

The Case Against Chain Ownership¹

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THE ISSUE TO BE DECIDED HERE TODAY is whether the Federal Radio Commission shall approve the transfer of the lease of station WMAL from the M. A. Leese Radio Corporation to the National Broadcasting Company. It is not a question of whether programs of the so-called blue network shall be available to the citizens of Washington and vicinity.

I want to state in the beginning that in intervening in this case the National Committee on Education by Radio holds no brief against programs of the National Broadcasting Company, its officials, or those of station WMAL. The Committee's interest is not confined to this particular case which is purely local, but is concerned with the general principles involved.

The National Committee on Education by Radio contends that it is contrary to the public interest, convenience, and necessity for the Federal Radio Commission to approve the transfer of this lease from the M. A. Leese Radio Corporation to the National Broadcasting Company for the following reasons:

[1] *The best of these blue network programs can be brot into Washington in a better way without the necessity of transferring the lease to the National Broadcasting Company.*

There are two ways by which a city may receive programs from a network. The first is thru the plan proposed in the present case: namely, by the leasing of a station by the network itself. The second is thru the affiliation of a station with the network. It is this latter method which should be adopted in the present instance if the broadcast of blue network programs is essential to the citizens of Washington and vicinity.

I am inclined to agree with the attitude of the editor of the *Washington Daily News* when he made the following comment in the January 16, 1933 issue:

... the move marks another step in the monopolizing of the air by networks. NBC insisted on a straight five-year lease, giving complete control of WMAL to a national company. NBC might have given the same programs to WMAL under a type of contract it uses in other cities which would leave the management in local hands.

[2] *The programs of a station owned or operated by a chain company will reflect the social standards of the city in which the headquarters of the chain is located, rather than those of the local community.*

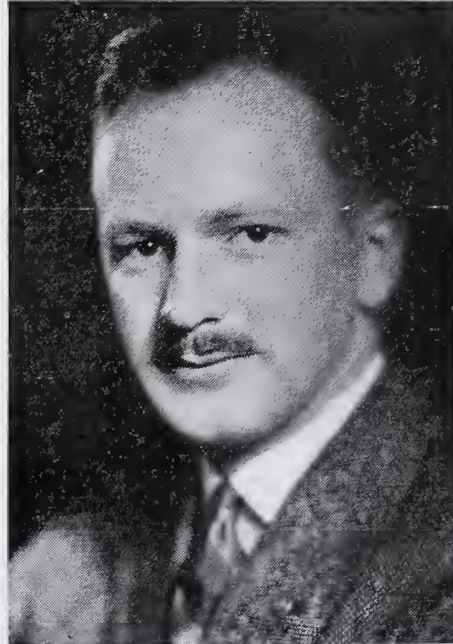
This is one of the most important bases of objection to chain ownership of stations. Whether the headquarters of the company owning the station happens to be New York, Chicago, Detroit, Cleveland, San Francisco, or any other city, the program standards, especially in the entertainment field, will be determined in that particular city and passed on to every community in the country. As a consequence, social standards of New York and Chicago, rather than of each local community, will be reflected in the radio programs. A remark recently attributed to a Southern Congressman might be pertinent to this point, when he stated that he had observed that the citizens of many southern communities were already "becoming like a bunch of damn Yankees." The social standards of a community should be allowed to develop out of the life of the community itself. Not only do the standards vary in sections of the country but in the states and even in the various cities, towns, and communities within a state. This is not to be taken as a criticism against all chain programs but merely to call attention to the fact that the final decision as to the broadcast of the program should rest with the station owners in the particular city rather than with persons located in New York.

[3] *It will create a greater amount of unemployment, and will greatly reduce the needs for, and the development of local talent.*

The usual practise is for a chain owned or operated station to use as many hours as possible which originate at the key station. This is an economical procedure since it reduces the costs for talent and at the same time makes it possible to sell a greater number of stations to an advertiser. But it does reduce the opportunity for participation on the part of many talented individuals. This decreased demand for talent will affect not only unpaid individuals or groups participating on behalf of community organizations or institutions, but also paid talent—especially orchestra members and other musicians essential to the conduct of a local station.

[4] *It will decrease the opportunity for educational institutions and community organizations to prepare and present radio programs of peculiarly local interest.*

It is difficult to arrange many educational programs originating in the locality of a chain controled station. In a city such as Washington there are numerous colleges, universities, schools,



GARLAND POWELL, since 1929 director of state and university radio station WRUF, Gainesville, Florida. Major Powell studied law at the University of Maryland, was admitted to the Maryland Bar in 1916, and as commander of the 22nd U. S. Aerial Squadron went thru five defenses on the Western Front in 1918. Prior to entering the radio field he was, for four years, national director of Americanism for the American Legion.

¹ Statement before the Federal Radio Commission, Washington, D. C., February 15, 1933.

community organizations and the like, which can contribute many valuable educational programs during a year's time. However, the opportunity for finding time for such programs is very much reduced when the station is controlled directly from New York. If George Washington University desires to broadcast a half-hour program on a particular night, it would be necessary for its officials to check with New York and they might then find it impossible to make a satisfactory arrangement due to the fact that some chain program for which the company was to receive money had the right-of-way.

[5] *It will result in a tremendous decrease in the amount of purely local material broadcast and a corresponding increase in chain programs emanating largely from New York, and may even cause the station to be largely a repeater station.*

This can probably be demonstrated best by the figures presented by the Federal Radio Commission in answer to the Couzens-Dill Resolution.² We find there a comparison between the chain and purely local service given by two different types of stations: [1] those owned, controlled, and/or operated by the National Broadcasting Company and [2] those affiliated with the National Broadcasting Company.

The Commission found that the former class of stations devoted three times the amount of facilities to chain programs as it did to programs having peculiarly local interest [31.0 units as compared with 10.75 units], while in the case of the latter type of stations there was a fairly even division [66.511 units as compared with 63.68 units].

Of even more significance to this particular case is the practise of the present red network outlet of the National Broadcasting Company in Washington, as shown on page 66 of the same report.² We find there, according to the figures of the Commission, that station WRC which is owned by the National Broadcasting Company devoted more than ten times the amount of facilities to chain programs as to those of peculiarly local interest [.52 units as compared with .05 units].

² Federal Radio Commission. *Commercial Radio Advertising*. Senate Document 137, 72nd Congress, first session, p66-67.

[6] *It may serve to decrease the local popularity of WMAL.*

The Commission will recall what happened to WMAQ, Chicago, when it was taken over and operated by the National Broadcasting Company. The third Price-Waterhouse audit³ shows a consistent decrease in popularity of WMAQ as determined by the answers given to the question, "What station do you listen to most?" The first audit, made in October 1930 when WMAQ was an independent station operated by the *Chicago Daily News*, revealed that 31.8 percent of the persons from Chicago returning questionnaires preferred WMAQ. The control of the station was subsequently transferred to the National Broadcasting Company, and by March 1932, when the third audit was made, only 19.4 percent of the individuals returning questionnaires indicated a preference for WMAQ. This is a decrease of nearly two-fifths.

[7] *It will serve to increase the already disproportionate assignment of facilities to the two large competing chain organizations.*

Those of us who have been observing the trend of events in radio believe that by its actions the Federal Radio Commission gives tacit approval to the establishment of two competing monopolistic organizations in the field of radio: namely, the National Broadcasting Company and the Columbia Broadcasting System, which are comparable to the two competing organizations in the telegraph field, the Western Union and the Postal Telegraph Company. It would seem that their intent was to preserve competition thru the establishment of these two nationwide companies. The principal difficulty with this comparison between radio and telegraph service is the natural limitations of frequencies for broadcast use. Whereas the telegraph companies are common carriers and must accept all messages presented to them in proper form and can increase their facilities at will to accommodate an increase in business, the limited number of possible radio stations makes it necessary

³ Columbia Broadcasting System. *The Third Study of Radio Network Popularity Based on a Nation-Wide Audit Conducted by Price, Waterhouse and Company, Public Accountants*. Columbia Broadcasting System, New York, 1932, p23.

LANGUAGE IS THE FUNDAMENTAL SOCIAL INSTITUTION. Communication of ideas and emotions makes possible the reciprocal influences without which collective deliberation and rational action are impossible. The most rudimentary organization of society is unthinkable without it. "Communication makes possible public opinion, which, when [scientifically] organized, is democracy." Obviously, therefore, the vehicles of language and communication are the most vital nerves or mechanisms of society. Who commands this machinery, commands all. . . . Domination of public opinion is achieved by our economic overlords thru their control of the traffic in what the people see, hear, say, and think. This manipulation of the vision, hearing, voice, and expression of the people must be terminated. Orderly and progressive change will come, or disorderly change will come. It is a matter of expansive or explosive evolution, ballots or bullets, brains or bombs. Change is inevitable. . . . Yet there prevails deliberate, determined effort completely to suck into the vortex of private commercialism the radio, the press, the motion picture and talkie, the school, the drama, television, concert, phonograph, and other potent means of culture. . . . An honest study of the situation will confirm the belief, we feel positive, that *only thru the complete nationalization of radio can freedom of communication be actually obtained in the field of the wireless*. And nationalization must be predicated upon the assumption of ownership of machines for use, in other realms than communication. Under the present system of property and profit for power, the people face liberty in no direction. The guiding principle, nevertheless, if broadcasting is to be for the people and not the people for the broadcaster, must be ownership of the media—the vehicles—of communication.—From *Abstract of Proceedings*, Christian Social Action Movement, Stockton, California, May 9-12, 1932, p27.

to allow the station management to be final arbiter as to what programs it will present.

If it is the intention of the Federal Radio Commission to continue to build up this dual monopoly of radio facilities until all of the broadcasting stations in the country are under the control of one or the other of these two companies, thereby establishing a private censorship over this important means for the dissemination of information, then the transfer of this lease would be in line with such policy. If it is the desire of the Federal Radio Commission to maintain independent stations controlled in the various localities, presenting programs peculiarly suited to community needs, then this transfer should be denied.

It is a matter of common knowledge that the North American Radio Conference which will be held in Mexico this summer will of necessity be forced to allocate some of the frequencies now used for broadcasting in the United States to one or more of the other North American countries. Various estimates have been placed upon the number of frequencies that will be lost to the United States in this re-allocation. Where will these frequencies be secured? It is unlikely that they will be taken from stations which are under the control of one of the two great chains, but more probably from the small, independent stations scattered thruout the country. If such is the case, a tremendous increase will result in the already too large percentage of frequencies controlled by these two chain companies.

[8] *Public interest will be served best if chain companies are not permitted to own, operate, or control stations but are limited to providing programs of national interest and importance.*

A station owned, operated, or controled by a chain company takes such programs as the management of the chain directs. This is usually determined by the financial advantage which will result from a particular broadcast.

If chains were not permitted to own stations but simply arranged programs to be used by stations affiliated with the networks, two factors would determine the use of a chain program by a particular broadcasting station: [1] the real merit of the program and the suitability for the community in which the station is located; [2] the financial arrangements connected with the use of the program. If it is an advertising program, does the chain pay the station a sufficient amount or if it is a sustaining program, does the chain charge a reasonable price for the use of the program?

[9] *Each of the two chain companies already either owns or controls a Washington outlet, the Columbia Broadcasting System, WJSV, and the National Broadcasting Company, WRC.*

If the National Broadcasting Company is permitted to lease WMAL, a single 100-watt station will furnish the only purely Washington service, whereas the total power of the chain assignments will be 11,000 watts.

A New BBC Director

READERS OF THIS COLUMN will not have forgotten the name of J. C. Stobart, who died recently after filling with distinction the post of director of the religious work for the BBC. His successor is to be the Rev. F. A. Iremonger. A better choice could not have been made. Mr. Iremonger has many gifts to bring to his office. He is a scholar, a journalist, a parson with experience both in the city and in the country; and he has the gift of a sympathetic understanding of the many-sided religious life of his countrymen. He has been head of Oxford House in the East end, editor of the *Guardian*, and latterly vicar of Vernham Dean near Andover. He has been a careful student not without a keen critical ear of the BBC; he will carry forward the high ideals of Stobart, but I should be surprised if he does not show his own freshness of mind in the use of this instrument of education, of which we know as yet very little. There is no more important office than this into which Mr. Iremonger will enter almost at once, and his many friends will look with confidence to this new chapter in his life.—*Christian Century*, June 21, 1933.

British are Satisfied

CRITICS OF THIS SYSTEM are fond of asserting that the British programs are dull and uninteresting, that they are planned by individuals who decide what the people ought to enjoy instead of giving them what they want to enjoy. The people, they say, have no voice in the planning of their programs. But, if the listeners do not approve of the programs, they can disconnect their receiving sets, and refuse to pay the tax. The fact that the number of set owners paying this tax has increased in spite of the prolonged depression in England seems to be an effectual refutation to this criticism.—H. L. Ewbank in "Radio's Future," *Ohio Wesleyan Magazine*, March 1933, p94.

Advertising Drivel

WE SHARE WITH OUR EDITOR his aversion to the advertisers over the radio who grade their programs not to the army intellect, estimated by wartime experts to average that of a twelve-year-old child, but to the mental receptivity of those who would have to be thoroly educated to gain the status of an idiot. Hence, the announcer must spell out even the simplest of words, and indulge in other tricks calculated to impress those of sub-school age. No wonder the really intelligent listener is nauseated.—R. W. R., editor of "Short Takes" column in the *Worthington, Minnesota, Times*.

WHEREAS RADIO AND TELEVISION as media for the advancement of education and culture are destined to become increasingly valuable: *Be it resolved* that this Association in convention assembled urge state divisions and local branches to be alert to conserve in every feasible manner these agents for the purposes of education and culture, and to protect them and the public from undesirable development and exploitation.—Resolution adopted at the biennial convention of the American Association of University Women, Minneapolis, Minnesota, May 17-20, 1933.

Consumer Education and Defense

A NUMBER OF CAREFUL STUDENTS of the social and economic life of the United States have continually pointed out the crying need for consumer education.

In an article entitled "The Education of the Forgotten Man," appearing in the October 1932 issue of the *Journal of Adult Education*, Robert S. Lynd makes a strong case for making available adequate information about the products used in the American home. A few quotations from Dr. Lynd's article are indicative of his point of view:

... If the automobile industry guessed badly in the 1920's, the result in the 1930's is an intensified campaign directed at the consumer in which even the President of the United States is drafted to make a public statement urging the public to buy new cars.

... In the summer of 1931 the United States Public Health Service ventured a radio broadcast earnestly advising people to eat less meat in hot weather. In response to a torrent of protest from the meat industry, the Treasury Department, under which the Public Health Service operates, immediately ordered all broadcasts by the service to be submitted to the Treasury Department for censorship. . . .

Under existing pure food and drug laws, only the grossest abuses of those laws are caught, and the administrative machinery is admittedly inadequate to cope with the situation. Washington can proceed against misleading advertising statements on bottles, cartons, or in enclosed circulars, but it has no power over advertisers' claims, however misleading, when they are made thru the medium of the radio or newspapers. . . .

... A rigid rule thruout all federal departments forbids the imparting to the public of the names of the brands that are proved by the government tests to be the best.

... Impelled from within by the need for security in the most emotionally insecure culture in which any recent generation of Americans has lived, beset on every hand by a public philosophy that puts the health of business ahead of the quality of living, uneducated in the backward art of spending to live, the consumer faces a trying situation. . . .

We need to be educated as to what constitutes an adequate test of a consumer commodity. What, for instance, is the mail order company's test of a mattress by dropping a log on it worth? What do tests by such agencies as Good Housekeeping Institute signify? Recent developments in the merchandising field suggest that we are in for an era of vigorously exploited pseudo-tests.

We need to be taught to ask the federal government why the consumer is the man nobody knows in Washington.

Congress cannot longer delay passing adequate legislation to protect the public against fraudulent advertising. Unprincipled advertisers, and radio station owners, finding it difficult to keep out of bankruptcy under the *American System* of broadcasting, have filled the air with false and misleading advertisements. Thru the present effective radio censorship by private interests, the public is denied the chance to hear the truth about countless radio advertised articles that no one would buy if the real facts were known.

Extend the Broadcast Band?

DATA HITHERTO PRESENTED to the Committee Preparing for the North American Radio Conference appears to have been chiefly of a technical nature, bearing on the question of how necessary it may be to bring certain additional channels within the broadcast band, in order that all broadcast stations now operating may continue to be heard. Without questioning any of the engineering data submitted, we desire merely to point out that the primary question is rather, how necessary is it, in the public interest, that all these stations should continue to be heard at all? *No sane man would assert that a community which can tune in six stations is necessarily being better served with broadcasting than one which can tune in only three. All depends on the programs.* And if it be claimed by anyone that program service is likely to be just as good on each station, no matter how many additional ones are licensed to operate in the same territory, then that is a claim which we desire here to deny most emphatically.—Harris K. Randall, executive director, American Radio Audience League, in a communication dated June 9, 1933 to the Committee Preparing for the North American Radio Conference.

Indecent Radio Songs

THE PREDICTION that the mothers of the nation would unite in protest against "indecent" songs on the radio, as some of them already have united against the broadcasting of "lurid" bedtime stories, was made yesterday morning by the Rev. Dr. Minot Simons in his sermon in All Souls' Unitarian Church, Eightieth Street and Lexington Avenue.

"One of these days," he said, "I expect to see these mothers rise up against the indecent songs which are coming into their homes over the radio. Some of these songs are obscene. There is almost no limit to their immoral suggestiveness. They are adding one more to the demoralizing influences bombarding the youth of today. The broadcasting companies would much better wake themselves up to this abuse before the general public wakes them up."—*New York Times*, March 6, 1933.

NORWAY HAS TAKEN OVER all broadcasting stations and levies a tax of \$3.50 on each radio set to maintain the system. We may have to follow suit. They used to broadcast programs "thru the courtesy of the advertiser." Now it's thru the courtesy of the listener.—A. G. Erickson, *Springfield* [Minnesota] *Advance Press*.

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