



1626 K STREET, N. W.

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## TRAMMELL ASKS CONGRESS TO INSURE FREEDOM OF RADIO

Niles Trammell, president of the National Broadcasting Company, asked Congress today to free radio broadcasting in the United States from the danger of political domination by the Federal Communications Commission by laying down a clearly defined national radio policy in new legislation.

Mr. Trammell, the only witness at today's hearing before the Senate Committee on Interstate Commerce on the White resolution calling for a Congressional investigation of the broadcasting industry and the FCC, declared that "the worst domination that could be visited upon public opinion is domination by a political commission."

Senator White, of Maine, introduced his resolution following promulgation by the FCC on May 2 of new rules which both Mr. Trammell and William S. Paley, president of the Columbia Broadcasting System, have testified would imperil the whole structure of broadcasting in this country. Both Mr. Trammell and Mr. Paley have urged Congress to enact a new radio law to replace the present 14-year-old statute adopted before broadcasting had developed to its present position.

### Fear Revolutionary Change

Two members of the FCC, Commissioners T. A. M. Craven and Norman S. Case, have also said they "fear the revolutionary change proposed by the majority will result in the destruction of the present excellent national program distribution system."

One of the new rules would force NBC to divest itself of its Blue network. Speaking of this rule, Mr. Trammell said, "If the majority of the Commission are allowed now to compel us to dispose of half our property, lawfully acquired and lawfully operated for fourteen years, on their determination alone, and if Congress does nothing about it, don't be surprised if six months from now Mr. Fly comes in and tells us to get rid of half the Red network. It will then be too late to protest, because his power has been conceded.

"Not only is the subject matter, in our opinion, outside the power delegated to the Commission by Congress but nowhere in the history of administrative regulation has so brutal a method for the amputation of a major portion of a great enterprise been invoked.

"Here, in effect, Chairman Fly proclaims: 'Bend your knee, concede my power, give up the Blue, and I will let you live—you may keep the Red.'

"The first cracks in the structure of democracy are often invisible to the unaided eye, but if Congress, by failure to act now, concedes to Chairman Fly the power

to force us to give up half our property, then Congress need not be surprised when it learns, in the not too distant future, that Chairman Fly has taken over the entire radio industry."

### Wheeler Favors Option Time

Another of the Commission's new rules forbids a station, under penalty of losing its license, from giving a network a firm option on any part of its broadcasting time. Senator Wheeler, of Montana, chairman of the Committee, today said he thinks the Commission is wrong in its attitude on option time and that he sees no reason why a station, if it wishes to do so, should not give a network an option to sell part of its time.

In his testimony, Mr. Trammell reviewed the growth of the National Broadcasting Company.

"In 1926," he said, "before the Radio Act was adopted by Congress, the NBC was organized in a pioneer attempt to provide a truly national service of broadcasting. It established what is now known as the NBC Red network. This network had no competitors, because no one else was ready to take the investment risks and hazards of such a major venture.

"In January, 1927, because of the requests of competing local stations in the same cities for another broadcasting service, NBC established its second network service, known as the Blue. Today the NBC operates only ten of the 828 stations in the United States. Because of its Red and Blue network services, it has been licensed for many years to operate two stations in New York, in Washington, in Chicago, and in San Francisco."

### Public Service Endangered

The new FCC rules, Mr. Trammell asserted, would strike a heavy blow at the public service programs now provided by NBC. He pointed out that the National Farm and Home Hour, in which the United States Department of Agriculture participates, has been on the air for 12 years and is presented over the Blue network, which NBC could no longer operate under the new rules.

Among other programs created and maintained as Blue network features by the NBC, Mr. Trammell listed the Toscanini Concerts, the Town Meeting of the Air, the Damrosch Music Appreciation Hour, the Metropolitan Opera broadcasts and many others. These are endangered, he said, by the new rules.

"A fifteen-year record of constantly improving service," he said, "ought not to be so lightly overlooked or brushed aside. Disregarding questions of jurisdiction, disregard-

ing the rewards due pioneering enterprise, service to the public should be the major test.

"I may add that the National Broadcasting Company has expended more than forty-five million dollars on sustaining programs—that is, programs that carry no advertising—to carry out its responsibilities towards the government and public which it serves.

"I do not say these things boastfully. I merely list them to indicate the extent to which NBC has rendered service in the public interest, convenience and necessity through the operation of its Red and Blue networks."

NBC has spent millions of dollars in developing television, Mr. Trammell pointed out, adding that it has established and maintained television program service without any revenue for more than two years.

### Network Revenues Support Television

"We are now ordered," he continued, "to divest ourselves of one of our network services, and threatened with the loss of operation of standard broadcast stations, while, at the same time, the licensing policy of the Commission encourages our entrance into the operation of new stations in the fields of television and frequency modulation.

"The older service of broadcasting is profitable, but the new services are yet to produce any revenue. Apparently the Commission favors our loss of present investments and revenue, but wants us to invest in new fields.

"Under such circumstances how can anyone know what to do? We cannot plan our course until the Congress has determined, definitely, what it expects of those engaged in the business and service of broadcasting sound and sight."

During the hearings, Mr. Trammell reminded the Committee, a reference was made to the inability of the Mutual Broadcasting System, which is the only major network supporting the rules, to get a full-time station affiliation in Cleveland.

"The Commission's files on the Cleveland situation," Mr. Trammell said, "indicate clearly that a fourth full-time station could have been established years ago in the sixth largest market of the country."

Applications for such station have been rejected by the Commission, he continued, although it "has granted regional stations in areas with greater interference than they contend would exist in Cleveland."

### "Too Much Favoritism," Wheeler Charges

Senator Wheeler interjected, "perhaps the political pull was not so great in Cleveland as it was some place else. That is really one of the bad things that have gone on down at the Commission, that there has been too much favoritism shown here or there."

The Commission's policy on hearings for licenses or transfers was also criticized by Senator Wheeler, who said, "The Commission goes ahead without hearings and grants licenses or transfers, and in other instances it holds hearings. It seems to me there ought to be a general rule laid down by the Commission so that everybody who comes in there, regardless of whether he is poor or rich or whether he is influential or whether he has political backing or not, would know what is going to happen, and that rule should be adhered to.

"I think some of the things done in that respect are outrageous."

In regard to the rules themselves, Mr. Trammell said,

"By preventing a station from being the exclusive outlet of a network, and a network from offering a fixed and definite lineup of stations, these rules cut an essential link out of the broadcasting chain, and set stations and networks adrift. In essence the rule more viciously fosters monopoly than could any possible restraint which now exists.

### Rules Favor Monopoly

"Under the new rule all will be chaos and confusion. Stations will rush for the best features of every network service. Advertisers will try to preempt the best hours on the best stations. Time brokers will inject unfair methods of competition. Advertising agencies will make their own arrangements for 'front-page' position with the bigger and better stations.

"If the existing networks lose key stations and therefore advertising support, the responsibility for public service from the national standpoint will be nobody's business. Then the FCC will have the opportunity it foresees in its Report on Chain Broadcasting. Private enterprise will have failed, and a non-competitive, government-controlled operation will be necessary."

Large advertisers, Mr. Trammell declared, could put together networks made up of the best stations from all the existing networks. He introduced maps to illustrate this possibility. One map showed a 64-station network that would reach approximately 92 per cent of all the radio families in the country. To approximate this coverage, the second map showed another advertiser would have to include 160 of the remaining stations and then could reach only about 76 per cent of the radio families. A third advertiser, according to another map, would not be able to approximate the coverage of the other two regardless of the amount of money spent or time bought on the remaining stations.

"True national coverage," asserted Mr. Trammell, "under the new regulations, will become the opportunity of a relatively few major advertisers. The bulk of the advertising revenue under these new regulations will go to a relatively few of the country's major stations."

### Choice is Government vs. Free Radio

The rule prohibiting option time, he said, "strikes directly at the heart of network broadcasting," because the networks cannot reserve definite fixed time for fixed features. Likewise, the rule forbidding contracts between stations and networks for more than a year threatens broadcasting stability, he asserted.

Mr. Trammell said that the question involved in the new rules is that of extent of business control of broadcasting by the FCC. Business control, he added, is program control.

"Involved here," he declared, "is the choice between operation of broadcasting by private industry and operation by government. The breakdown of our present broadcasting structure inevitably would make it incumbent on the government to step in and, perhaps, finally to subsidize stations or to tax listeners.

"While I am concerned as to the future of the company which I represent, I am deeply apprehensive concerning the continuance of our American system of broadcasting. Its freedoms are in jeopardy. To safeguard them, I earnestly urge approval of Senator White's resolution."