerable distances from the point where radio reception is interfered with.
- Kilocycle (kc.)*—one thousand cycles.
- Kilowatt (kw.)*—one thousand watts.
- Megacycle (mc.)*—one thousand kilocycles.
- Microvolt* (as used herein more properly "microvolt per meter") ( $\mu v/m$ )—one-millionth of a volt or one-thousandth of a millivolt.
- Millivolt* (as used herein more properly "millivolt per meter") ( $m/m$ )—one-thousandth of a volt; the most generally used measure of signal intensity expressing the strength of the radio frequency signal, based upon the measure of the difference of the potential between two points on the wave front separated by one meter.
- Modulation*—changing the character of the emitted wave by the audio-frequency voltage (music, speech, etc.) in such manner that it can be reproduced at the receiving end.
- Amplitude Modulation*—a system of transmission in which the amplitude of the emitted wave varies with the impressed modulating voltage; in general the frequency of the emitted wave remains constant.
- Frequency Modulation*—a system of transmission in which the fre-

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quency of the emitted wave varies with the impressed modulating voltage; in general the amplitude of the emitted wave remains constant.

*Propagation of Radio Waves*—the transmission of energy by electromagnetic waves through space on frequencies which are used for radio communication purposes.

*Radio Spectrum*—the usable radio spectrum is the total number of wave lengths of frequencies which may be used for the transmission of energy, communications, or signals by radio. As recognized by the International Telecommunications Conference at Cairo, it stretches from 10 to 300,000 kc.

*Rapid Fading Zone*—that area where the sky wave and the ground wave approach equality and produce a type of fading which renders the signal inferior.

### *Service Areas*

*Primary*—the area wherein the ground wave signal is of sufficient intensity to overcome interference due to other stations or electrical or atmospheric conditions, and provide a satisfactory broadcasting service. The extent of the primary service area is determined in general during the daytime by the atmospheric or electrical interference present, while at night it is determined by interference from other stations sharing the same frequency, except in the case of stations on unduplicated clear channels.

*Secondary*—of a clear channel station is the area where a program service is supplied by sky wave signal which may be subject to fading. According to FCC standards it is considered to be limited to the point where the station ceases to deliver a .5 millivolt signal for 50 per cent of the time. Because of mutual interference, stations on duplicated channels—regional and local—do not provide a usable sky wave service.

*Sky Wave*—the indirect wave which is transmitted above the earth and reflected at some point in the upper atmosphere as distinguished from the ground wave which is propagated along the surface of the earth.

*Watt (w.)*—a measure of electric power.

*Wave Length*—the distance between the beginning and the end of a cycle. More properly, the rate of propagation in space (about 300,000 meters per second) divided by the frequency.

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